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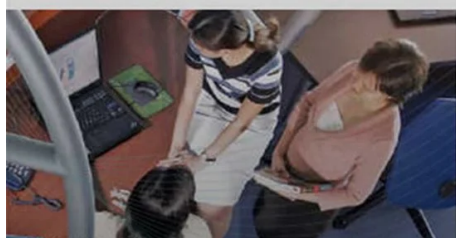
Apex Healthcare's associate to divest entire stake in Straits Apex for RM1.06 billion

Anis Hazim / theedgemarkets.com

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KUALA LUMPUR (April 28): Apex Healthcare Bhd's 40%-owned associate Straits Apex Group Sdn Bhd (SAG) has proposed to divest its entire interest in Straits Apex Sdn Bhd (SA) to healthcare-focused private equity firm Quadria Capital.

The indicative disposal consideration is based on an enterprise value of US\$240 million (RM1.06 billion), said Apex Healthcare in a bourse filing.

The consideration will be satisfied via a cash payment (in two tranches) and issuance of 40% equity in a new holding company established by Quadria that will indirectly own 100% equity interest in SA.

Upon completion of the transactions, SAG will have a 40% effective equity interest in the SA group of companies, while the remaining 60% effective equity interest will be owned by Quadria (through its affiliates).

Meanwhile, Apex Healthcare will have a 16% effective equity interest in SA (through 40%-owned SAG, which in turn will hold a 40% stake in the new holding company).

SA and its subsidiaries are involved in the contract manufacturing of orthopaedic devices, components and surgical instruments.

Apex Healthcare said the transactions will present an opportunity for the group, through SAG, to unlock long-term shareholder value in its investment in SA.

SAG, on its part, will be able to participate in the future growth of SA together with Quadria as a partner, through SAG's 40% shareholding interest in the new holding company.

Apex Healthcare said it has since 2013 invested a total of RM7 million for its 40% equity interest in SAG.

At the enterprise value of US\$240 million, and assuming the estimated negative net debt and working capital adjustment of US\$25 million (RM110 million), the 40% interest attributable to Apex Healthcare would amount to US\$86 million (RM379 million) before reinvestment, it said.

“Based on such illustration, the proposed divestment would generate a return on this 10-year investment for Apex Healthcare of approximately 54 times over its investment cost since 2013,” it added.

Apex Healthcare's share price closed nine sen or 2.26% higher at RM4.07 on Friday (April 28), valuing the group at RM1.95 billion.

Edited by S Kanagaraju

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