

DESCRIPTION

Alpha IVF Group Bhd is primarily a fertility care specialist focusing on the provision of assisted reproductive services in Malaysia and Singapore.

Fair Value	RM0.38
IPO Price	RM0.32
Expected Return	18.8%
Closing Application Date	8 March 2024
Indicative Listing Date	22 March 2024

Market	ACE
Bursa Code	0303
Bloomberg Ticker	ALPHA MK
Shariah-compliant	-

IPO DETAILS

	Shares(m)
Offer for Sale	1,093.5
Public Issue	364.5

UTILISATION OF PROCEEDS

	RM (m)
Establishing new medical centres, satellite clinics and sales representative offices	72.8
Expansion and upgrade of existing medical centres, facilities and corporate office	15.7
Research and development	2.2
General working capital	17.1
General corporate purposes	2.6
Defraying the listing expenses	6.2
Total	116.6

KEY STOCK DATA

Market Capitalisation (RM m)	1,555.2
No. of Shares (m)	4,860.0

MAJOR SHAREHOLDERS

	%
Dato' Dr. Lee Soon Soo, Colin	34.0
ACE Specialists S/B	9.2
Lee Soon Ai	8.9
Dr. Ng Peng Wah	8.3
Dr. Leong Wai Yew	6.6

Research Team

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Fertility Care Provider

Focusing on the provision of assisted reproductive services, as at 4 Feb 2024, Alpha IVF Group Bhd (ALPHA) has two specialist centres in Malaysia and one specialist centre in Singapore. ALPHA's operations in Malaysia and Singapore serve their respective residents as well as foreigners from China, Singapore, Indonesia and other countries. ALPHA offers a range of assisted reproductive services to assist patients with infertility conditions to achieve clinical pregnancy. While its focus is in-vitro fertilisation (IVF) services, the Group also provides other assisted reproductive procedures including intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), various diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperm and embryos.

Moving forward, ALPHA plans to expand its operational facilities and resources domestically, while also venturing into regional expansion efforts in Indonesia, Cambodia or Laos, as well as in China. We derive a fair value of **RM0.38** based on a 26x PE multiple to its CY25F EPS of 1.5 sen. The IPO is expected to raise approximately RM116.6m from the issuance of 364.5m new shares. Besides utilising 14.7% of the proceeds as general working capital, 62.4% and 13.5% of the proceeds are allocated for geographical expansion as well as expansion and upgrade of existing medical centres, facilities and corporate office, respectively.

§ **Growth drivers.** ALPHA's growth will be driven by: i) establishment of three new specialist centres in Malaysia, ii) upgrade of its existing laboratory and medical facilities, iii) establishment of one specialist centre and four satellite clinics in Indonesia, iv) establishment of a new specialist center in either Cambodia or Laos, and v) establishment of two sales representative offices in China.

§ **Competitive strengths.** ALPHA's competitive strengths include: i) established track record, ii) experienced team, iii) geographic diversity, iv) coordination of medical tourism facilitators, v) well-equipped specialist centres, and vi) active collaboration and continuous research.

§ **Catalysts.** Key drivers may include: i) declining fertility rate, ii) robust growth for Malaysia's healthcare travel industry, iii) growing awareness of the available treatments of assisted reproductive services, and iv) government incentives to ease the costs of assisted reproductive services.

§ **Key risks.** Key downside risks, among others, include: i) competitive industry, ii) potential changes in demographic trends, iii) potential decline in the healthcare travel industry, iv) potential changes in healthcare regulations, and v) dependency on Zuellig Group, its key supplier.

KEY FINANCIAL SUMMARY

FYE May (RM m)	2022A	2023A	2024F	2025F	2026F	CAGR
Revenue	91.1	137.5	161.8	201.1	253.7	22.7%
Gross Profit	46.5	76.6	89.0	108.6	137.0	21.4%
Pre-tax Profit	29.9	67.2	77.9	90.3	105.3	16.1%
Net Profit	14.3	53.2	58.4	67.7	78.9	14.0%
EPS (Sen)	45.4	1.5	1.2	1.4	1.6	
P/E (x)	0.7	22.0	26.6	23.0	19.7	
DPS (Sen)	-	-	0.7	0.8	1.0	
Dividend Yield (%)	-	-	2.3	2.6	3.0	

Source: Company, PublicInvest Research estimates

Is primarily a fertility care specialist

Company Background

Providing in-vitro fertilisation (IVF), intracytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), together with various diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperms and embryos, ALPHA is primarily a fertility care specialist focusing on the provision of assisted reproductive services in Malaysia and Singapore.

