

## ISEC Healthcare Limited (SGX: 40T)

Initiation of Coverage | 3 September 2025

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**Rating:** BUY

**Last Close:** S\$0.360

**Target Price:** S\$0.480

**Upside:** 33%

### ISEC Healthcare – “Clear Vision Ahead”

*Regional eye care specialist expanding footprint with steady growth and dividends*

#### Executive Summary

ISEC Healthcare Ltd (“ISEC”) is a regional medical eye care provider operating specialist ophthalmology centres across Singapore, Malaysia, and Myanmar. The Group has delivered steady financial performance in recent years – FY2024 revenue reached S\$74.2 million (up ~6% YoY) while net profit was S\$12.8 million. This follows an 11% surge in revenue to S\$70.0 million in FY2023 as patient volumes rebounded post-pandemic. Although FY2024 profit dipped ~2% amid higher costs, ISEC maintained robust margins (~17% net margin) and paid a 1.0 cent/share total dividend for FY2024. We initiate coverage with a **Buy** recommendation and a target price of **S\$0.48**, implying ~33% upside. Our positive view is underpinned by ISEC’s defensive demand drivers (aging populations drive sustained ophthalmology needs), its expansion into new locations fuelling growth, and an undemanding valuation relative to peers. ISEC trades at only ~15× trailing P/E and ~10× EV/EBITDA, with a dividend yield of ~2.8%, versus regional healthcare peers at 20–30× P/E with similar yields. The stock’s valuation gap, in our view, offers a favourable risk-reward, especially as recent government initiatives – including the S\$5 billion Equity Market Development Program (EQDP) and enhanced Grant for Equity Market Singapore (GEMS) – are poised to improve investor awareness and liquidity for high-quality small/mid-cap stocks. Key risks to our call include currency weakness in Malaysia (depreciating MYR impacting reported profits), competition for specialist doctors, and execution risks in new clinic openings. Overall, however, ISEC’s strong cash generation and prudent expansion strategy support a compelling long-term growth story. We expect earnings to resume an upward trajectory in FY2025–26 as new centres ramp up, with base-case EPS forecast to rise to ~2.7 Singapore cents by FY2026 (from ~2.2 cents in FY2024), driving our target price of S\$0.48 based on ~18× FY2026E earnings.

**Key Investment Highlights:** ISEC is a leading pure-play ophthalmology services group with a dominant presence in Malaysia (over 70% of revenue). It has a track record of steady growth – revenue grew at ~17% CAGR over 2016–2023 – and consistently high profitability (ROE ~14% with net margins ~17–20% pre-expansion). The Group is debt-light and cash generative, funding expansion and dividends largely via internal resources. Recent developments (detailed below) point to accelerating growth: *three* new eye clinics opened in Perak state in late 2024, an expanded Melaka centre in 2024, and new joint-

ventures in Klang (Selangor) and Seremban (Negeri Sembilan) in 2025. These investments broaden ISEC's footprint into untapped markets and will boost patient volumes ahead. Despite these growth prospects, ISEC's valuation remains attractive at ~15× trailing earnings, a discount to peers and to its own growth potential. We see room for a re-rating as earnings expand and as structural market tailwinds (e.g. EQDP's small-cap fund deployments, GEMS-sponsored research coverage) catalyze greater investor interest in undervalued healthcare names. Our S\$0.48 target price corresponds to ~18× FY2026E P/E, still below the ~25–30× multiples of larger regional healthcare providers, and offers a comfortable upside. Including dividends (we project a ~1.2 cent total DPS by FY2026, ~3% yield), total return potential exceeds 35%. We recommend investors **accumulate** ISEC for exposure to a resilient healthcare growth story with improving prospects.

### Key Metrics & Valuation Snapshot

Metric	Value
<b>Last Close (2 Sep 2025)</b>	S\$0.360
<b>Target Price (12-mth)</b>	S\$0.48 (based on ~18× FY2026E P/E)
<b>Upside Potential</b>	+33%
<b>Market Capitalization</b>	~S\$207 million
<b>Shares Outstanding</b>	~575.7 million
<b>Free Float</b>	~30% (Catalist-listed)
<b>Trailing P/E (FY2024)</b>	~15.4×
<b>Trailing EV/EBITDA (FY2024)</b>	~10× (Enterprise Value ~S\$200m, EBITDA ~S\$20m)
<b>Dividend Yield (FY2024)</b>	~2.8% (1.0 cent/share total)
<b>Price/Book (FY2024)</b>	~2.2× (NAV ~S\$0.16/share)
<b>ROE (FY2024)</b>	~14%
<b>Net Cash (30 Jun 2025)</b>	S\$14.9 million (minimal debt)

Source: Company data, Tickrs Financial estimates. Price as of 2 Sep 2025.

### Business Overview

ISEC Healthcare operates specialist eye care clinics offering comprehensive ophthalmology services, including cataract surgery, retinal treatments, LASIK/refractive surgery, and general eye consultations. Founded in 2014 and listed on the SGX Catalist, the Group has grown into a regional platform with **13 centres** currently: 2 in Singapore, 10 in Malaysia (across key cities Kuala Lumpur, Penang, Malacca, Johor, Perak, etc.), and 1 in Myanmar. Malaysia is ISEC's largest market, contributing ~80% of revenue (FY2024: S\$59.6m from Malaysia), where the Group's flagship centre in Kuala Lumpur (ISEC Eye Specialist at Mid Valley) accounts for roughly half of Malaysian sales. Singapore (ISEC Eye Pte Ltd, with clinics at Mount Elizabeth Novena and Gleneagles) contributes ~16% of revenue, while a smaller clinic in Yangon, Myanmar (jointly owned) contributes ~4%. ISEC's business model centers on providing

high-quality, private ophthalmology care led by experienced eye surgeons – effectively a “one-stop” specialist eye centre model. Revenue is earned from consultation fees, medical procedures (mostly day surgeries like cataract removal), and sale of related medications/optical products. The Group’s value proposition lies in its reputable doctors (many of whom are key opinion leaders in ophthalmology) and its wide range of sub-specialties, attracting referrals for complex eye conditions. This has enabled ISEC to establish a strong brand name, especially in Malaysia where it is one of the largest private eye care groups alongside smaller peers like Optimax and Topvision. Notably, ISEC’s scale provides economies in procurement and the ability to invest in advanced equipment (e.g. femto-second lasers for cataract surgery), enhancing service quality.

