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Apex Healthcare 2Q net profit jumps 83% to RM23.5 mil, declares three sen dividend

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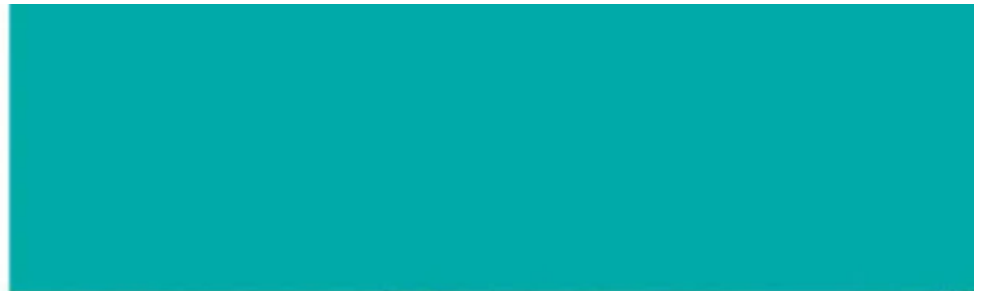
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KUALA LUMPUR (Aug 16): Apex Healthcare Bhd's net profit jumped 83.15% to RM23.5 million in the second quarter ended June 30, 2022 (2QFY22) from RM12.8 million in the same quarter last year on improved operating profit from its subsidiaries as well as a significantly stronger share of net-of-tax earnings from its associated company.

Earnings per share for the quarter under review increased to 4.95 sen from 2.71 sen, the manufacturer of pharmaceuticals and consumer healthcare products told Bursa Malaysia on Tuesday (Aug 16).

Revenue in 2QFY22 rose 14.62% to RM209.2 million from RM182.6 million in 2QFY21, in line with rising business optimism and strong private sector sales in Malaysia and Singapore.

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The group also declared an interim single-tier dividend of three sen per share, with an ex-date of Sept 5, to be paid on Sept 15.

Apex Healthcare said demand for pharmaceuticals and consumer healthcare products remained elevated because of the continued prevalence of Covid-19 infections manifesting largely as a community respiratory illness.

"To address shortages in the market, the group brought forward to the second quarter the launch of two paracetamol products, Palavo 650mg and Palavo Suspension 120mg/5ml, as well as the commissioning of another blister packaging line in SPP NOVO, raising total installed annual production capacity for tablets and capsules by 36%," it said.

Operating profit in 2QFY22 stood at RM20.8 million, 32.8% higher than 2QFY21's RM15.66 million.

Share of results from the group's associate company, Straits Apex Group Sdn Bhd, jumped 11 times to RM7.2 million from RM670,000 previously as order backlogs were rapidly cleared with the normalisation of production output.

Cumulatively, the group's net profit for the six months ended June 30, 2022 jumped 58.9% to RM39.26 million from RM24.7 million while revenue grew 17.4% to RM425.17 million from RM362.04 million.

Growing private consumption, as well as the possible emergence of further waves of infections from new Covid-19 variants amid the transition to endemicity, is expected to support continued demand for pharmaceuticals and consumer healthcare products from all operating subsidiaries in the second half of 2022, said Apex Healthcare.

It added that a planned high-capacity liquid production line is scheduled to commence commercial production in 3QFY22, essentially doubling the group's total installed annual production capacity for liquids, such as cough and cold syrups.

In addition to the rising cost of imported raw materials and finished goods, the group faces logistical challenges with its supply chains in the form of intermittent supply disruptions as well as longer and changing lead and freight times. "A tight labour market and susceptibility of the workforce to new waves of Covid-19 infections will weigh on productivity, especially at the associate company," said Apex Healthcare.

"Further unforeseen market changes and developments aside, the group aims to deliver another satisfactory performance in 2022 amid the challenging circumstances and is confident that its growth prospects are positive," it added.

Apex Healthcare shares, which have risen 16.98% year-to-date, finished up four sen or 1.31% at RM3.10 on Tuesday, translating into a market capitalisation of RM1.48 billion.

Edited by Lam Jian Wyn

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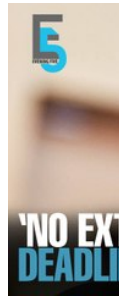
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