Table 1: Key milestones

Year	Event
2011	<ul style="list-style-type: none"> - Alpha International Women's Specialists S/B (Alpha KL) was incorporated - Commenced operations through the opening of Alpha Fertility Centre, its first specialist centre located at Dataran Sunway in Selangor - Started offering a range of assisted reproductive services including IVF, IUI, ICSI as well as cryopreservation for the storage of eggs, sperm and embryos - Started providing obstetrics and gynaecology services - Introduced preimplantation genetic testing (PGT) to detect embryo chromosomal abnormalities
2013	<ul style="list-style-type: none"> - Started using a third-party proprietary technology and equipment developed in Japan, namely Cryotec® for eggs and embryo cryopreservation, storage and thawing without ice formation - Started to offer the Piezo-intracytoplasmic sperm injection technology (Piezo-ICSI)
2014	<ul style="list-style-type: none"> - Started offering a third-party sperm sorting technology that separates sperm into groups with higher chances of carrying either the X or Y chromosome - Started offering a time-lapse embryo imaging system to observe the progress of embryo development
2015	<ul style="list-style-type: none"> - Started using next-generation sequencing (NGS) as part of PGT procedures, to identify embryos with monogenic (specific) diseases and chromosomal abnormalities
2016	<ul style="list-style-type: none"> - Marketed its assisted reproductive services in foreign countries and started to serve patients from China
2017	<ul style="list-style-type: none"> - Started offering a time-lapse embryo imaging system with built-in incubator
2019	<ul style="list-style-type: none"> - A specialist centre was opened at the Royal Square at Novena, Singapore through its subsidiary, Alpha International Women's Specialists (Singapore) Pte Ltd (Alpha Singapore), - Obtained a Reproductive Technology Accreditation Committee (RTAC) certification from the Fertility Society of Australia (FSA) for its Singapore centre
2020	<ul style="list-style-type: none"> - Moved to premises located at the Strand Mall in Selangor, expanding its operations - Obtained RTAC certification from the FSA for Alpha KL - Started to offer ovarian rejuvenation treatment with platelet-rich plasma (Ova-PRP) to reactivate dormant eggs to develop and mature within the ovaries - Started using artificial intelligence (AI) enhanced embryo selection technology to identify the best embryos among a group of embryos for transfer - Achieved its first successful pregnancy using AI-enhanced embryo selection technology
2021	<ul style="list-style-type: none"> - Started to use PRP for the treatment of patients with thin endometria (Endo-PRP) to help with the implantation of embryos into the uterus wall lining - Expanded to the northern region of Peninsular Malaysia through the acquisition of Genesis Specialists S/B (Genesis) with a shop unit located in Gurney Paragon Mall in Penang
2022	<ul style="list-style-type: none"> - Penang specialist centre obtained ISO 9001:2015 quality management system for providing a range of fertility and gynae treatment, which was certified by QAS International Limited

Source: Company Prospectus, PublicInvest Research

Has two specialist centres in Malaysia and one specialist centre in Singapore

Has qualified and experienced professionals

Offers a range of assisted reproductive services ...

... and ancillary services

Plans to establish three new specialist centres in Malaysia

Business Overview

Focusing on the provision of assisted reproductive services, as at 4 Feb 2024, ALPHA has two specialist centres in Malaysia and one specialist centre in Singapore. ALPHA's specialist centres in Selangor and Penang have a built-up area of c.26,221 sqft with 14 beds, and c.11,931 sqft with 10 beds respectively. The Group's specialist centre in Singapore has a built-up area of c.5,297 sqft with 6 beds. These centres are equipped with consultation rooms, andrology, embryology and PGT laboratories (except Singapore), operating theatres and post-operative day care facilities. ALPHA's operations in Malaysia and Singapore serve their respective residents as well as foreigners such as residents from China, Singapore, Indonesia and other countries.

As at 4 Feb 2024, ALPHA has qualified and experienced professionals comprising 12 medical specialists in Obstetrics and Gynaecology, 2 anaesthesiologists, 1 urologist as well as 30 embryologists and 2 geneticists operating in Malaysia and Singapore. Out of the 12 medical specialists in Obstetrics and Gynaecology, 11 of them are resident specialists whilst the remaining 1 specialist is visiting specialist. With support of medical specialists, embryologists, geneticists, nurses and nursing aides, its specialist centres enable the Group to provide diagnostics services (using a combination of in-house and external service providers), treatment and procedures, as well as cryopreservation.