**Expansion Strategy:** ISEC has been actively expanding its footprint to tap underserved markets. In 2024, the Group launched *three* new clinics in the state of Perak, Malaysia (in September 2024) to broaden coverage in northern peninsular Malaysia. It also enlarged its Melaka specialist clinic by 50% in mid-2024 to accommodate rising patient load. In March 2025, ISEC’s joint-venture clinic in **Klang** (greater Kuala Lumpur area) commenced operations, and in April 2025 the Group entered into a new JV to establish an eye centre in **Seremban**, Negeri Sembilan – a city where ISEC previously had no presence. Under the Seremban JV (72% owned by ISEC), a new ophthalmology centre will be set up with local partner doctors, aligning with ISEC’s strategy of partnering experienced ophthalmologists to spearhead new locations. These expansions position ISEC to capture additional patient segments: Klang and Seremban centres extend reach into fast-growing suburban markets, while the Perak clinics fill gaps in specialist coverage in that region. ISEC’s pipeline also includes a major project in Kuala Lumpur: the Group purchased ~69,445 sq ft of space in 2024 to develop a new purpose-built flagship medical eye centre, slated to open by 2027. This facility will consolidate and expand ISEC’s KL operations, supporting future growth with state-of-the-art infrastructure (expected capex ~RM30 million). Beyond its current geographies, ISEC is exploring opportunities in other Southeast Asian markets – management has indicated interest in Vietnam as a potential expansion destination, leveraging the region’s demand for quality eye care. Overall, the Group’s strategic focus is on *controlled expansion*: entering new markets via joint ventures or incremental clinics (rather than large acquisitions), ensuring it can maintain service quality and profitability. This approach has kept ISEC’s balance sheet strong (net cash position) while still achieving steady network growth. As of mid-2025, the Group has **11** specialist centres in Malaysia (including the new ones) and is poised to add more as suitable opportunities arise.

**Services & Competitive Landscape:** ISEC’s services span the full range of ophthalmology – from common age-related conditions (cataracts, glaucoma) to specialized treatments (vitreo-retinal surgery, corneal transplants, oculoplastics). Cataract surgery is a key revenue driver (high-volume procedure given aging demographics), alongside refractive surgeries (LASIK) and retinal treatments for diabetes-related eye disease. The Group prides itself on “subspecialty” care; many of its surgeons focus on specific fields (e.g. retinal, paediatric ophthalmology), giving ISEC a referral edge for complex cases. Competition in Singapore comes from large private hospital ophthalmology departments and independent clinics, while in Malaysia, ISEC’s main competitors are **Optimax Holdings Bhd** (the largest

pure-play eye care group in Malaysia, listed on Bursa Malaysia) and **Topvision Eye Specialist Bhd** (another KLSE-listed chain). Compared to these peers, ISEC is slightly larger by revenue and has a presence in more countries, though Optimax has a wider clinic network within Malaysia. All players benefit from similar secular trends – rising prevalence of age-related eye ailments and growth of medical tourism. ISEC’s competitive advantages include its strong brand reputation, especially in KL (where its flagship centre is a market leader), and its multi-location platform that can capture patients across urban hubs. The Group’s partnership model with doctors (e.g. giving equity stakes in new JV clinics) also helps in attracting and retaining top ophthalmologists – a critical factor in specialist healthcare. In terms of pricing, ISEC’s services target the private-pay and insurance market; in Malaysia its fees are at a premium to general clinics but competitive relative to other private hospitals, while in Singapore its pricing is in line with other private specialists. The Group emphasizes clinical excellence and patient outcomes, which supports a steady flow of patient referrals and high patient satisfaction (as evidenced by repeat patient rates and word-of-mouth referrals cited in its reports).

## Financial Highlights and Results Analysis

ISEC has demonstrated resilient financial performance through the pandemic recovery and ongoing expansion. **FY2022** was a strong rebound year, with revenue of S\$62.95 million and net profit S\$12.52 million, as deferred elective procedures from COVID-19 were rescheduled. Building on that, **FY2023** saw revenue rise 11% YoY to S\$69.99 million, driven by increased patient volumes in Malaysia and a full year of contribution from a new clinic acquired in 2022. Net profit in FY2023 grew 3.5% to S\$12.96 million – a slower pace than revenue due to higher doctor costs and administrative expenses associated with scaling up. The net profit margin was ~18.5%, slightly down from ~19.9% in FY2022 as the Group invested in expansion and incurred inflationary cost increases. Moving to the latest full year, **FY2024** results showed continued top-line growth: revenue reached **S\$74.20 million**, up ~6% YoY. Malaysia remained the growth engine – Malaysian segment revenue grew +6% in SGD terms (or +7% in MYR, from RM190.2m to RM203.7m) on higher patient throughput and new clinics in 4Q2024. Singapore revenue was broadly flat (S\$11.9m, marginal 1% dip amid intense competition), while Myanmar saw a notable 38% jump to S\$2.7m due to upward fee adjustments after pandemic disruptions. **Figure 1** illustrates ISEC’s revenue growth trajectory alongside PATMI. Despite healthy revenue gains, **FY2024 PATMI** came in at **S\$12.82 million**, essentially flat (-1.1% YoY). The slight profit dip was attributable to a few factors: (i) **Higher operating expenses**, including ramp-up costs for new Perak centres and increased administrative payroll (the Group added headcount to support expansion, and general cost inflation pushed up staff salaries and clinic expenses); (ii) A one-off **amortization charge** of ~\$0.27m related to an acquired contractual relationship, which was fully expensed in 2024 (this did not repeat in 1H2025); and (iii) Currency impact – the Malaysian Ringgit weakened against SGD in 2024, causing some translation drag (in MYR terms, profit growth was positive). Even so, ISEC maintained a solid net margin of 17.3% for FY2024 (**Figure 2**), reflecting effective cost control in core operations and the high-margin nature of its specialist services. Gross profit margin stayed around 44% in 2024, similar to prior years, as pricing and case mix were stable. The Group’s balance sheet remained strong with **net cash of ~S\$15 million** as at end-2024, after funding capex and a higher dividend payout.

### ISEC Healthcare – Revenue and PATMI, FY2022-2026E

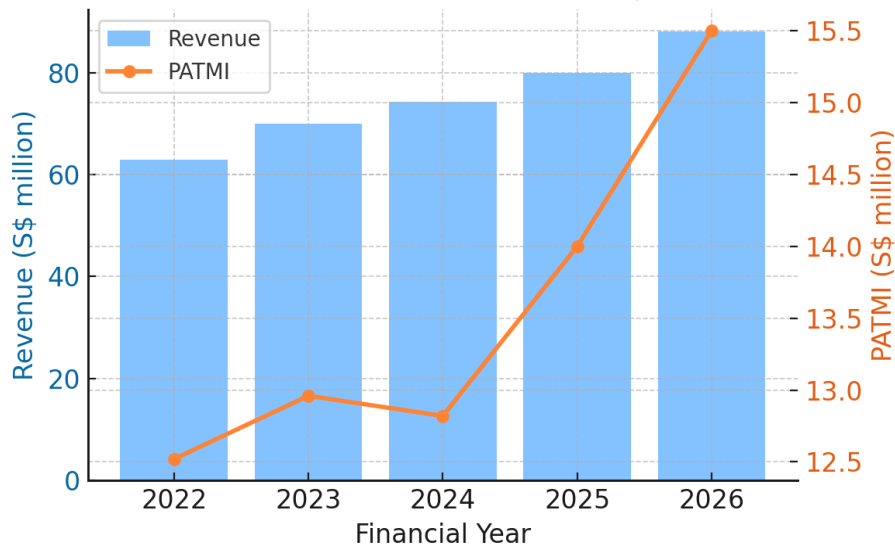


Figure 1: ISEC Healthcare – Revenue and PATMI, FY2022–2026E. FY2025–26 are Tickrs base-case estimates; we expect earnings growth to resume as new clinics contribute. **Sources:** Company annual results, Tickrs forecasts.

