

# Apex Healthcare commits to boosting R&D investment to 5% of annual manufacturing revenue

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KUALA LUMPUR (Apr 16): Pharmaceutical company Apex Healthcare Bhd has committed to reinvest 5% of its total manufacturing revenue into the research and development (R&D) of new products moving forward.

Apex Healthcare chairman and chief executive officer Dr Kee Kirk Chin said the company invested RM8.5 million in R&D and innovation in 2023, an increase of over 18% compared with the previous year's outlay, and representing 3.2% of its revenue gained from manufacturing activities.

"While our heightened investment in 2023 attests to our positive trajectory, our ambitions extend further. Moving forward, we have set the target of reinvesting

5% of our total manufacturing revenue into the R&D of new products," he said in Apex Healthcare's Annual Report 2023 released on Tuesday.

"Supported by this increased R&D spend, we seek to capitalise on patent cliffs by quickly bringing to market newly formulated generic options for molecules that are coming close to patent expiry or already off-patent. This approach presents a promising avenue for revenue growth, given the burgeoning market for generic drugs," Kee added.

Kee explained that the company's R&D initiatives play a vital role in driving strategic innovation of new products, helping the pharmaceutical group stay competitive and expand its market share.

With the annual increase in R&D spending, Kee said that Xepa-Soul Pattinson (Malaysia) Sdn Bhd (Xepa) — a wholly-owned subsidiary of the company focusing on developing, manufacturing and marketing of branded off-patent pharmaceuticals, medical devices and consumer healthcare products — has been empowered to considerably expand its innovation activities, contributing to the launch of 12 new group-branded products over the past twelve months.

Another key achievement for Xepa in 2023, Kee noted, was obtaining the halal certificate of authentication for 23 products.

## **Capex of RM66.5m to further expand capacity**

Meanwhile, the group has also embarked on a new ongoing capital expenditure (capex) project in 2023, involving the acquisition of a 20-acre industrial property in Melaka for a total purchase consideration of RM66.5 million.

Of this amount, RM50 million will be financed by bank borrowings, with the remaining funded through internally generated funds.

The acquisition seeks to significantly expand Xepa's warehousing and liquid production capacity as its current 9.63-acre site is now fully utilised.

"With regulatory approval obtained, the acquisition is on track to be completed on July 31, 2024," Kee said.

For financial year 2023 (FY2023), Apex Healthcare booked a one-off gain of RM321.7 million from the partial stake disposal of Straits Apex Sdn Bhd, boosting the company's net profit over threefold to a record high of RM397.99 million, compared with RM100.98 million in FY2022.

Full-year revenue rose 6.66% to RM936.17 million against RM877.74 million in FY2022.

Apex Healthcare declared a final dividend of 2.5 sen per share, along with a special dividend of 20 sen per share — both to be paid on May 29 — bringing the total dividend per share for FY2023 to 25 sen. In comparison, it paid 8.5 sen in FY2022 and 11.5 sen in FY2021.

At noon market break, shares of Apex Healthcare were down four sen or 1.34% at RM2.95, giving it a market capitalisation of RM2.12 billion. Year to date, the counter has risen by 45 sen or 18%.

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[\*Apex Healthcare closes FY2023 on record high earnings, announces special dividend\*](#)

Edited By Surin Murugiah