UMedic Group Berhad

(0256 | UMC MK) Main | Healthcare

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Maintain BUY

Revised Target Price **RM0.43**
(from RM0.42)

FY27 to Begin on Steady Fundamentals

Maintain BUY. UMedic Group Bhd's (UMC) FY26 normalised earnings came in within our expectations and consensus at 97% and 98% respectively. As we incorporate FY26 results into our valuation, we revised our **target price to RM0.43** (previously RM0.42) and maintain our **BUY** call for UMC.

Earnings down but segments saw improvements. FY26 revenue added to RM58.7m (+21%yoy), largely contributed by the improved performance from its Marketing and Distribution (M&D) segment, which rose to RM44m (+34%yoy). Conversely, FY26 core earnings slipped to RM7.9m (-6%yoy). Both Manufacturing and M&D segments saw gains in FY26 PBT, to RM4.7m (+28%yoy) and RM9m (+80%yoy) respectively, but consolidated eliminations of -RM3.6m (from RM2.2m in FY25) dragged FY26 core earnings. However, we noted that 4QFY26 core earnings had added to RM2.3m (+26%qoq).

FY27 prospects: riding on stronger care demand. The RM47b allocated by Budget 2026 and the 13th Malaysian Plan promise of RM40b until 2030 continue to support UMC. We believe with the upcoming Budget 2027 – which is believed to continue prioritizing citizens' welfare – UMC is positioned for a sustained long-term growth by leveraging key industry tailwinds, including hospital overcrowding, medical tourism, and an aging population projected to reach 21% by 2044. To capitalize on these trends, UMC is expected to further expand into ambulatory care, by growing its ambulance fleet, scaling its integrated learning and community health centers, and diversifying into the laboratory market and specialized verticals via its Akiteck and Ateria subsidiaries. Additionally, UMC is reinforcing its manufacturing foundation by acquiring 3 acres of industrial land, expanding cleanroom capacity, and adopting advanced automation to meet rising domestic and global demand across its product portfolio.

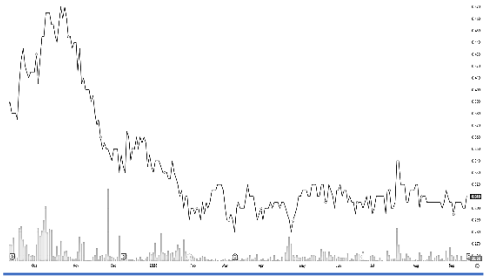
Revised earnings estimates. By incorporating UMC's FY26 results into our valuation, we revised FY27 and FY28 earnings forecasts upwards by +2%. Likewise, we **revise our target price from RM0.42 to RM0.43**, pegging on a PER of 16.5x to the revised EPS27 of 2.6sen.

We like UMC for its stable distribution business, paired with its high-margin proprietary manufacturing operations. UMC's key drivers remain to be the government's fiscal support and long-term demographic tailwinds in terms of care demand and medical tourism. Prior to the group's briefing, we maintain our **BUY** call for UMC.

RETURN STATISTICS

Price @ 14th Sept 2026 (RM)	0.31
Expected share price return (%)	+38.7
Expected dividend yield (%)	0.0
Expected total return (%)	+38.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.6	+0.0
3months	+1.6	+0.8
12 months	-19.7	-25.1

INVESTMENT STATISTICS

FYE Jul (RM m)	2027E	2028F	2029F
Revenue	60.3	61.6	62.1
Operating Profit	26.4	27.4	28.8
Profit Before Tax	12.1	12.8	13.1
Core PATAMI	9.7	10.4	10.7
Core EPS	2.6	2.8	2.9
DPS	0.0	0.0	0.0
Dividend Yield	0.0	0.0	0.0

KEY STATISTICS

FBM KLCI	1,698.01
Issue shares (m)	373.91
Estimated free float (%)	25.50
Market Capitalisation (RM'm)	114.04
52-wk price range	RM0.28 - RM0.48
3-mth average daily volume (m)	0.12
3-mth average daily value (RM'm)	0.04
Top Shareholders (%)	
Dato' Seri Ng Chai Eng	24.32
Lau Chee Keong	18.46
Lim Taw Seong	16.69