### ISEC Healthcare – Net Profit Margin, FY2020-2024

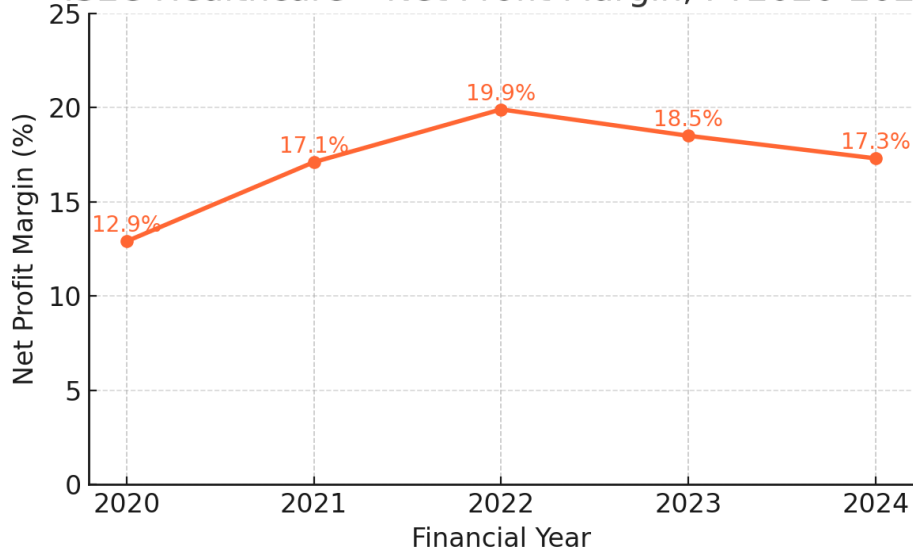


Figure 2: ISEC Healthcare – Net Profit Margin Trend, FY2020–2024. Net margins peaked in 2022 (~20%) and have moderated as expansion costs rose, but remain healthy in the high-teens. **Source:** Company data.

**1H FY2025 Performance:** Latest interim results for 6M2025 (Jan–Jun 2025) indicate that ISEC is back on a growth footing. For **1H2025**, revenue rose ~7% YoY to S\$37.8 million. Notably, 2Q2025 saw an acceleration with revenue of S\$19.96m (+8% YoY), reflecting initial contributions from the Klang JV clinic (opened Mar 2025) and full-quarter impacts of the new Perak centres. Net profit for 1H2025 was **S\$6.87 million**, a 3% increase over 1H2024 (which was ~S\$6.65m). This improvement was more pronounced in 2Q2025, where quarterly PATMI hit S\$3.79m (+9% YoY) – an encouraging sign that earnings growth is picking up after the flat 2024. The slight YoY profit growth for the half was achieved despite higher administrative costs, as revenue gains and the absence of last year’s one-off amortization charge offset those expenses. Operationally, gross margin held steady at ~44.8% in 1H2025, indicating that pricing power and cost management remain intact even as the Group expands. ISEC did not declare any interim dividend for 1H2025, citing a prudent approach to preserve cash for expansion. (For context, it had paid a 0.30 cent interim dividend in the same period last year.) This signals management’s focus on funding growth internally. Cash flow from operations in 1H2025 was healthy (operating cash ~S\$5.2m), and the Group secured a new RM50 million 5-year bank loan facility (with RM7.1m drawn by Jun-2025) to finance the KL flagship project and Klang clinic setup. Even with this, gearing remains low (debt <5% of equity). Overall, 1H2025 results reinforce our view that ISEC’s expansion is yielding tangible financial results: revenue and profit are trending upward again, positioning the Group for a stronger FY2025. Our forecasts (see *Investment Thesis* section) anticipate mid-to-high single digit annual revenue growth and a return to double-digit PATMI growth by FY2026 as new centres mature.

## Investment Thesis – Reasons to Buy

**1. Regional Market Leader in Resilient Eye Care Segment:** ISEC offers investors pure exposure to the ophthalmology healthcare niche, which enjoys resilient demand underpinned by aging demographics and rising chronic eye diseases. Eye care is non-discretionary for many conditions (cataracts must be treated or vision is lost; diabetic retinopathy needs ongoing treatment, etc.), yielding stable patient volumes even in economic downturns. During COVID-19, ISEC remained profitable each year, and post-pandemic it bounced back strongly as pent-up demand was served. The Group’s market position is strong – it is one of the largest private eye care chains in Southeast Asia with ~70+ doctors group-wide and a leading share in Malaysia’s key cities. This scale and reputation act as a competitive moat, attracting referrals and top medical talent. With operations in both Singapore and Malaysia, ISEC also benefits from cross-border patient flows and knowledge transfer. Its multi-country footprint sets it apart from local peers (which are country-bound) and provides diversification. The combination of defensiveness and growth in ISEC’s business is appealing: core demand is steady (e.g. cataract surgeries will rise as populations age), and new services (e.g. premium LASIK, new treatments for myopia control) provide growth optionality. The **long-term industry outlook** is favourable – Malaysia and Singapore both have aging populations and an increasing prevalence of diabetes (leading to more eye complications), driving sustained need for ophthalmology services. ISEC, with its established brand and network, is well placed to capture this rising demand. We expect mid-single-digit organic revenue growth, supplemented by expansion upside, over the next 3–5 years.

**2. Earnings Growth from Strategic Expansion Initiatives:** A core part of our thesis is that ISEC's recent and ongoing expansion will unlock a higher earnings trajectory. The Group has invested in opening **four** new clinics from 2024 to 1H2025 (three in Perak, one in Klang) and has another (Seremban) in the pipeline for late 2025/2026 – collectively increasing its clinic count by ~50%. These new centres will require 1–2 years to ramp up to optimal capacity, implying that the bulk of their revenue contribution lies ahead in FY2025–2026. We see a **clear path for earnings growth**: utilization at new clinics is climbing, and ISEC has staffed them with experienced ophthalmologists (either existing doctors rotating or new hires/JV partners) to ensure swift patient acquisition. Management has indicated that initial patient response in the new locations is encouraging. Additionally, the large KL flagship project (targeted to commence operations in 2027) will eventually provide a step-change in capacity for the high-demand KL market – serving as a future growth catalyst beyond our forecast period. We forecast ISEC's revenue to grow from S\$74m in FY2024 to ~S\$88m by FY2026 (~9% CAGR), and PATMI to rise from S\$12.8m to ~S\$15.5m over the same period (~10% CAGR), as operating leverage and post-expansion efficiencies improve margins slightly. **Figure 1** (above) shows our base-case revenue/PATMI trend. Notably, ISEC's net profit was roughly flat from 2021–2024 (~S\$12–13m) as it absorbed start-up costs – we believe FY2024 represents an *earnings trough*, and FY2025e should mark a return to growth (we project ~9% PATMI growth in FY2025e, accelerating into FY2026e). The stock's valuation does not yet reflect this inflection, in our view. Successful ramp-up of new clinics could even push earnings above our base case (see *Catalysts* below for a bull-case scenario).

