

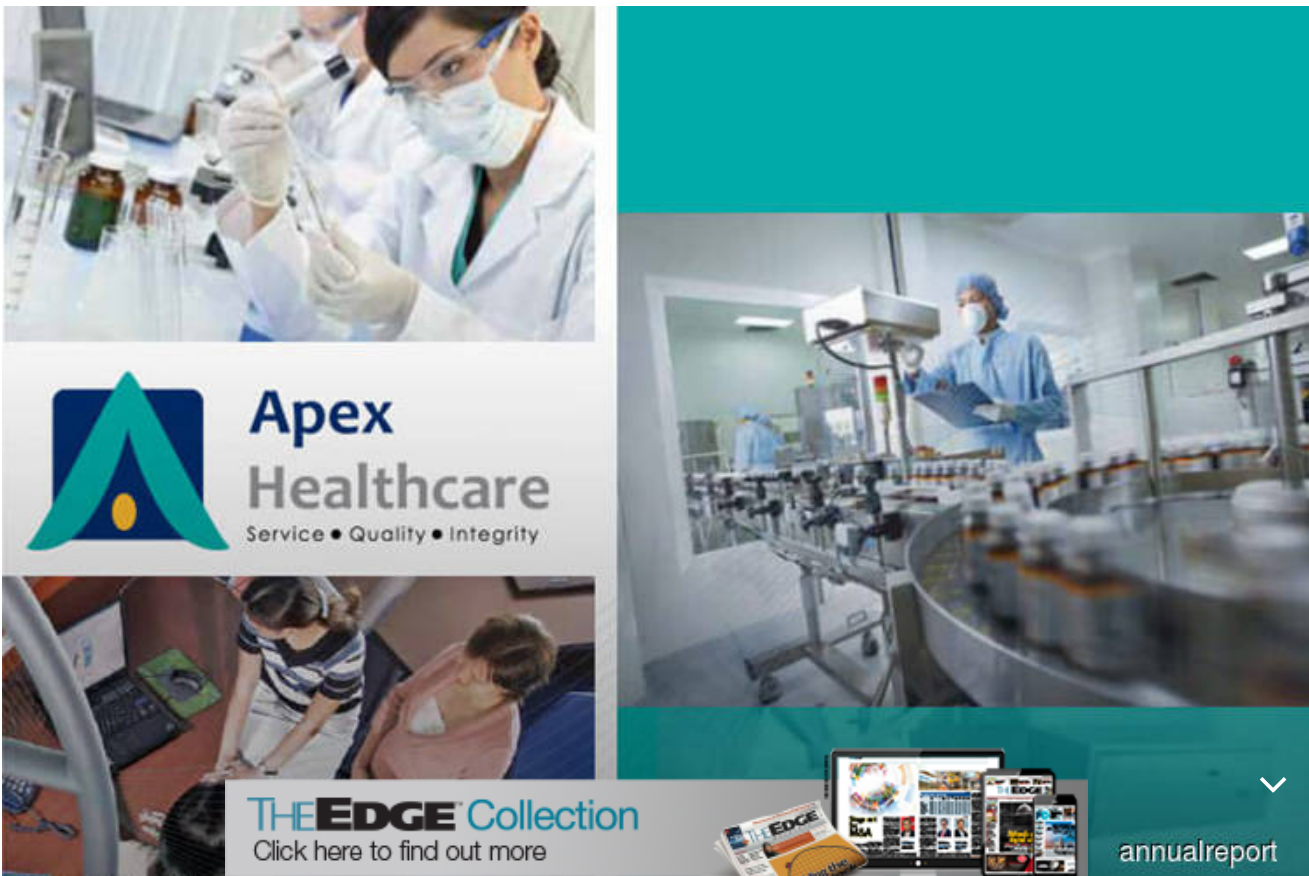


# Apex Healthcare hits all-time high on positive catalysts seen

Wong Ee Lin / The Edge Financial Daily  
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KUALA LUMPUR: Integrated pharmaceutical company Apex Healthcare Bhd yesterday saw its share price rise 4.59% or 25 sen to hit a record high of RM5.70, on expectations that a soon-to-be completed plant and its recently obtained European Union (EU) good manufacturing practice (GMP) certification will be catalysts for the company.

Year to date, the stock has rallied about 36% from RM4.20, which brings its market capitalisation to RM667.73 million. It was the eighth top gainer on Bursa Malaysia yesterday.

Initiating coverage last Tuesday with a buy call and a target price of RM6.10 on the stock, Affin Hwang investment Bank Research analyst Tan Jun Zhang said the company's new oral solid-dosage plant will be completed in the first half of 2018 (1H18). He highlighted that the plant, together with the EU GMP certification, are positive for Apex Healthcare.

The new plant is expected to double Apex Healthcare's production capacity, and will result in more meaningful contribution from 2019, he said. "We forecast the manufacturing division's revenue to grow at a 15% compounded annual growth rate over 2016 to 2020," said Tan in a note.

Presently, some 26% of Apex Healthcare's revenue is derived from in-house brands, while the rest is from third-party products, he said. Going forward, he said Apex Healthcare aims to increase the contribution of in-house products, especially the Xepa-branded products, once the new plant is completed.

In its second quarter ended June 30, 2017, Apex Healthcare's net profit rose 7% to RM10.3 million from RM9.65 million a year ago, on stronger sales of group branded products in Singapore and other international markets, while revenue climbed 6% to RM155.3 million from RM146.69 million.

For the first half of the year, Apex Healthcare reported a 5% rise in net profit to RM20.39 million from RM19.46 million last year, while revenue grew 5% to RM309.95 million from RM294.16 million.

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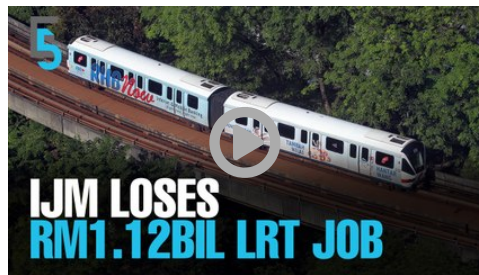
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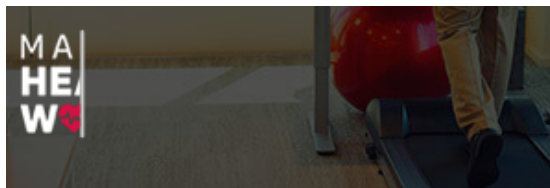
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