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Table 1: UMedic Group's 4QFY26 earnings review

Financial year ending July (in RM'm unless stated otherwise)	Quarterly results					Cumulative results		
	4Q25	3Q26	4Q26	QoQ%	YoY%	FY25	FY26	YoY%
Revenue	12.3	12.4	18.7	50.3	52.1	48.6	58.7	20.8
Cost of Sales	-5.1	-6.3	-11.6	84.7	126.1	-26.2	-33.7	28.6
Gross Profit	**7.2**	**6.2**	**7.1**	**15.2**	**-1.0**	**22.4**	**25.0**	**11.7**
Other Income	0.3	0.3	0.4	15.5	27.0	1.5	1.5	0.6
Marketing Expenses	-0.4	-0.4	-0.5	55.1	36.9	-1.3	-1.8	34.6
Admin and Other Expenses	-3.5	-3.8	-3.9	1.1	10.3	-11.6	-14.3	23.4
Finance Costs	0.0	-0.1	-0.1	13.4	1062.5	-0.1	-0.3	288.1
PBT	**3.5**	**2.2**	**3.0**	**33.3**	**-16.3**	**10.9**	**10.1**	**-6.6**
Taxation	-1.0	-0.3	-1.0	217.0	0.7	-2.6	-2.0	-22.4
PAT	**2.5**	**1.9**	**1.9**	**1.4**	**-23.4**	**8.3**	**8.1**	**-1.7**
NCI	0.0	0.0	-0.1	**1250.0**	**-775.0**	**0.1**	**0.4**	**211.5**
PATAMI	**2.5**	**1.9**	**2.0**	**6.7**	**-18.5**	**8.1**	**7.7**	**-5.1**
PATAMI ex-EI	**2.7**	**1.8**	**2.3**	**26.0**	**-15.3**	**8.5**	**7.9**	**-6.2**
EPS (sen)	0.7	0.5	0.5	6.7	-18.5	2.2	2.1	-5.4
EPS ex-EI (sen)	0.7	0.5	0.6	26.0	-15.3	2.3	2.1	-6.2
				+/(-)ppts	*+/(-)ppts*			*+/(-)ppts*
PATAMI margin %	20.3	15.3	10.9	-4.4	-9.4	16.7	13.1	-3.6
PATAMI ex-EI margin %	22.3	14.8	12.4	-2.4	-9.9	17.4	13.5	-3.9
Tax Rate %	29.2	14.8	35.2	20.4	5.9	-76.2	-80.2	-4.0
SEGMENTAL	**4Q25**	**3Q26**	**4Q26**	**QoQ%**	**YoY%**	**FY25**	**FY26**	**YoY%**
Revenue:								
Manufacturing	5.5	2.4	8.3	244.8	50.3	19.5	20.2	3.8
Marketing and Distribution	7.8	10.3	11.0	6.1	39.8	32.8	44.0	33.8
Eliminations	-1.1	-0.8	-0.6	-23.8	-46.2	-3.8	-5.5	45.5
PBT:								
Manufacturing	0.6	0.4	2.1	413.8	244.2	3.7	4.7	28.4
Marketing and Distribution	0.5	1.8	1.0	-46.1	75.1	5.0	9.0	79.8
Eliminations	2.4	0.0	-0.1	-281.4	-103.3	2.2	-3.6	-265.7