**3. Strong Financial Position and Shareholder Returns:** ISEC boasts a **solid balance sheet** with net cash (S\$15m as of mid-2025) and no bank debt prior to the recent expansion loan. Even after drawing on loan facilities for the KL project, we expect net gearing to remain very modest (<5%). The Group's operations generate healthy cash flows – operating cash flow averaged ~S\$11–12m annually in FY2022–24, comfortably funding maintenance capex (~S\$2–3m/yr) and dividend payouts. This financial strength gives ISEC flexibility to pursue growth (e.g. seed new JVs, undertake capex for new centres) without risking its stability or needing dilutive equity raises. Importantly, ISEC has a track record of **paying dividends** consistently. It has paid out a dividend every year since listing, typically 30–50% of earnings. In FY2022, total dividends were **1.56 Singapore cents** per share, followed by **1.85 cents** for FY2023 (boosted by a special interim payout amid strong cash reserves). For FY2024, the Group adopted a more conservative stance given expansion needs, but still paid **1.0 cent** (final dividend of 0.70 and interim 0.30). We view this as a prudent recalibration – dividend was right-sized to ~45% payout (S\$5.75m), leaving ample retained earnings to fund growth. Going forward, we expect ISEC to maintain a payout policy in the 30–50% range, which means dividends should rise in tandem with earnings. Our forecasts assume total DPS of ~1.2 cents for FY2025e and 1.4 cents for FY2026e, translating to a forward yield of ~3.3–3.9% at current price – an attractive income level, especially considering dividend *growth* potential. The **balance sheet capacity** also leaves room for strategic M&A or expansion beyond current plans, should opportunities arise (the Group could lever up if needed, given negligible debt currently). From a shareholder perspective, management's alignment is noteworthy: insiders (including key doctors and founders) hold significant stakes, and there has been no equity cash call since IPO, evidencing a disciplined capital management approach. In summary, ISEC offers a blend of growth and yield underpinned by financial robustness – a profile that should appeal to both institutional and retail investors looking for quality small-cap exposure.

**4. Undervalued vs. Peers and Historical Benchmarks:** Despite its steady fundamentals, ISEC’s stock trades at a significant valuation discount. The current **P/E of ~15x** (on FY2024 earnings) is low for a healthcare services company with double-digit ROE and >15% net margins. By comparison, **Q&M Dental Group** (SGX: QC7), another small-cap healthcare provider in Singapore, trades at ~25x forward P/E (and was ~53x on a trailing basis due to a one-off profit dip) and yields ~2.2%. **Raffles Medical Group** – a larger hospital operator – trades around 29x trailing earnings (25x forward) with a 2.4% yield. In Malaysia, **Optimax Holdings Bhd**, a pure-play eye care peer, commands ~24x P/E and 2.3% yield, reflecting investors’ growth expectations for that market. ISEC not only trades at a discount to all these (see **Figure 3**), but also offers comparable or better profitability (ISEC’s ROE ~14% is on par with Q&M’s normalized ~12–15% and much higher than Raffles’ ~6–8% range). We attribute ISEC’s undervaluation partly to its lower market profile – it is listed on Catalist and has had limited analyst coverage – and to temporary earnings stagnation during its expansion phase. With earnings set to grow and market initiatives (EQDP/GEMS) likely improving visibility (more on this in *Catalysts*), we believe a re-rating is justified. Our target P/E of 18x is still at a discount to the ~20–30x that peers trade at, leaving room for upside if ISEC surpasses expectations. We note that ISEC’s dividend yield (~2.8% trailing) is actually *higher* than several peers (Q&M ~2.2%, Raffles ~2.45%), suggesting the stock could also attract yield-focused investors as it demonstrates sustained payouts. Additionally, on an EV/EBITDA basis (~10x), ISEC is inexpensive for a high-margin, asset-light healthcare company – Raffles Medical, for instance, trades around 17–18x EV/EBITDA, and even hospital REITs trade near mid-teens multiples. ISEC’s Price/Book (~2.2x) is reasonable given its ~20% return on equity pre-expansion, and includes considerable goodwill/intangibles from past acquisitions (actual tangible P/B is lower). Overall, the valuation case is compelling: ISEC offers growth at a value price. If the company executes on growth plans, we see potential for multiples to expand closer to peers, in addition to earnings growth delivering absolute gains.

### Peer Comparison – Valuation Metrics

	Market Cap (S\$ m)	P/E (TTM, x)	Div Yield (%)	ROE (%)
<b>ISEC Healthcare</b>	207.0	15.4	2.8	13.9
<b>Q&amp;M Dental</b>	330.0	53.2	2.2	14.0
<b>Raffles Medical</b>	1900.0	29.4	2.45	7.0
<b>Optimax (MY)</b>	92.0	23.7	2.3	15.0

Figure 3: Peer Comparison – Valuation Metrics. ISEC trades at a discount to peers on P/E despite a solid ROE and similar dividend yield. **Sources:** SGX, Bursa Malaysia, Tickrs analysis.

### Valuation & Peer Comparison

We value ISEC Healthcare using a blended approach, incorporating **peer multiples** and a **discounted cash flow (DCF)** analysis, cross-checked with scenario analysis. Our derived fair value is

around **S\$0.48** per share, which we set as our 12-month target price. This target implies ~18× FY2026E P/E and ~11× EV/EBITDA, which we view as reasonable for a healthcare services firm with ~10% earnings CAGR and ~15% ROE. Below, we detail our valuation considerations:

- Peer Multiples:** As discussed, ISEC trades at a steep discount to comparable companies. Even after the stock's modest rise year-to-date, it is at **15.4× TTM P/E**. If we apply the *average* multiple of its peer group (~24×, excluding outlier Q&M's trailing figure), ISEC's fair value would be significantly higher. For instance, applying Optimax's 23.7× to ISEC's FY2024 EPS (2.23 S¢) yields ~S\$0.53. Raffles Medical's 29× would imply over S\$0.65. However, we recognize ISEC's smaller size and Catalist listing might merit a discount. We assume a forward P/E of ~18× is appropriate, which is roughly a 25% discount to larger healthcare peers' forward multiples (Raffles ~25×, regional hospitals often 25–30×). 18× on our FY2026E EPS of ~2.7 S¢ gives **S\$0.486**. We also consider **EV/EBITDA**: ISEC's FY2024 EBITDA was ~S\$20.6m (including lease expenses as depreciation per IFRS16). Peer EV/EBITDA multiples range from ~12× (Q&M forward) to 17× (Raffles). Using a conservative 12× on our FY2025E EBITDA (~S\$22m) gives ~S\$264m enterprise value; adjusting for net cash (~S\$10m projected post-dividends and some capex), equity value is ~S\$274m or **S\$0.48/share**. Thus, on multiples, S\$0.48 is supported as a mid-point fair value. We note this still equates to only ~16× FY2025E P/E – undemanding given the growth trajectory.
- DCF Analysis:** We cross-check with a simple DCF, projecting cash flows over 5 years with a ~5% revenue CAGR (factoring expansions) and stable EBITDA margins ~30%. We assume a WACC of ~9% (cost of equity ~10% for small-cap risk, nearly zero debt) and a terminal growth of 2%. This yields an equity value in the S\$270–280m range, or roughly **S\$0.47–0.50 per share**. The DCF is sensitive to WACC: even at 10% WACC, value ~S\$0.44; at 8%, ~S\$0.52. Our chosen WACC 9% reflects ISEC's low beta (healthcare demand stability) but accounts for small-cap liquidity risk. The DCF output aligns with our target, providing confidence in our valuation.
- Sum-of-Parts / RNAV:** ISEC's business is largely homogeneous (all ophthalmology clinics), so a sum-of-parts isn't particularly applicable. However, we can sanity-check if the parts are worth more than whole: The Malaysian operations (80% of revenue) could arguably be valued at higher multiples if listed in Malaysia (Optimax's ~24× P/E vs ISEC's 15×). The Singapore unit, though smaller, is highly profitable (net margin ~30%) and could fetch a premium if spun off or sold to a hospital chain. We roughly estimate Malaysia ops contribute ~S\$10m PAT and Singapore+Others ~S\$3m PAT. At, say, 16× and 12× respectively, that would be S\$160m + S\$36m = S\$196m, which is actually below the current market cap – implying the market is assigning little value for growth. If we applied Malaysia peer multiple ~20× to Malaysia PAT, that alone is S\$200m, basically the market cap, with Singapore ops "free". This simplistic exercise reinforces the undervaluation argument.