ALPHA offers a range of assisted reproductive services to assist the patient with infertility conditions to achieve clinical pregnancy. While its focus is IVF services, the Group also provides other assisted reproductive procedures including ICSI, IUI, various diagnostics, testing and screening procedures as well as cryopreservation of eggs, sperm and embryos. In order to support its assisted reproductive services, ALPHA provides various diagnostics, testing and screening procedures including PGT using NGS, fluorescent in-situ hybridisation (FISH), polymerase chain reaction (PCR) and electrophoresis, endometrial analysis for implantation optimisation, and semen analysis. In some cases, ALPHA would attempt to carry out ovarian rejuvenation or endometrium rejuvenation prior to performing the IVF treatment.

The assisted reproductive services provided by ALPHA's specialist centers include first assessment for new patients, IVF packages, and IUI packages. The first assessment involves various medical consultations and tests to determine the suitability for assisted reproductive services, with fees based on government price schedules. Based on the assessment results, ALPHA offers customised IVF packages, including options for fresh embryo transfer, use of frozen embryos, or freeze-all cycles. Optional procedures such as PGT, ICSI implantation optimisation services and AI-enhanced embryo selection services are also available. Similarly, ALPHA's IUI packages include pre-treatment assessments, blood tests, and the IUI procedure. While refunds will be provided for services not rendered (other than first assessment) due to certain circumstances, ALPHA does not guarantee the results of any treatment or procedure.

In addition to its core assisted reproductive services, ALPHA provides ancillary services such as cryopreservation, which entails an initial commencement fixed fee and a yearly storage fee. Also, ALPHA provides specialist medical services that include consultation and medical procedures conducted by its medical specialists at third-party hospitals. These services are available to patients who have received assisted reproductive services from ALPHA's specialist centres. They encompass obstetrics and gynaecology services, such as natural childbirth and caesarean section that require overnight hospital stays.

Future Plans

ALPHA plans to establish three new specialist centres for assisted reproductive services in Malaysia. These centres will be equipped with necessary facilities and equipment. As at 4 Feb 2024, Alhaya KL specialist centre is undergoing renovation and is expected to commence operations by first quarter of 2024. ALPHA is identifying locations for the other two centres, aiming to commence operations by the end of FY25F and FY26F, respectively.

Plans to upgrade its existing laboratory and medical facilities

Plans to implement a two-pronged marketing strategy

Plans to set up one specialist centre and four satellite clinics in Indonesia

Plans to establish a new specialist center in either Cambodia or Laos

Plans to establish two sales representative offices in China

Established track record

Experienced team

Furthermore, ALPHA plans to upgrade its laboratory and medical facilities in its existing specialist centres by purchasing new equipment and devices to cater the expected increase in assisted reproductive service cases and to replace underperforming equipment. Additionally, ALPHA intends to enhance its information technology (IT) systems in its Malaysian and Singaporean centres. The Group also plans to expand its corporate office at Alpha KL specialist centre by renting additional space.

ALPHA plans to implement a two-pronged marketing strategy, utilising both digital and conventional methods, to promote its services and intensify market awareness. Additionally, the Group aims to expand its research and development (R&D) efforts by hiring up to six new personnel and acquiring laboratory equipment to facilitate its R&D activities, staying updated with advancements in assisted reproductive services to support business growth.

Leveraging its experience in Singapore, ALPHA plans to expand its operations into other foreign countries. Such expansion includes setting up one full-fledge specialist centre (estimated floor space: 10,660 sqft) and four satellite clinics in Indonesia due to the country's large population, which presents opportunities for demand in assisted reproductive services. The new specialist centre in Indonesia will offer a wide range of services, including IVF treatment, ICSI, IUI, diagnostics, testing, and cryopreservation. Feasibility studies have commenced, with a potential location identified in Bali, aiming for operation by the end of FY25F.

In addition, ALPHA plans to establish four satellite clinics in Indonesia as an extension of its specialist centre to provide convenient access to services for patients in different regions of the country. Each clinic will have an estimated floor space of 1,500 sqft. Two clinics are expected to commence operations by the end of FY25F, with the other two by FY26F. As at 4 Feb 2024, ALPHA is still identifying suitable locations in regions like Java, Sumatra, Sulawesi, Bali, and Nusa Tenggara for the establishment of the four satellite clinics in Indonesia.

Besides that, ALPHA plans to establish a new specialist center in either Cambodia or Laos. The new full-fledge specialist centre will have an estimated floor space of 8,000 sqft, providing a wide range of assisted reproductive services. In Cambodia, a potential partnership may facilitate the center's establishment, while in Laos, proximity to China via the China-Laos Railway offers geographical advantages. Operations are expected to commence by the end of FY25F, pending location identification and feasibility studies. ALPHA also plans to establish two sales representative offices in China to expand its market coverage and offer preliminary consultation services for assisted reproduction services. Operations in China are slated to commence by the end of 2024.