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2025A	2026A	2027E	2028F	2029F
Revenue	48.6	58.7	60.3	61.6	62.1
EBIT	22.4	25.0	26.4	27.4	28.8
PBT	10.9	10.1	12.1	12.8	13.1
Taxation	-2.6	-2.0	-2.3	-2.4	-2.3
PAT	8.3	8.1	9.8	10.4	10.8
MI	0.1	0.4	0.3	0.3	0.3
PATAMI	8.1	7.7	9.5	10.2	10.5
Core PATAMI	8.5	7.9	9.7	10.4	10.7
EPS (sen)	2.3	2.1	2.6	2.8	2.9
PER (x)	15.0	14.6	16.5	17.0	17.5
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Cash Flow (RM'm)	2025A	2026A	2027E	2028F	2029F
PBT	10.9	10.1	12.1	12.8	13.1
Depreciation	3.0	3.9	3.5	3.6	3.7
OP pre-WC changes	**13.3**	**13.7**	**15.3**	**15.9**	**16.3**
Change in NWC	1.2	-19.1	-1.4	-4.7	-6.0
Operating cash flow	**11.5**	**-6.8**	**11.6**	**8.6**	**7.6**
Capital expenditure	-12.5	-18.2	-20.2	-20.6	-20.8
Investing cash flow	**-3.5**	**-4.6**	**-5.4**	**-6.2**	**-5.7**
Debt raised/(repaid)	-0.9	3.2	-2.0	-0.5	-0.2
Dividends paid	-0.1	-1.1	-1.1	-1.1	-1.1
Financing cash flow	**-0.7**	**9.3**	**-5.1**	**-2.9**	**-2.3**
Net cash flow	**7.4**	**-2.2**	**1.0**	**-0.4**	**-0.4**
Beginning cash flow	**4.2**	**11.6**	**9.3**	**10.2**	**9.8**
Ending cash flow	**11.6**	**9.3**	**10.2**	**9.8**	**9.4**

Growth (%)	2025A	2026A	2027E	2028F	2029F
Revenue growth	-11.0	20.8	2.8	2.1	0.8
PBT growth	-14.2	-6.6	19.4	6.0	2.5
PATAMI growth	-9.5	-5.1	23.5	6.6	3.3
Core PATAMI growth	-5.5	-6.2	22.0	6.9	3.4

Profitability Ratios (%)	2025A	2026A	2027E	2028F	2029F
EBIT margin	46.0	42.6	43.7	44.5	46.4
PBT margin	22.3	17.3	20.0	20.8	21.2
PATAMI margin	16.7	13.1	15.8	16.5	16.9
Core PATAMI margin	17.4	13.5	16.0	16.8	17.2
ROA	9.3	7.3	8.5	8.6	8.3
ROE	10.4	9.0	9.7	9.7	9.3

Balance Sheet (RM'm)	2025A	2026A	2027E	2028F	2029F
PPE	33.5	39.6	40.3	43.9	48.7
ROU assets	4.6	4.6	4.6	4.6	4.6
Non-current assets	**38.4**	**44.5**	**45.2**	**48.7**	**53.5**
Trade receivables	15.0	29.2	30.3	32.6	35.6
Cash & bank balances	11.6	9.3	10.2	9.8	9.4
Current assets	**52.8**	**64.5**	**69.0**	**71.3**	**75.0**
Long-term debt	0.0	3.3	1.7	1.0	0.7
Non-current liabilities	**4.1**	**7.5**	**5.1**	**4.5**	**4.4**
Short-term debt	0.0	7.4	3.2	2.4	2.1
Trade payables	5.2	5.5	5.3	5.7	5.9
Current liabilities	**5.7**	**13.2**	**9.1**	**8.5**	**8.6**
Share capital	44.3	44.3	44.3	44.3	44.3
Reserves	35.8	42.4	54.4	61.2	69.7
Equity	**81.4**	**88.4**	**100.0**	**106.9**	**115.5**

Liquidity Ratios (x)	2025A	2026A	2027E	2028F	2029F
Current ratio	9.2	4.9	7.6	8.3	8.8
Quick ratio	5.5	2.9	4.8	5.3	5.5

Leverage Ratios (x)	2025A	2026A	2027E	2028F	2029F
Debt-to-equity	0.0	0.1	0.0	0.0	0.0
Interest coverage	333.8	96.1	190.1	294.1	83.7

Efficiency Ratios (days)	2025A	2026A	2027E	2028F	2029F
Cash conversion cycle	-78	-19	-8	0	-5
DIO	-264	-260	-248	-253	-280
DSO	113	181	183	193	210
DPO	-73	-59	-57	-61	-65

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology