

## Apex Healthcare (APEX MK)

Below

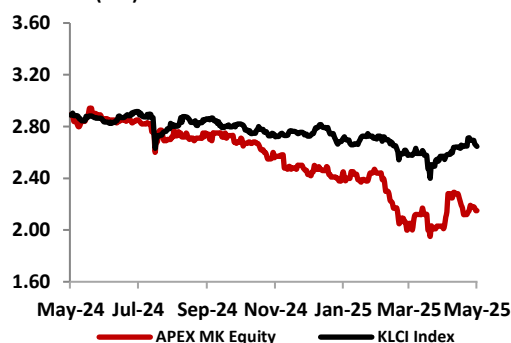
Not Rated

Share Price RM2.15  
Target Price N/A

## A Moderate Start

- **Key Highlight.** Apex Healthcare (Apex)'s 1QFY25 net profit stood at RM17.7mn, substantially below our in-house expectation, at only 16.8% of our full-year forecast, but was within the consensus estimate (20.7%). The lower-than-expected earnings were due to higher depreciation cost. On quarterly basis, Apex's 1QFY25 revenue flattish +0.6% QoQ while PBT improved 2.7% QoQ. Nonetheless, yearly revenue and PBT decline 3.8% YoY and 13.7% YoY respectively, no thanks to lesser contract manufacturing orders and reduced supply to Malaysian government tenders.
- **Earnings Revision.** Due to lower earnings, we have reduced our FY25F/FY26F earnings forecast by 11.5%/6.8% to account from lower sales order from Government and lower margin assumption. Also, we would like to introduce FY27F earnings assumption of RM109mn, which translate into 5.4% net margin.
- **Outlook.** Despite the expected resilient demand for pharmaceuticals, consumer healthcare products and the ongoing launches of new group-branded products, we do not anticipate significant growth in the group's earnings in the near term due to the weak contribution from its associate.
- **Not Rated.** We maintain our coverage on the Apex Healthcare with a **Non-Rated** recommendation as the stock is Shariah non-compliant counter.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(7.8)	(9.2)	9.9
vs FBM KLCI	(7.3)	(5.5)	(1.8)

## Stock Data

ESG Rating	Fair
Mkt Cap (RM mn)	1,778.6
Adjusted Beta	0.82
Free float (%)	29.5
Issued shares (mn)	720.081
52w H/L (RM)	3.22 / 2.26
3m avg daily volume	47,883

## Major Shareholders (%)

Apex Pharmacy Holding	39.6
Washington H Soul	29.6
Lim The Realty	1.4

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Table 1: Quarterly Figures

Apex Healthcare	Quarterly			Change (%)		Cumulative		YTD	BIMB	
FYE 31 Dec (RM mn)	1Q24	4Q24	1Q25	QoQChg	YoYChg	FY24	FY25	%	FY25F	12M/F
Revenue	248.2	237.5	238.9	0.6	-3.8	248.2	238.9	-3.8	946.8	25.2%
EBITDA	31.8	33.4	30.6	-8.2	-3.8	31.8	30.6	-3.8	112.9	27.1%
Pretax profit	26.3	22.1	22.7	2.7	-13.7	26.3	22.7	-13.7	133.9	16.9%
Taxation	-5.1	-8.6	-5.1	-40.8	0.5	-5.1	-5.1	0.5	-29.5	17.4%
Net profit	21.2	13.5	17.6	30.6	-17.1	21.2	17.6	-17.1	104.5	16.8%
Core net profit	23.2	19.1	17.7	-7.5	-23.7	23.2	17.7	-23.7	104.5	16.8%
Core EPS (sen)	3.2	2.7	2.5	-7.6	-23.8	3.2	2.5	-23.8	14.5	16.9%
				Chg (ppts)				Chg (ppts)		
EBITDA margin (%)	12.8	16.3	14.1	-1.3	-0.1	12.8	12.8	-0.1		
PBT margin (%)	10.6	10.0	9.3	0.2	-1.1	10.6	9.5	-1.1		
Net profit margin (%)	8.5	7.7	5.7	1.7	-1.2	8.5	7.4	-1.2		
Effective tax rate (%)	19.3	23.1	39.1	-16.6	3.2	19.3	22.5	3.2		

Source: BIMB Securities, Company

Table 2: Change in Earnings Forecast

FYE Dec (RM mn)	Previous		After		Change (%)	
	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	923	947	823	910	-13.1	-10.2
EBITDA	114	117	99	107	-16.0	-9.3
Pretax profit	133	139	118	128	-12.0	-6.8
PATAMI	104	109	92	100	-12.0	-6.8
Core PATAMI	104	109	92	100	-12.0	-6.8

Source: Company, BIMB Securities

Table 3: Earnings Forecast

FYE Dec (RM mn)	FY23	FY24	FY25F	FY26F	FY27F
Turnover	936	962	823	910	974
EBITDA	106	100	99	107	118
Pretax profit	423	101	118	128	140
Net profit	398	77	92	100	109
Core net profit	95	86	92	100	109
Consensus			86	94	101
EPS (sen)	13.2	11.9	12.8	13.9	15.2
PER (x)	16.3	18.0	16.8	15.4	14.1
DPS (sen)	22.5	9.0	10.8	11.8	12.9
Div. Yield (%)	10.5	4.2	5.0	5.5	6.0
P/B (x)	1.7	2.0	2.0	1.9	1.9
Key Ratios (%)					
ROE	10.3	10.9	11.7	12.5	13.4
EBITDA margin	11.3	10.4	12.0	11.8	12.1
Pretax margin	45.2	10.5	14.3	14.1	14.4
Net margin	5.6	5.4	6.4	5.8	5.4

Source: Bloomberg, BIMB Securities

**DEFINITION OF RATINGS**

BIMB Securities uses the following rating system:

**STOCK RECOMMENDATION**

<b>BUY</b>	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
<b>TRADING BUY</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
<b>HOLD</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>TAKE PROFIT</b>	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
<b>TRADING SELL</b>	Share price may fall by more than 15% in the next 3 months.
<b>SELL</b>	Share price may fall by more than 10% over the next 12 months.
<b>NOT RATED</b>	Stock is not within regular research coverage.

**SECTOR RECOMMENDATION**

<b>OVERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
<b>NEUTRAL</b>	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
<b>UNDERWEIGHT</b>	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

**Applicability of ratings**

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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