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Strong growth prospects of 10.1 per cent seen for Apex Healthcare in FY21



AmInvestment Bank

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KUALA LUMPUR, Feb 4 – AmInvestment Bank is projecting Apex Healthcare to have strong growth prospects, especially in the orthopedic segment with a projected overall net profit growth of 10.1 per cent in the financial year 2021 (FY21) and 16.6 per cent in FY22.

The research firm said the estimation was on the back of the recovery in consumers demand for healthcare and strong growth in its manufacturing segment.

“What sets Apex apart from other pharmaceutical outfits is its expansion in the orthopedic segment. Although earnings contribution from this segment is still less than 10 per cent, we believe there is potential for growth,” it said in a research note on Thursday.



The research firm said Apex's orthopedic device contract manufacturing arm STRAITS is well-positioned to benefit from emerging markets' customer base with cost-effective manufacturing solutions.

Hence, it estimates STRAITS' earnings contribution to boost the corporate division's to 11 per cent in FY23.

The firm also expects a positive long-term industry outlook for Apex to be underpinned by an ageing population, public health education advancement, and steady healthcare expenditure increase.

Besides that, it said Apex would be a prominent player in the COVID-19 vaccine distribution, coupled with a robust warehousing system as it has recently expanded its cold chain facility in both Malaysia and Singapore, capable of storing vaccines.

Hence, AmInvestment Bank said it initiated coverage on the pharmaceutical group with a "buy" recommendation and fair value of RM3.82.

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