Taken together, we see **S\$0.48** as a fair and achievable 1-year price target. This value is towards the low end of our valuation range of ~S\$0.45 (bear case) to ~S\$0.64 (bull case) as detailed in **Figure 4**. At S\$0.48, ISEC would trade at ~7.5× EV/EBITDA and ~1.9× P/B on FY2026E – still reasonable and leaving upside if growth continues beyond. Our target also implies a PEG (price/earnings-to-growth) <2 based on ~10% EPS CAGR, which is justified given the stock's defensive qualities and yield.

**Peer Benchmarking:** In **Figure 3**, we compared valuation metrics. To add context: ISEC's forecast **FY2025–26 ROE ~15–16%** outshines many healthcare peers – Raffles (~7%) and even some hospitals regionally – highlighting efficient capital use (no large fixed assets like hospitals). Its ~2.8% dividend yield is on par with the STI's yield and better than most growth-oriented healthcare stocks (which often yield <2%). The company's earnings quality (cash-backed, no aggressive accounting) and moderate growth profile arguably warrant a P/E at least in the high-teens. We expect as ISEC delivers on growth, the market will recognize this. The recent low liquidity and lack of coverage have likely been the biggest overhangs – issues that are being addressed through broader market initiatives. In the meantime, investors accumulating at ~15× earnings are getting a bargain price for a stable healthcare franchise.

**Scenario Analysis:** We present a scenario valuation in **Figure 4** to illustrate potential outcomes. In a **bull case**, assume ISEC's expansions outperform – e.g. FY2026 PATMI reaches ~\$18m (EPS ~3.2¢) due to higher patient volumes, and the market rewards it with a re-rating to ~20× P/E (bulls might argue for parity with peers). The stock could then trade ~S\$0.64 (almost double current price). Conversely, a **bear case** could be if growth stalls (FY2025–26 PATMI flat around ~\$13m) and market multiple compresses to 13× (perhaps due to macro risks or continued neglect). The stock might languish around S\$0.30 (down ~17%). We view this downside as relatively limited given the solid balance sheet and floor from dividend yield (~3–4% yield would likely support the stock). Our **base case** is in between: PATMI grows to ~\$15.5m by FY2026, with a fair multiple of 18× yielding ~S\$0.48. The risk-reward skews favorably, as the bull scenario offers substantially more upside than the bear downside. This asymmetry, along with supportive fundamentals, underpins our Buy call.

## Scenario Valuation – FY2025e & FY2026e Outcomes

	FY2025e EPS (S cents)	FY2026e EPS (S cents)	Target P/E (x)	Implied Price (S\$)
<b>Bear</b>	2.2	2.3	13	0.30
<b>Base</b>	2.4	2.7	18	0.48
<b>Bull</b>	2.6	3.2	20	0.64

Figure 4: Scenario Valuation – FY2025e & FY2026e Outcomes. We see base-case value around S\$0.48. The bull case illustrates upside if growth and re-rating exceed expectations. **Source:** Tickrs estimates.

## Catalysts & Risks

### Catalysts:

- **Ramp-up of New Clinics:** Faster-than-expected patient uptake at the new Perak, Klang, and upcoming Seremban centres would boost revenue and profit beyond our forecasts. Early signs are positive, and any evidence of these clinics turning profitable quickly (within ~1 year) would

likely prompt earnings upgrades. Quarterly results in 2H2025 and 1H2026 will be key to watch – if ISEC can post double-digit YoY profit growth, it could catalyze a re-rating.

- **Stronger Dividend or Capital Return:** While ISEC trimmed its interim dividend in 2025, it has ample capacity to reward shareholders if growth investments are on track. A resumption of interim dividends in 2026 or a higher final dividend could draw income investors back. The stock's yield approaching ~3–4% at our target price would still be attractive. Additionally, management has not ruled out special dividends if it has excess cash (for example, after the KL project is completed and cashflows normalize).
- **Corporate Actions (M&A or Spin-off):** Any strategic moves such as an acquisition of a complementary business (e.g. a chain of optical centers for referrals, or a small overseas eye clinic chain) could create excitement about growth prospects. Similarly, if ISEC were to seek a dual listing in Malaysia or up-list to SGX Mainboard, it might unlock value by expanding the investor base. A spin-off of its Malaysian arm on Bursa (to capitalize on higher valuations there) is a theoretical possibility that could prompt a revaluation – though not something management has indicated, the underlying point is that the sum-of-parts is likely worth more than the current whole.
- **Macro/Policy Tailwinds:** Beyond company-specific drivers, broader trends could help. For instance, any strengthening of the Malaysian Ringgit would directly translate to higher SGD-reported revenue/profit (MYR was weak in 2023–25; a rebound would be a bonus). On the policy front, increased government focus on healthcare (e.g. more public-private partnerships, outsourcing of public patient loads to private clinics) could benefit private players like ISEC, especially in Malaysia where public hospital wait times for cataract surgery are long. If Malaysia's government introduces any healthcare financing schemes (like expanded insurance or national vision screenings), private eye care providers could see a surge in patients.
- **Inclusion in Investment Funds/Indices:** As liquidity improves, ISEC could get included in small-cap indices or become a target for small-cap focused funds. For example, inclusion in the FTSE ST Catalist Index or MSCI Singapore Small Cap could drive passive inflows (noting that ISEC's market cap is around the threshold for some small-cap index considerations). Moreover, any visibility of EQDP funds investing in ISEC (should it be disclosed or reported) could act as a stamp of approval and catalyst for the stock.

#### Key Risks:

- **Execution Risk on Expansion Projects:** Opening new clinics involves execution challenges – recruiting and retaining qualified ophthalmologists, building patient footfall, obtaining regulatory licenses, etc. Any delays in the opening of the Seremban centre or the completion of the KL flagship (e.g. construction or approval delays pushing opening beyond 2027) could defer expected growth. If patient volumes at new locations ramp up slower than anticipated, the additional fixed costs could drag margins in the interim. Mitigants: ISEC's JV model

incentivizes partner doctors to build volume, and the Group has a good track record of scaling clinics (e.g. earlier JV in Johor reached profitability within first year).