Competitive Strengths

Established track record. ALPHA has a track record spanning 13 years in providing assisted reproductive services since its inception in 2011. The Group's track record is evidenced by the number of oocyte pick-up (OPU) (FY20: 2,108; FY23: 2,700) and embryo transfer procedure performed (FY20: 1,978; FY23: 2,497). In addition, ALPHA has been sponsoring its embryologists and geneticists in conducting academic research as well as publishing research papers and findings. As at 4 Feb 2024, ALPHA's experienced and qualified laboratory team has published approximately 137 scientific papers and innovative procedures.

Experienced team. Under the guidance of Group Managing Director and Medical Director, Dato' Dr. Lee Soon Soo, Colin, ALPHA boasts a seasoned team with decades of collective experience in assisted reproductive services. With 40 years in the field, he spearheads strategic direction and operational management, contributing significantly to the Group's growth. Supporting him are Medical Directors Dr. Ng Peng Wah and Dr. Tan Heng Hao, each bringing substantial expertise to their respective specialist centers. As at 4 Feb 2024, ALPHA employs a team of 12 medical specialists, 2 anaesthesiologists, 1 urologist, 30 embryologists, 2 geneticists, and 30 nurses across its centers, all dedicated to achieving patients' objectives of conception. A significant portion of them possess over a decade of experience in their respective fields.

Geographic diversity

Geographic diversity. ALPHA currently operates in two countries namely Malaysia and Singapore. Operating in two countries enlarges its potential market and provides growth opportunities. Geographic diversity may also help mitigate risks, as seen during COVID19. While revenue declined by 39.63% YoY in Malaysia, Singapore operations grew by 226.23% YoY, in FY21.

Coordination of medical tourism facilitators

Coordination of medical tourism facilitators. With medical tourism facilitators in Indonesia, China, Singapore and Australia, ALPHA coordinates new patients for its services, expanding its reach without the need for infrastructure and human capital investment in those countries. Revenue from foreign patients for its Malaysia operations accounted for 45.54%, 3.53%, 11.11%, 39.60% and 44.93% of the Group's total revenue for the FY20, FY21, FY22, FY23 and 5MFY24, respectively. As at 4 Feb 2024, ALPHA has appointed 62 medical tourism facilitators to further grow revenue from foreign residents, particularly in Malaysia.

Well-equipped specialist centres

Well-equipped specialist centres. ALPHA's specialist centres are well-equipped with comprehensive facilities and state-of-the-art equipment, including operating theatres, laboratories, and cryopreservation facilities. These facilities, equipment and medical devices allows ALPHA to conduct a wide range of assisted reproductive procedures and analyses in-house, ensuring better quality control and shorter lead times. Moreover, ALPHA continuously update its technology to enhance success rates, such as implementing an AI-enhanced embryo selection system, thus increasing the likelihood of successful pregnancies for its patients.

Active collaboration and continuous research

Active collaboration and continuous research. ALPHA actively engages in collaborative efforts, clinical studies, and research activities, continuously staying abreast of advancements in assisted reproductive technologies, treatments, and medicine to assist its patients in achieving their objective of getting pregnant and carrying their child to term. By participating in academia, conferences, and societies, ALPHA enhances its professional profile and contributes to the advancement of reproductive technology.

Competitive industry

Competitive industry. Service providers of assisted reproductive services compete against other providers of assisted reproductive services operating from public and private hospitals, ambulatory care centres and specialist clinics. Factors of competition include, among others, pricing, availability and perception of quality of procedures, technologies, equipment and facilities, reputation of service provider and convenience based on location of premises.

Potential changes in demographic trends or decline in the healthcare travel industry

Potential changes in demographic trends or decline in the healthcare travel industry. There can be no assurance that changes in demographic trends, such as improvement infertility rate or declines in the healthcare travel industry resulting from potential border closures, changes in regulation framework and competition from other countries, will not materially affect the demand for assisted reproductive services in Malaysia, thereby impacting ALPHA's business operations and financial performance.

Potential changes in healthcare regulations

Potential changes in healthcare regulations. Laws, governmental and regulatory authority regulations and requirements, policies and guidelines relating to the healthcare industry in the countries ALPHA operates may change significantly in the future, depending on government priorities, political and social factors, and industry development. These changes may restrict services and the medical facilities which ALPHA is providing or intending to provide in its network, and negatively affect the sources of the Group's revenue.

