

Apex Healthcare's 3Q net profit down on lower earnings from associate

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Healthcare
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KUALA LUMPUR (Nov 29): Apex Healthcare Bhd's net profit fell 10.11% to RM24.16 million or 3.38 sen per share for the third quarter ended Sept 30, 2023 (3QFY2023) compared with RM26.88 million or 3.78 sen per share in the previous year's corresponding quarter, mainly due to lower share of earnings from its associate Straits Apex Group Sdn Bhd (SAG).

Revenue was flat at RM235.34 million in 3QFY2023 from RM232.08 million in 3QFY2022, fuelled by higher market demand driven by strong post-pandemic economic recovery, the pharmaceutical group's bourse filing showed.

Notably, share of results from SAG for the quarter is RM3.6 million, 48% lower than the RM7.0 million recorded in the same period last year, due to the group's lower effective interest in Straits Apex Sdn Bhd (SA) resulting from completion of the divestment of SAG's entire equity interest in SA to Quadria Capital, and the reinvestment by SAG in the SA group of companies by way of subscription and rollover for 40% equity in the new holding company of SA in May 2023.

Its net profit declined 92.67% quarter-on-quarter from RM329.48 million in 2QFY2023 due to the estimated large non-recurring gain of RM304.4 million in the preceding quarter. Revenue, however, grew 9.45% from RM215.03 million.

For the nine months ended Sept 30 (9MFY2023), Apex Healthcare's net profit jumped over five times to RM377.93 million from RM66.14 million in 9MFY2022 on the back of strong net tax earnings from its associate, while revenue rose 5.92% to RM696.17 million from RM657.25 million, thanks to the strong sales of operating subsidiaries in the first half of 2023.

Notably, demand for pharmaceuticals, consumer healthcare products and medical devices, particularly for respiratory illnesses, remained strong in all key markets.

For the final quarter of 2023, the group expects the business environment to remain challenging amid slowing economic growth in its key markets, fading consumer sentiments and higher business operating costs.

“Nevertheless, the group is cautiously confident that its proven fundamentals, business strategies and cost efficiency measures will help mitigate the impact of slower economic growth,” it said.

Additionally, the group said it will continue to evaluate new opportunities for growth and plans to expand warehousing and pharmaceutical liquid production capability and capacity to meet future demand, which are currently under review.

Shares in Apex Healthcare closed four sen or 1.65% lower at RM2.39 on Wednesday (Nov 29), valuing the group at RM1.72 billion.

Edited By Isabelle Francis