

Optimax Holdings Berhad

Eying more satellite clinics in expansion plan

Summary

- Optimax Holdings Bhd's (OPTIMAX) 4Q22 core net profit improved 7.5% YoY to RM3.8m, bringing a 20.0% YoY increase on its FY22 core net profit to RM14.7m. The results came in within expectation, amounting to 102.1% of our full year forecast of RM14.4m. Meanwhile, an interim dividend of 1.2 sen per share, payable on 30th March 2023 was declared.
- QoQ, core net profit showed an improvement of 4.1% to RM3.8m, despite a drop of 1.1% QoQ decline in its revenue to RM28.4m and this was mainly due to the lower minority interest of -RM0.2m registered for 4Q22 vs RM1.1m in 3Q22.
- FY22 core net profit climbed 20.0% YoY, mainly attributed from (i) the increase in revenue arising from higher number of surgeries conducted amid economy reopening, (ii) effective marketing effort from ongoing promotions via online platforms, and (iii) better control over operating costs by leveraging on the experience gained from multiple lockdowns since March 2020.
- Moving forward, OPTIMAX will continue to boost the capacity of its Ambulatory Care Centre (ACC) in regions other than central Malaysia by hiring more surgeons. Meanwhile, the group continued to seek strategic locations to set up more satellite clinics to support its growth, targeting 5 satellite clinics in FY23.
- We expect its new ACC in Bahau, Negeri Sembilan and satellite clinic in Taman Sutera, Johor which were both established in FY22, would secure more patients and operate above break-even in the following 6-12 months, resulting in a higher margin for the group.
- There is no material development pertaining to both MoU entered into with Selgate Healthcare Sdn. Bhd., as well as with Sena Resources Sdn. Bhd. and Kempas Eye Specialist Hospital Sdn. Bhd.

Quarterly performance								
FYE Dec (RM m)	4QFY21	3QFY22	4QFY22	QoQ (%)	YoY (%)	12MFY21	12MFY22	YoY (%)
Revenue	26.6	28.7	28.4	(1.1)	6.8	88.9	108.0	21.5
EBITDA	8.0	8.8	7.9	(9.8)	(1.2)	25.8	32.4	25.7
PBT	6.3	6.5	5.7	(11.9)	(10.0)	18.5	23.5	26.8
PAT	4.0	4.7	3.6	(23.8)	(10.1)	13.0	16.4	25.9
Core PATMI	3.6	3.7	3.8	4.1	7.5	12.2	14.7	20.0
Reported PATMI	3.6	3.7	3.8	4.1	7.4	12.3	14.7	19.5
Core EPS (sen)	0.7	0.7	0.7	4.1	7.5	2.3	2.7	20.0
EBITDA margin (%)	30.2	30.7	28.0			29.0	30.0	
PBT margin (%)	23.8	22.5	20.1			20.8	21.8	
Core PATMI margin (%)	13.4	12.8	13.5			13.8	13.6	

Results Note – 4QFY22

Ng Hui Yee
hyng@msec.com.my
(603) 2201 2100

BUY

Share price	RM0.71
Target price	RM1.15
Previous TP	RM1.07
Capital upside	62.0%
Dividend return	3.2%
Total return	65.2%

Company profile

Primarily involved in the provision of eye specialist services including cataract and refractive surgery, consultation and dispensary services, oculoplastic treatment and other related products and services.

Stock information

Bursa Code	0222
Bloomberg ticker	OPTIMAX MK
Listing market	MAIN
Share issued (m)	540.0
Market Cap (m)	383.4
52W High/Low	0.845/0.498
Est. Free float	50.6%
Beta (x)	0.7
3-mth avg vol ('000)	1084.2
Shariah compliant	Yes

Major shareholders

	%
Sena Healthcare Services	29.2
Chung Soon Hee	5.7
Chuah Kay Leong	3.7

Share price vs. KLCI (%)

	1M	3M	12M
Hist. return	-9.6	-9.0	14.5
Absolute	-7.6	-6.6	25.7
Relative			

Earnings summary

FYE (Dec)	FY22	FY23f	FY24f
PATMI (m)	14.7	15.5	17.6
EPS (sen)	2.7	2.9	3.3
P/E (x)	26.1	24.8	21.8

Relative performance chart



Valuation & Recommendation

- Although the reported earnings came in within our expectations, we upgrade our FY23f earnings forecast by 6.9% to RM15.5m, taking into account the higher expectation on number of surgeries to be conducted amid economic reopening. Meanwhile, the core net profit forecast for FY24f is introduced at RM17.6m.
- We maintained our **BUY** recommendation on OPTIMAX with a revised target price of RM1.15 (from RM1.07). The target price is based on the assigned target PER of 40.0x to our revised FY23f EPS of 2.9 sen.
- Risks to our recommendation include the possible resurgence of Covid-19 infections which may result in postponement of surgeries. Besides, the inflationary pressure amid rising food and energy prices remains as threat to local economy.