Dependency on Zuellig Group

Dependency on Zuellig Group. The Zuellig Group, particularly Zuellig Pharma S/B in Malaysia and Zuellig Pharma Pte Ltd in Singapore, has been a significant supplier for ALPHA's operations since FY15 and FY20 respectively. Their supplies, including medication and medical consumables for assisted reproductive treatments, accounted for a substantial portion of ALPHA's purchases (49.16% of ALPHA's total purchases of materials and services for 5MFY24). Any changes in this relationship or sourcing alternatives may pose challenges, impacting the Group's operations and financial performance.

Declining fertility rate in Malaysia and Singapore

Robust growth for Malaysia's healthcare travel industry

Industry Outlook

Infertility remains a significant factor driving the demand for assisted reproductive services. In Malaysia and Singapore, fertility rates have experienced steady decline. Between 2020 and 2022, Malaysia witnessed an average annual decrease of 5.7%, while Singapore's fertility rate declined at an average annual rate of 2.8% during the same period.

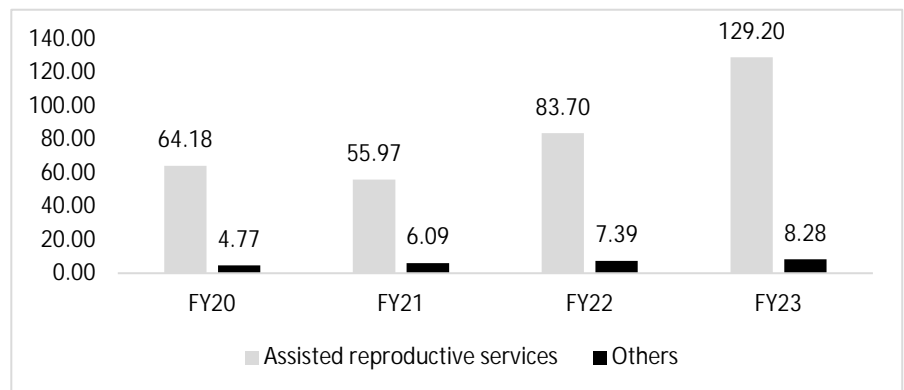
Malaysia's healthcare travel industry displayed robust growth from 2015 to 2019, with revenue increasing from RM0.9bn to RM1.7bn and the volume of healthcare travelers rising from 0.9m to 1.2m. However, the industry faced a notable decline in 2020 and 2021 following implementation of movement control order (MCO) to curb the prevalence of COVID19. In 2022, there was a remarkable recovery with a 116.7% growth in revenue and a 51.5% increase in the volume of healthcare travelers. Fertility treatment, recognized as a national key economic area by the Malaysian Healthcare Tourism Council, is poised to drive growth in the assisted reproductive services sector.

(Source: Vital Factor Consulting S/B, from Company Prospectus)

Financials

Revenue and profitability. ALPHA's business activities are categorised into 2 main segments, assisted reproductive services (ARS) and other services which encompass the provision of specialist medical services to patients at third-party medical service providers' premises, laboratory services, and related offerings. ARS contributed over 90% of the total group revenue in FY20-23. Other segments including procedures, stimulation drugs, doctor fees, PGT, cryopreservation and other operating theatre facility fees and laboratory tests. We gather that the gross profit (GP) margin for ARS has improved from 43% in FY21 to 56% in FY23, driven by higher number of IVF stimulation and OPU. However, we note that generally the GP margin for Singapore operation was lower compared to Malaysia operation, mainly due to higher average cost of sales per stimulation and pick-up performed in Singapore.

Figure 1: Revenue breakdown by business (FY20-23)



Source: Company Prospectus, PublicInvest Research

For FY20-23, ALPHA posted a 3-year revenue growth at a CAGR of 26%, mainly driven by a higher number of IVF stimulation, OPU and ancillary services contributed by a boost in foreign customers predominantly from Indonesia. Despite the disruption from COVID19 pandemic which caused a slide of 10% YoY in ALPHA's revenue to RM62.06m, the Group managed to recover in FY22-23 with a YoY growth of 47% and 51% in revenue respectively. The improvement in revenue was backed by the increase in number of OPU and embryo transfer procedure performed in both Malaysia and Singapore regions. Additionally, the total number of new registrations including Malaysia and Singapore regions have increased by 36% YoY from 3,548 in FY22 to 4,832 in FY23. We observe an uptick in the revenue contribution from Indonesia, Singapore, and China from FY21 to FY23, suggesting that medical tourism plays an inevitable role in the Group's earnings growth.

