

Apex Healthcare reports 12.7% decline in 1Q net profit amid absence of contribution from associate

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Apex Healthcare reported a 12.7% drop in net profit for the first quarter ended March 31, 2024 (1QFY2024) to RM21.2 million from RM24.3 million a year earlier, due to an absence of profit contribution from its associate Straits Apex Group Sdn Bhd.

KUALA LUMPUR (May 15): Pharmaceutical company Apex Healthcare Bhd (KL:AHEALTH) reported a 12.7% decline in first quarter net profit primarily due to an absence of profit contribution from its associate Straits Apex Group Sdn Bhd (SAG).

This followed SAG's divestment of its interest in Straits Apex Sdn Bhd, which lowered Apex Healthcare's effective equity in Straits Apex to 16%.

Apex Healthcare's net profit for the first quarter ended March 31, 2024 (1QFY2024) fell to RM21.2 million or 2.97 sen per share, from RM24.3 million or 3.41 sen per share a year earlier, according to the group's bourse filing.

Quarterly revenue rose marginally by 1% to RM248.2 million from RM245.8 million, as market demand for pharmaceuticals, consumer healthcare products, and medical devices showed signs of slowing in key markets of the group,

The group said the share of earnings from SAG, which is engaged in the contract manufacturing of orthopaedic devices, is not expected to contribute meaningfully to group earnings for the rest of 2024, due in part to the reduced equity.

Apex Healthcare said it is focusing on its core pharmaceutical businesses by investing in growth, including building a second liquid production plant and advanced warehousing at Kawasan Perindustrian Cheng, Melaka.

In addition, the group said a new warehouse in Singapore will enhance operational efficiency for its Singapore subsidiary, Apex Pharma Marketing Pte Ltd. The group aims to navigate 2024's challenges with a focus on sustainable growth and innovation.

"Together with strategic endeavors previously outlined, a poised approach will be taken to navigate the challenges and opportunities of 2024 while maintaining a steadfast focus on sustainable growth and innovation," the group said.

Shares in Apex Healthcare settled 10 sen or 3.16% lower at RM3.07 on Wednesday, giving the group a market capitalisation of RM2.21 billion. Year to date, the stock has rallied by 32.04%.

Edited By S Kanagaraju