- **Dependence on Key Personnel/Doctors:** As with any specialist medical practice, ISEC's success depends on its doctors' reputation and continuity. A loss of any star surgeon (especially in KL or Penang) or an inability to attract new talent for new centres would impact patient volumes. There is also *concentration risk*: the Mid Valley KL centre contributes a large portion of profits; if senior surgeons there retire or leave (though many are shareholders), revenues could be affected. ISEC mitigates this by offering share ownership or profit-sharing to anchor doctors and fostering a strong brand that new doctors want to join. Still, talent retention is a risk to monitor.
- **Regulatory and License Risks:** Healthcare is heavily regulated. Changes in healthcare regulations (e.g. Malaysia's Private Healthcare Facilities Act updates) could impose higher compliance costs. In Singapore, policies to centralize certain treatments in public hospitals or any tightening on foreign patient flows could affect private clinic demand. Thus far, there are no known adverse regulatory changes on the horizon – in fact, both Singapore and Malaysia encourage private sector support to meet healthcare demand. ISEC's clinics are all properly licensed, but any lapse or issues in license renewals would be a risk (this is low probability, and historically the Group has had a clean compliance record).
- **Competition and Pricing Pressure:** The ophthalmology market is competitive, especially in Singapore where corporate hospital groups market aggressively. If competitors lower prices or if public subsidized options expand (e.g. subsidized cataract surgeries), ISEC might face volume or pricing pressure. Thus far, demand outstrips supply for many services (e.g. long wait lists at public hospitals ensure private sector has steady flow). However, technological disruption (like new devices that optometrists can use for basic eye treatments) could also pose a marginal risk. ISEC stays competitive by offering advanced tech and subspecialties not easily replicated by smaller clinics.
- **Foreign Exchange and Country Risk:** With ~80% of revenue from Malaysia, ISEC is exposed to MYR/SGD fluctuations. A continued depreciation of MYR erodes reported SGD earnings (FY2024 saw this impact, partially offsetting volume gains). Our base case assumes a relatively stable currency; a sharp decline in MYR would be a downside risk to SGD results (though likely accompanied by some cost translation benefit as Malaysian costs are in MYR). Additionally, any political instability or policy changes in Malaysia (e.g. healthcare price controls) could pose risk, albeit unlikely in private specialist care. The Myanmar operation is subject to high country risk (political situation, currency); while currently a small contributor, any unrest could disrupt that clinic. Encouragingly, Myanmar's state of emergency was lifted and operations remain **stable and profitable** there as of 2025, but it's a risk worth noting.
- **Pandemic/Epidemic Risk:** A resurgence of pandemic conditions or travel restrictions could impact ISEC's medical tourism segment (some patients travel from Indonesia, etc., for treatment in Malaysia). Also, during severe outbreaks elective procedures might be postponed. We assign low probability to a repeat of 2020's disruption, given lessons learned

and endemic management of COVID-19, but it remains a tail risk for all healthcare service providers.

On balance, we view the risks as manageable. ISEC's diversification across markets, its conservative balance sheet, and the essential nature of eye care services provide resilience. The risk-reward tradeoff, as discussed, leans favourably – potential upside from execution appears to outweigh downside risks, which tend to be either temporary (FX, short-term costs) or within management's control (execution, which they have handled well historically).

### Dividend & Balance Sheet Commentary

ISEC has maintained a shareholder-friendly dividend policy since listing. The Group generally distributes a portion of earnings as dividends while retaining the rest for growth. **Figure 5** in the Appendix summarizes recent financials, including dividends per share (DPS). Key observations: in the immediate pre-COVID years, ISEC paid out roughly 0.5–0.7 cent per share annually. During COVID (FY2020), it conserved cash (no interim dividend) but still paid a final dividend of 0.7 cent for FY2020. As earnings recovered, payouts increased – FY2021 saw ~0.95 cent total, FY2022 totalled **1.56 cents** (with a special interim in 2022 as cash built up), and FY2023 totalled **1.85 cents**. The boost in FY2022–23 reflected confidence and surplus cash; however, in FY2024, facing significant capex needs, ISEC prudently pared back total DPS to **1.0 cent** (still a respectable ~44% payout of earnings). This dynamic dividend management shows that the company is willing to adjust payouts according to capital needs – returning excess cash to shareholders in good times, and retaining more when funding expansion. For investors, this strikes a good balance between income and growth. At our projected ~1.2 cent DPS for FY2025, the forward yield is ~3.3% (and could step up to ~1.4 cent or 3.9% yield by FY2026). We believe this level of payout is sustainable: it represents ~50% payout, leaving room to reinvest. Even during heavy expansion in 2024–25, ISEC has continued dividends (many growth companies might have halted them entirely), highlighting the strength of its cash flows.

From a **balance sheet** perspective, ISEC is in a strong position. As of Jun 30, 2025, it had **S\$29.4m in cash and equivalents** and S\$13.2m of borrowings (of which ~S\$8m was recent term loan drawdown). Net cash of ~S\$15m provides a cushion for ongoing investments. The Group's operations require relatively low capital expenditure – ophthalmology clinics need specialized equipment (e.g. phacoemulsification machines for cataracts, lasers), but these are not as capital-intensive as hospital infrastructure. Maintenance capex typically runs <5% of revenue. The big-ticket spending is the **KL flagship medical centre** development (RM30m or ~S\$12m over 2024–26), which ISEC is funding through the RM50m loan facility and internal funds. Even assuming full RM50m (~S\$15m) draw, net debt would be small relative to equity (~S\$100m equity). We forecast net debt peaking around S\$5–8m in 2025–26, then reverting to net cash by 2027 as operations generate cash. ISEC's **gearing ratio** would remain very low (debt-to-equity likely under 10%). Importantly, interest costs on the loan are manageable (roughly ~5% interest rate in Malaysia, meaning <RM2.5m or S\$0.75m interest expense at full draw – easily covered by EBIT >S\$15m). The healthy balance sheet also provides

resilience against macro uncertainties (e.g. rising rates or credit tightening has minimal impact on ISEC given low debt).

Working capital is another aspect: ISEC's business is mostly cash-based or short receivables (patients or insurers pay promptly), and it has negative working capital for clinics (as patients often pre-pay surgery deposits). Thus, it doesn't tie up cash in inventory or receivables much. This contributes to strong operating cash conversion (typically >100% of net profit converts to free cash flow, excluding big expansion capex). In summary, the balance sheet is not only strong, it actively supports the Group's growth and shareholder returns. We expect **no equity fundraising** is needed for planned expansions – a key point for investors worried about dilution. If anything, with its cash balance and future cash flows, ISEC could even consider share buybacks or higher dividends once the current expansion phase matures.