Table 2: GP margins breakdown by business & regions (FY20-23)

GP Margin (Group)	FY20	FY21	FY22	FY23
ARS	44%	43%	51%	56%
Others	36%	52%	51%	54%
GP Margin By Region	FY20	FY21	FY22	FY23
Malaysia Operation	47%	43%	54%	59%
Singapore Operation	16%	46%	46%	44%

Source: Company Prospectus, PublicInvest Research

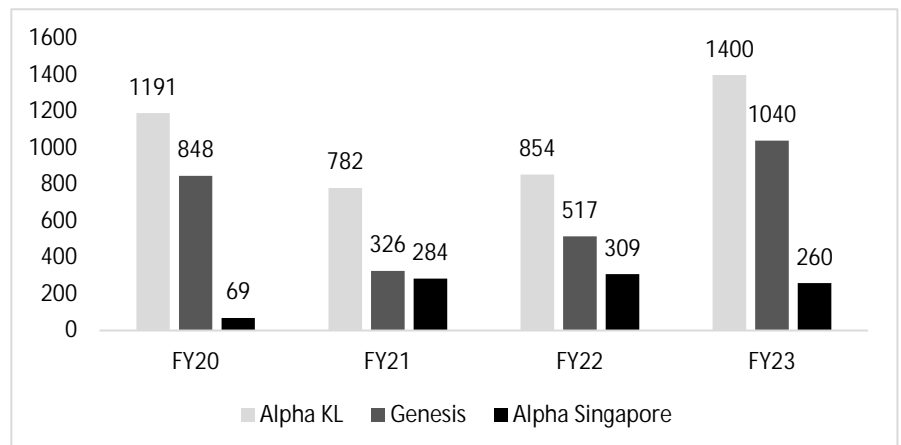
Table 3: Revenue segmentation by customers' country of origin

Customers' country of origin	FY20	FY21	FY22	FY23
Malaysia total revenue	89%	60%	66%	78%
Malaysians	49%	94%	82%	48%
Indonesia	21%	3%	10%	37%
Singapore	4%	1%	3%	4%
China	21%	1%	1%	3%
Other countries	5%	0%	3%	6%
Others ¹	0%	0%	1%	1%
Singapore total revenue	11%	40%	34%	22%
Singaporeans	75%	84%	86%	85%
Others ²	25%	16%	14%	15%

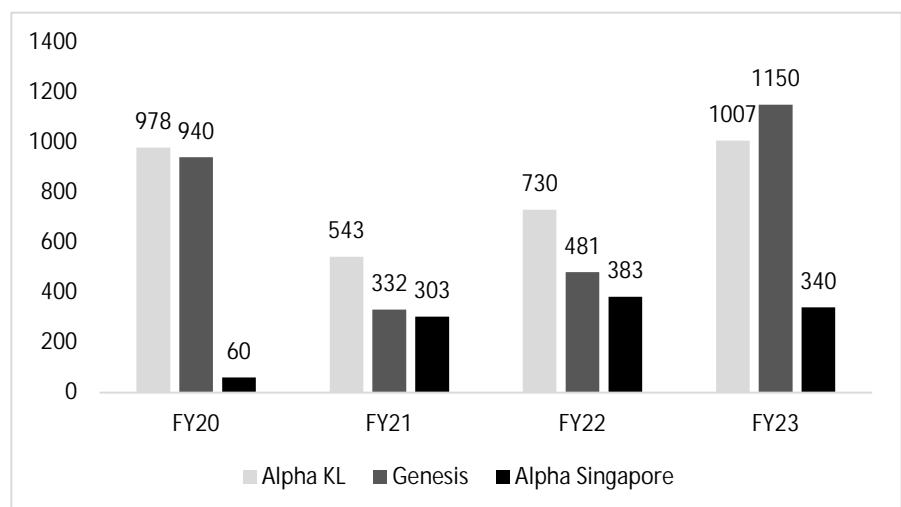
Source: Company Prospectus, PublicInvest Research

Note:

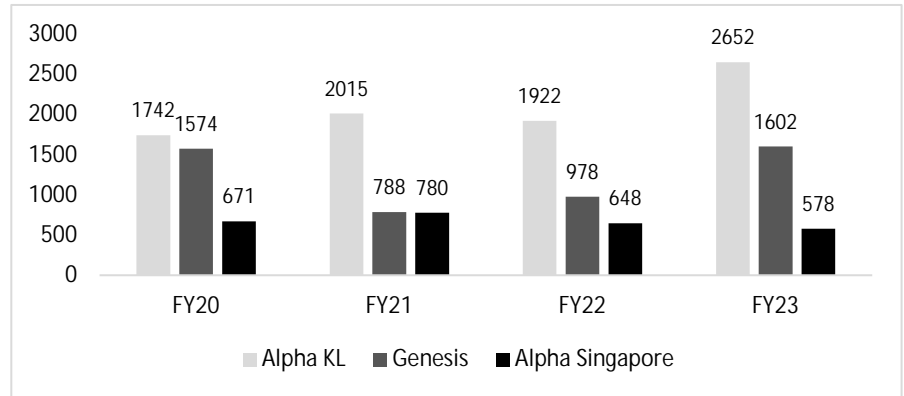
1. Include private healthcare service operators and foreign egg and sperm banks
2. Include private healthcare service operators