Financial Highlights

All items in (RM m) unless otherwise stated

Income Statement						Balance Sheet					
FYE Dec (RM m)	FY20	FY21	FY22	FY23f	FY24f	FYE Dec (RM m)	FY20	FY21	FY22	FY23f	FY24f
Revenue	58.0	88.9	108.0	114.7	130.1	Cash	10.9	19.6	19.3	28.2	33.0
EBITDA	17.8	26.2	32.4	34.1	38.6	Receivables	1.5	4.6	2.2	3.6	4.1
EBIT	11.9	19.6	24.6	25.4	29.0	Inventories	2.2	3.1	4.3	3.9	4.4
Net finance income/ (cost)	(1.4)	(1.1)	(1.1)	(1.2)	(1.5)	PPE	43.0	49.3	58.0	62.7	70.1
Associates & JV	-	-	-	1.0	1.0	Others	26.7	16.1	17.2	16.0	17.6
Profit before tax	10.5	18.5	23.5	24.2	27.5	Assets	84.2	92.6	101.1	114.4	129.2
Tax	(3.3)	(5.5)	(7.1)	(6.9)	(7.8)	Debts	17.7	15.8	17.2	20.8	27.1
Net profit	7.2	13.0	16.4	17.3	19.7	Payables	5.8	7.8	9.0	10.3	11.7
Minority interest	(0.8)	(0.8)	(1.7)	(1.8)	(2.1)	Others	10.6	11.3	12.9	16.4	17.8
Core earnings	6.4	12.2	14.7	15.5	17.6	Liabilities	34.0	34.9	39.1	47.5	56.7
Exceptional items	0.8	(0.1)	-	-	-	Shareholder's equity	47.9	55.0	58.1	61.2	64.7
Reported earnings	6.4	13.1	16.4	17.3	19.7	Minority interest	2.4	2.7	3.9	5.7	7.7
						Equity	50.2	57.7	62.0	66.9	72.5

Cash Flow Statement						Valuation & Ratios					
FYE Dec (RM m)	FY20	FY21	FY22	FY23f	FY24f	FYE Dec (RM m)	FY20	FY21	FY22	FY23f	FY24f
Profit before taxation	10.5	18.5	23.5	24.2	27.5	Core EPS (sen)	1.2	2.3	2.7	2.9	3.3
Depreciation & amortisation	6.0	6.6	7.8	8.7	9.6	Diluted EPS (sen)	N.M	1.8	2.2	2.3	2.6
Changes in working capital	(0.9)	(1.4)	1.3	0.4	0.3	P/E (x)	59.5	31.3	26.1	24.8	21.8
Share of JV profits	-	-	-	-	-	DPS (sen)	-	3.8	2.4	2.3	2.6
Taxation	(3.1)	(4.5)	(6.1)	(5.6)	(6.4)	Dividend yield	0.0%	5.4%	3.4%	3.2%	3.7%
Others	1.4	0.5	0.5	(0.2)	(0.3)	BVPS (RM)	0.09	0.10	0.11	0.11	0.12
Operating cash flow	13.0	19.7	27.0	27.4	30.7	P/B (x)	8.0	7.0	6.6	6.3	5.9
Net capex	(4.6)	(11.0)	(8.4)	(9.3)	(14.7)	EBITDA margin	30.8%	29.5%	30.0%	29.7%	29.7%
Others	(15.0)	10.7	(0.1)	-	-	EBIT margin	20.5%	22.0%	22.8%	22.1%	22.3%
Investing cash flow	(19.6)	(0.3)	(8.5)	(9.3)	(14.7)	PBT margin	18.1%	20.8%	21.8%	21.1%	21.1%
Changes in borrowings	(5.7)	(3.8)	(4.3)	6.3	6.3	PAT margin	9.7%	13.8%	13.6%	13.5%	13.5%
Issuance of shares	21.0	-	-	-	-	Core PAT margin	11.1%	13.8%	13.6%	13.5%	13.5%
Dividends paid	-	(5.6)	(12.2)	(12.4)	(14.1)	ROE	17.3%	22.7%	24.5%	24.0%	25.3%
Others	(4.5)	(2.4)	(2.4)	(3.1)	(3.5)	ROA	8.7%	13.8%	15.2%	14.4%	14.5%
Financing cash flow	10.8	(10.7)	(18.8)	(9.2)	(11.3)	Net gearing	14.1%	CASH	CASH	CASH	CASH
Net cash flow	4.2	8.7	(0.3)	8.9	4.7						
Forex	-	-	-	1.0	1.0						
Others	1.1	1.1	1.1	1.1	1.1						
Beginning cash	5.7	9.8	18.5	18.2	27.1						
Ending cash	10.9	19.6	19.3	28.2	33.0						