## ESG and Sustainability Considerations

Environmental, Social, and Governance (ESG) factors are increasingly important in assessing long-term investment quality. In ISEC's case, the nature of its business (healthcare services) inherently aligns with positive social impact, though there are ESG risks to manage (e.g. clinical governance, data protection, etc.). We summarize ISEC's ESG profile and initiatives:

- **Environmental:** ISEC's direct environmental footprint is relatively modest. Operating eye clinics involves energy use (for medical equipment and office space) and medical waste management, but no heavy industrial activity. Nonetheless, the Group acknowledges environmental responsibility in its Sustainability Report. Efforts include reducing energy consumption at clinics (e.g. using LED lighting, optimizing air-conditioning usage) and proper disposal of medical and biohazard waste in compliance with regulations. For instance, used surgical materials and chemicals are handled by certified waste disposal contractors. While not a major emitter, ISEC is exploring ways to be more eco-friendly – for example, digitizing medical records (cutting paper use) and encouraging tele-consultations when appropriate to reduce patient travel. The new KL centre is being designed with energy efficiency in mind (the building owner aims for Green Mark certification). These steps reflect a commitment to environmental stewardship appropriate for a company of its scale. Given increasing focus on climate, ISEC may look into tracking its carbon footprint more formally. For now, we note no significant environmental controversies associated with ISEC.
- **Social:** As a healthcare provider, ISEC's core mission is inherently socially beneficial – restoring and improving patients' vision. The company emphasizes providing “world-class service to patients” as a key sustainability goal. Patient health outcomes and safety are paramount. ISEC has stringent clinical protocols to ensure quality of care (for example, regular peer reviews of surgical outcomes, strict infection control measures at clinics, and continuous training for staff). Patient satisfaction is monitored via feedback surveys, and ISEC clinics consistently score high in patient ratings according to its annual reports. Another social aspect is

accessibility of care: while ISEC is a private provider, it occasionally participates in community eye screening programs and works with NGOs to provide pro-bono surgeries for underprivileged patients (especially in Malaysia). During the COVID pandemic, ISEC contributed by offering telemedicine follow-ups and ensuring continuity of critical eye treatments for patients. In terms of workforce, ISEC strives to be a good employer – it provides continuous education for staff, and its employee turnover has been low. Doctors at ISEC often stay long-term, and the Group’s culture encourages collaboration and professional development. Workplace safety is crucial given the use of lasers and surgical tools – ISEC reported zero major workplace incidents in recent years. On data privacy (important for patient records), ISEC complies with PDPA in Singapore and similar laws in Malaysia, with robust IT security for medical records. Overall, ISEC’s social impact is positive: by delivering quality eye care, it directly contributes to improved quality of life for thousands of patients annually.

- **Governance:** ISEC Healthcare Ltd is incorporated in Singapore and adheres to the SGX corporate governance code. The Board is chaired by Dr. Lee Hung Ming (also Executive Vice Chairman and a co-founder), with a majority of Independent Directors ensuring proper oversight. The company separated the roles of Chairman and CEO (CEO is Dr. Wong Jun Shyan), and the board includes medical professionals and finance professionals for balanced expertise. According to the latest annual report, the Board has 5 directors, of whom 3 are independent non-executives – meeting the code requirement. There are board committees for Audit, Nominating, and Remuneration functions, chaired by independent directors. ISEC’s governance track record is clean: no reported financial irregularities or regulatory breaches. The company’s sponsor for Catalist listing (required for Catalist companies) provides additional compliance monitoring. Insider ownership is significant (Dr. Lee and Dr. Yeoh Siew Kee, a Malaysian co-founder, together hold a substantial stake), aligning management with shareholders. However, this also means lower free float (~30%), which can affect liquidity. Thus far, insiders have behaved responsibly – there have been no concerning related-party transactions (annual disclosure shows no IPTs above S\$100k), and executive compensation is reasonable relative to peers. ISEC engages an independent external auditor (Mazars LLP) and has had unqualified audit opinions. One area to watch is succession planning: the key founders are in their 60s, so grooming new leadership (the CEO is relatively young, 40s) will be important. The board has cited succession planning as a focus and has been refreshing itself (one new independent director joined in 2024). Governance-wise, we see ISEC as satisfactory and making progress on sustainability reporting. The company publishes a **Sustainability Report** annually alongside its financial report, outlining ESG initiatives and targets such as *developing a high-performing workforce, strong corporate governance and caring for the environment*. This transparency is a plus for investors with ESG mandates.

In summary, ISEC’s ESG profile has more positives than negatives. Social impact and governance are clear strengths (delivering essential health services with good oversight), while environmental impact is minimal but being managed responsibly. If we consider ESG in valuation, ISEC likely deserves at least a market-average ESG rating, with room to improve as it sets more formal targets (e.g. energy reduction goals, diversity targets). Notably, ISEC was recognized in 2024 as one of Singapore’s **“Most Transparent Companies”** in the small-cap category by SIAS, reflecting its good disclosure practices

(including sustainability). We believe sound ESG practices further bolster ISEC's appeal as a stable long-term investment.

## Recommendation and Conclusion

We initiate coverage on ISEC Healthcare with a **Buy** recommendation and a 12-month target price of **S\$0.48**. This target implies ~33% upside from the current share price, alongside a ~3% dividend yield, making for an attractive total return proposition. Our conviction is driven by ISEC's solid fundamentals – a resilient and growing healthcare business with strong margins and cash flows – coupled with catalysts from expansion and market re-rating potential. In our view, the market has yet to fully appreciate ISEC's earnings growth coming through 2025–2026, as well as its defensive qualities in an uncertain macro environment. At 15× earnings, ISEC trades more like a low-growth, ex-growth stock, which it is not. We expect the narrative to shift as the company delivers improving results and as broader initiatives shine a spotlight on under-valued small caps like ISEC.

For **institutional investors**, ISEC offers exposure to the healthcare sector's secular growth with a fraction of the volatility seen in biotech or pharma – it's a steady operator with dividend support. The stock's smaller cap and lower liquidity have perhaps been barriers historically, but with the EQDP injecting liquidity into the space, this may improve. We note that at ~S\$0.36, ISEC's valuation is undemanding relative to its ~17% ROE and 17% net margins – metrics that usually command premium multiples. We forecast EPS to grow to ~2.7 cents by FY2026 (from 2.2 cents in FY2024), and even if the multiple stayed at 15×, the stock would be ~S\$0.40 by 2026 just on earnings growth. Our target of S\$0.48 assumes a modest re-rating to 18×, which we think is justified given peers and the improving outlook.

For **retail investors**, ISEC presents a compelling case as a growth-and-income play. The company has shown commitment to paying dividends, so investors are paid to wait while growth materializes. The ophthalmology business may not be as high-profile as tech or manufacturing, but it has proven profitability and a clear growth runway with population aging trends. Moreover, ISEC's cross-border presence could allow it to benefit from post-pandemic normalization of medical tourism (e.g. Indonesia/Middle East patients coming to Malaysia for eye surgery), providing upside optionality.

In conclusion, ISEC Healthcare is a fundamentally sound company at an attractive valuation inflection point. Its expansion strategy, if executed well (and we have confidence in management's prudent approach), should propel the Group into a higher earnings bracket over the next 2–3 years. Meanwhile, external market support in Singapore may help close the gap between price and value. We recommend investors **take a position** in this niche healthcare leader. Risks are relatively contained as discussed, and the company's financial stability adds a margin of safety. With a 33% upside to our target price, ISEC offers a favorable opportunity in the small/mid-cap healthcare space. We will revisit

our valuation if either (a) growth deviates significantly (e.g. materially higher capex or lower earnings) or (b) the stock reaches our target sooner-than-expected (to assess further upside beyond). At present, the risk-reward profile makes ISEC Healthcare a worthy addition for investors looking for defensive growth and steady dividends.