Figure 2: Number of OPU performed


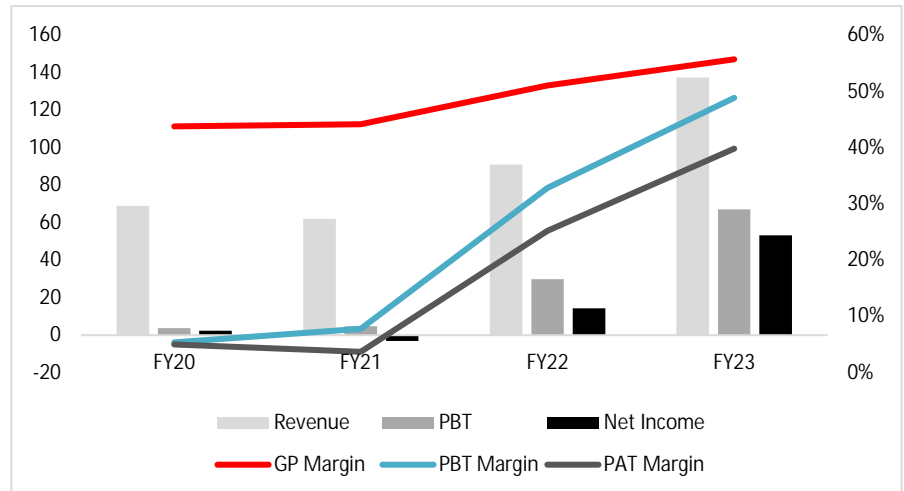
Source: Company Prospectus, PublicInvest Research

Figure 3: Number of embryo transfer procedure performed


Source: Company Prospectus, PublicInvest Research

Figure 4: New patients registration


Source: Company Prospectus, PublicInvest Research

Figure 5: Revenue and profitability


Source: Company Prospectus, PublicInvest Research

Dividend policy. ALPHA intends to distribute dividend at least 60% of the Group's PAT attributable to shareholders, which will translate to a dividend yield of c.2.3% in FY24F based on IPO price of RM0.32.

Forecast. Going forward, we are expecting ALPHA to record a 3-year CAGR of 14% to RM78.94m in net profit for FY26F, based on a conservative estimate where the Group is able to expand 2 new specialist centres (out of 3 as per pipeline) in Malaysia, which one of it consists of 51%-owned Alhaya, and another 1 in Indonesia by FY26F. We believe the growth in sales to be supported by greater brand exposure through new satellite clinics setup in Indonesia.

Liquidity and leverage. Post IPO, ALPHA's current ratio will settle at 9.4x, with gearing level of 0.03x.

Valuation

P/E valuation approach. We derive a fair value of RM0.38, pegging a 26x PE multiple to ALPHA's CY25F EPS of 1.5 sen, ascribing a 15% discount to sector's average multiple of 30x. We believe the discount is warranted given ALPHA's relatively small market capitalisation. Moving forward, ALPHA plans to set up 3 new ARS specialist centers in Malaysia, 1 in Indonesia, 1 in Cambodia or Laos. Meanwhile, the Group also intends to expand its customer network through strategic marketing efforts, including the establishment of 4 new satellite clinics in Indonesia and the opening of 2 new sales representative offices in China. We believe this initiative will help enhance the Group's presence in key markets and facilitate greater accessibility.

Table 4: Peer comparison

Company	Market Cap (RM m)	PE (x)	P/BV (x)	ROA (%)	ROE (%)
Local Peers					
IHH Healthcare	52,841.95	17.9	1.8	6.0	6.0
KPJ Healthcare	7,419.31	27.2	3.2	3.7	11.6
TMC Life Science	1,254.16	22.0	1.4	4.9	NA
DC Healthcare	224.17	86.5	3.5	3.5	NA
Optimax	325.98	25.1	5.2	11.7	21.5
Cengild	241.54	20.0	2.3	10.4	NA
Regional Peers					
Monash IVF Group (Australia) – AUD	574.71	23.9	2.1	5.7	10.6
Jinxin Fertility Group (Hong Kong) – HKD	6,448.57	41.6	0.6	1.0	4.3
Safe Fertility Group (Bangkok) - THB	5,957.38	25.5	NA	12.0	15.0

Source: Bloomberg, PublicInvest Research

IPO Details

ALPHA is seeking a listing with an enlarged issued and paid-up share capital of 4,860,000,000 shares on Bursa Malaysia's ACE Market. Pursuant to the IPO listing, the Group's market capitalisation is c. RM1.6bn based on its IPO price of RM0.32.