**Recommendation: Buy – Price Target: S\$0.48 (33% upside).**

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Sources: Publicly available data (including company annual reports, SGX filings, news sources such as The Edge Singapore, Yahoo Finance, MarketScreener, etc.)

## Appendices

### Appendix A: Statement of Financial Position (as of 31 December 2024)

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	29,793	16,998	53	70
Right-of-use assets	5	10,899	9,843	91	127
Intangible assets	6	53,174	52,870	234	–
Investment in subsidiaries	7	–	–	60,997	62,487
Net investment in sublease	5	50	107	–	–
Deferred tax assets	8	275	268	15	11
<b>Total non-current assets</b>		<b>94,191</b>	<b>80,086</b>	<b>61,390</b>	<b>62,695</b>
<b>Current assets</b>					
Inventories	9	2,501	2,235	–	–
Trade and other receivables	10	5,950	4,991	18,895	17,386
Prepayments		436	334	30	27
Net investment in sublease	5	57	54	–	–
Current income tax asset		–	3	–	–
Cash and cash equivalents	11	15,911	19,404	1,200	1,958
<b>Total current assets</b>		<b>24,855</b>	<b>27,021</b>	<b>20,125</b>	<b>19,371</b>
<b>Total assets</b>		<b>119,046</b>	<b>107,107</b>	<b>81,515</b>	<b>82,066</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	12	76,381	76,138	76,381	76,138
Treasury share reserve	13	–	–	–	–
Other reserves	14	(10,007)	(12,905)	156	128
Retained earnings		23,685	17,476	4,598	5,389
<b>Equity attributable to owners of the Company</b>		<b>90,059</b>	<b>80,709</b>	<b>81,135</b>	<b>81,655</b>
Non-controlling interests		1,680	1,441	–	–
<b>Total equity</b>		<b>91,739</b>	<b>82,150</b>	<b>81,135</b>	<b>81,655</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	17	767	1,327	–	–
Lease liabilities	5	9,445	8,776	61	97
Deferred tax liabilities	8	5	150	–	–
Provisions	15	324	235	14	14
<b>Total non-current liabilities</b>		<b>10,541</b>	<b>10,488</b>	<b>75</b>	<b>111</b>
<b>Current liabilities</b>					
Trade and other payables	16	12,425	10,592	265	256
Borrowings	17	672	843	–	–
Lease liabilities	5	2,208	1,614	36	34
Current income tax payable		1,461	1,420	4	10
<b>Total current liabilities</b>		<b>16,766</b>	<b>14,469</b>	<b>305</b>	<b>300</b>
<b>Total liabilities</b>		<b>27,307</b>	<b>24,957</b>	<b>380</b>	<b>411</b>
<b>Total equity and liabilities</b>		<b>119,046</b>	<b>107,107</b>	<b>81,515</b>	<b>82,066</b>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

## Appendix B: Statement of Profit and Loss (as of 31 December 2024)

	Note	2024 \$'000	2023 \$'000
<b>Revenue</b>	18	74,197	69,994
Cost of sales		(41,529)	(38,958)
<b>Gross profit</b>		32,668	31,036
<b>Other item of income</b>			
Other income	19	1,209	471
<b>Other items of expense</b>			
Selling and distribution expenses		(246)	(129)
Administrative expenses		(13,871)	(12,130)
Other expenses	20	(1,971)	(1,283)
Finance costs	21	(602)	(651)
<b>Profit before income tax</b>	23	17,187	17,314
Income tax expense	24	(4,293)	(4,164)
<b>Profit for the year</b>		12,894	13,150
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation of subsidiaries		2,949	(2,556)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		2,949	(2,556)
<b>Total comprehensive income for the year</b>		15,843	10,594
<b>Profit for the year attributable to:</b>			
Owners of the Company		12,824	12,963
Non-controlling interests		70	187
		12,894	13,150
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		15,694	10,633
Non-controlling interests		149	(39)
		15,843	10,594
<b>Earnings per share</b>			
– basic (in cents)	25	2.23	2.26
– diluted (in cents)	25	2.23	2.26

For readers who wish to review the detailed **Notes** referenced in the Profit & Loss and Balance Sheet tables, please refer to ISEC Healthcare's official filings: the **audited FY2024 full-year report** at <https://www.isehealthcare.com/2024-full-year-results/>, and the **1H FY2025 financial statement and related announcement** at <https://www.isehealthcare.com/2025-financial-statement-and-related-announcement/>.

Appendix C:

## ISEC Healthcare – 3-Year Financial Summary

	FY2022	FY2023	FY2024
<b>Revenue (S\$ m)</b>	62.95	69.99	74.20
<b>PATMI (S\$ m)</b>	12.52	12.96	12.82
<b>EPS (S cents)</b>	2.18	2.26	2.23
<b>DPS (S cents)</b>	1.56	1.85	1.00

Figure 5: ISEC Healthcare – 3-Year Financial Summary (FY2022–FY2024). FY2022–23 saw strong revenue growth and stable profits; FY2024 revenue grew further but PATMI was flat amid expansion costs. DPS was adjusted down in FY2024 to fund growth. **Source:** Company Annual Reports.

## Scenario Valuation – FY2025e & FY2026e Outcomes

	FY2025e EPS (S cents)	FY2026e EPS (S cents)	Target P/E (x)	Implied Price (S\$)
<b>Bear</b>	2.2	2.3	13	0.30
<b>Base</b>	2.4	2.7	18	0.48
<b>Bull</b>	2.6	3.2	20	0.64

Figure 6: Scenario Analysis – Base, Bull, Bear Cases for FY2025–26. Our base case (middle) underpins the S\$0.48 target. Bull case assumes stronger earnings and higher valuation; bear case assumes flat earnings and lower P/E. **Source:** Tickrs estimates.

**Peer Comparison Details:** ISEC’s closest peers include Q&M Dental (SGX: QC7), Raffles Medical (SGX: BSL), and Optimax Holdings (KLSE: 0222). As of Sep 2025, Q&M (dental clinic chain) trades around 25× forward P/E and 2.2% yield (trailing P/E was ~53× due to one-offs), with ~S\$330m market cap. Raffles Medical (hospital/operator) trades ~29× trailing (25× forward) and 2.45% yield, market cap ~S\$1.9bn. Optimax (Malaysia eye clinics) is ~RM307m (S\$92m) market cap, P/E ~23.7× yield ~2.3%. These benchmarks show ISEC (S\$207m cap, 15× P/E, 2.8% yield) is priced cheaper despite similar or better profitability. Part of this may be liquidity and listing venue, which the EQDP/GEMS efforts aim to address. We expect ISEC’s valuation gap to peers can narrow as it gains scale and visibility.

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**Analyst Certification:** I, Jaimes Chao, hereby certify that the views expressed in this report accurately reflect my personal opinions about ISEC Healthcare Ltd and its securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

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