The IPO allocation, post-IPO share capital of ALPHA and utilisation of IPO proceeds are shown in the following tables.

Table 5: IPO allocation

Categories	No. of shares	% of enlarged share capital
Public Issue:		
Malaysian public (via balloting) [^]	194,400,000	4.0
Eligible persons	24,300,000	0.5
Placement to selected investors	145,800,000	3.0
Subtotal	<u>364,500,000</u>	<u>7.5</u>
Offer for sale:		
Placement to selected investors by MITI*	607,500,000	12.5
Placement to selected investors	486,000,000	10.0
Sub-total	<u>1,093,500,000</u>	<u>22.5</u>
Total	<u>1,458,000,000</u>	<u>30.0</u>

Source: Company Prospectus

[^] 50.0% shall be set aside for Bumiputera investors

* Ministry of Investment, Trade and Industry

Table 6: Post-IPO share capital

	No. of shares
Issued share capital as at 1 March 2024	4,495,500,000
To be issued pursuant to the IPO	<u>364,500,000</u>
Enlarged share capital upon listing	<u>4,860,000,000</u>

Source: Company Prospectus

Table 7: Utilisation of IPO proceeds*

Details of utilisation	RM m	%
Establishing new medical centres, satellite clinics and sales representative offices	72.8	62.4
Expansion and upgrade of existing medical centres, facilities and corporate office	15.7	13.5
Research and development	2.2	1.9
General working capital	17.1	14.7
General corporate purposes	2.6	2.2
Defraying the listing expenses	6.2	5.3
Total	<u>116.6</u>	<u>100.0</u>

Source: Company Prospectus

* based on RM0.32 for 364,500,000 new shares issued

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE May (RM m)	2022A	2023A	2024F	2025F	2026F
Revenue	91.1	137.5	161.8	201.1	253.7
Cost of Sales	-44.6	-60.8	-72.8	-92.5	-116.7
Gross Profit	46.5	76.6	89.0	108.6	137.0
Other Income	1.4	12.6	15.9	16.1	20.3
Administrative and Other Expenses	-16.6	-21.0	-25.9	-33.2	-50.7
Finance Costs	-1.4	-1.0	-1.1	-1.2	-1.3
Pre-tax Profit	29.9	67.2	77.9	90.3	105.3
Taxation	-6.9	-12.4	-19.5	-22.6	-26.3
Effective Tax Rate	23%	18%	25%	25%	25%
Net Profit	14.3	53.2	58.4	67.7	78.9
Growth (%)					
Revenue (%)	-	50.9	17.7	24.3	26.2
Gross Profit (%)	-	64.7	16.1	22.0	26.2
Net Profit (%)	-	>100.0	9.8	15.9	16.5

Source: Company Prospectus, PublicInvest Research estimates

Note: Excluding the listing expenses

BALANCE SHEET DATA

FYE May (RM m)	2022A	2023A	2024F	2025F	2026F
Plant and Equipment	7.8	4.2	24.2	39.0	48.4
Inventories	1.8	2.7	2.4	3.0	3.8
Trade Receivables	12.5	4.1	5.0	5.6	6.3
Cash and Bank Balances	19.3	20.0	224.1	320.3	429.6
Other Assets	65.6	64.9	12.4	9.9	7.4
Total Assets	107.1	95.9	268.2	377.8	495.5
Trade Payables	7.4	8.0	7.9	8.7	9.7
Current Borrowings	4.8	1.3	4.0	4.7	5.6
Deferred Tax Liabilities	0.2	0.1	0.1	0.1	0.1
Other Liabilities	35.7	31.8	31.8	31.8	31.8
Total Liabilities	48.1	41.3	43.8	45.3	47.2
Shareholders' Equity	59.0	54.6	224.4	332.5	448.4
Total Equity and Liabilities	107.1	95.9	268.2	377.8	495.5

Source: Company Prospectus, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE May	2022A	2023A	2024F	2025F	2026F
Book Value Per Share	0.0	0.0	0.0	0.1	0.1
NTA Per Share	0.0	0.0	0.0	0.1	0.1
EPS (Sen)	45.4	1.5	1.2	1.4	1.6
DPS (Sen)	-	-	0.7	0.8	1.0
Payout Ratio (%)	-	-	60.0	60.0	60.0
ROA (%)	13.4	55.5	21.8	17.9	15.9
ROE (%)	24.3	97.6	26.0	20.4	17.6

Source: Company Prospectus, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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