



APEX HEALTHCARE BERHAD

Neutral

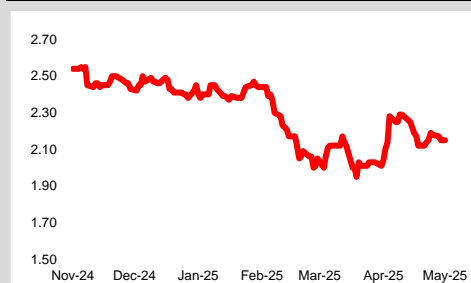
DESCRIPTION

An investment holding company involved in the development, manufacturing, marketing and distribution of pharmaceuticals, diagnostics, consumer healthcare products and orthopaedic devices.

12-Month Target Price	RM2.36
Current Price	RM2.15
Expected Return	9.8%
Previous Target Price	RM2.36

Market	Main
Sector	Healthcare
Bursa Code	7090
Bloomberg Ticker	APEX MK
Shariah-Compliant	Yes

SHARE PRICE CHART



52 Week Range (RM)	1.90 – 2.94
3-Month Average Vol ('000)	91.9

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	7.0	-11.9	-15.3
Relative Returns	1.4	-9.2	-13.9

KEY STOCK DATA

Market Capitalisation (RMm)	1,548.8
No. of Shares (m)	720.4

MAJOR SHAREHOLDERS

	%
Apex Pharmacy Holdings SB	39.6
Washington H Soul Pattinson	29.5
Lim Teh Realty Sdn Bhd	1.4

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Within Expectations

Apex Healthcare's (ApexH) 1QFY25 net profit dropped 17.1% YoY to RM17.6m, mainly due to the recognition of a higher share of loss from its associate, SAG, as a result of lower customer orders. After excluding non-operating items, ApexH's 1QFY25 core net profit dropped 17.5% YoY to RM17.3m. The results were in-line with both our and market expectations at 20% of full-year forecasts respectively. We maintain our FY25F-27F forecasts (minor adjustments due to book-keeping) and reiterate our **Neutral** call on ApexH. Our target price remains unchanged at RM2.36, based on a 19x PE multiple, in line with its 5-year historical mean FY25F EPS.

§ **Revenue.** ApexH reported a 3.8% YoY decline in 1QFY25 revenue to RM238.9m, primarily attributable to lower government tender orders in Malaysia. However, the topline was partly cushioned by a one-off government purchase from Singapore. By segment, manufacturing revenue declined by 25% YoY, while the distribution segment recorded a slight contraction of 1.3% in 1QFY25.

§ **Net profit.** ApexH posted a 17.1% YoY decline in 1QFY25 net profit to RM17.6m, mainly weighed down by share of losses from its associate, SAG. Excluding non-operating items, core net profit declined by 17.5% YoY. Meanwhile, the Group's PBT margin saw a slight improvement to 9.5% in 1QFY25 (4QFY24: 9.3%), supported by disciplined cost management and controlled operating expenses.

§ **Outlook.** We remain cautious on ApexH's near-term outlook in light of the prevailing macroeconomic headwinds – trade war and its impact on global economic growth. These factors are expected to exert pressure on the broader operating environment. While the Group's core pharmaceutical business has minimal direct exposure to the US, recent trade policy development may have indirect implications through its associate, SAG, which involved in manufacturing and export of orthopaedic devices mainly in the US market. While external headwinds may temper growth momentum, we believe ApexH's strategic expansion into new international markets and its growing portfolio of high-demand generic products may help offset some of the near-term pressures. All told, we reiterate our **Neutral** call on ApexH.

KEY FORECAST TABLE

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F	CAGR
Revenue	936.2	961.8	998.8	1,070.2	1,191.3	8.4%
Pre-tax Profit	423.3	101.2	117.5	135.8	151.4	n.a.
Net Profit	398.0	76.5	88.9	102.7	114.5	n.a.
Core Net Profit	92.9	76.4	88.9	102.7	114.5	7.2%
EPS (Sen)	55.6	10.7	12.4	14.4	16.0	n.a.
P/E (x)	3.9	20.1	17.3	15.0	13.4	
DPS (Sen)	22.6	8.1	5.0	5.7	6.4	
Dividend Yield (%)	10.5	3.8	2.3	2.7	3.0	

Source: Company, PublicInvest Research estimates



Table 1: Results Summary

<u>FYE Dec (RM m)</u>	<u>1Q25</u>	<u>1Q24</u>	<u>4Q24</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>YTD FY25</u>	<u>YTD FY24</u>	<u>YoY chg (%)</u>	<u>Comments</u>
Revenue	238.9	248.2	237.5	-3.8	0.6	238.9	248.2	-3.8	Lower orders from government segment.
Cost of Sales	-183.3	-192.4	-181.0	4.7	-1.3	-183.3	-192.4	4.7	
Gross Profit	55.6	55.8	56.5	-0.4	-1.7	55.6	55.8	-0.4	
Other operating income/ (expenses)	2.7	5.6	2.3	-51.3	19.4	2.7	5.6	-51.3	
Operating profit/ (loss)	24.8	26.9	29.2	-7.9	-15.0	24.8	26.9	-7.9	
Finance income/ (costs)	-0.5	-0.1	-0.5	>-100	7.1	-0.5	-0.1	>-100	
Other income/ (expenses)	-1.6	-0.5	-6.6	>-100	76.2	-1.6	-0.5	>-100	
Profit/ (Loss) before tax	22.7	26.3	22.1	-13.7	2.7	22.7	26.3	-13.7	
Taxation	-5.1	-5.1	-8.6	0.5	40.8	-5.1	-5.1	0.5	
Net Profit	17.6	21.2	13.5	-17.1	30.6	17.6	21.2	-17.1	
Core Net Profit	17.3	21.0	13.3	-17.5	29.7	17.3	21.0	-17.5	
Operating Margin (%)	10.4%	10.9%	12.3%			10.4%	10.9%		
Pre-tax Margin (%)	9.5%	10.6%	9.3%			9.5%	10.6%		
Net Margin (%)	7.2%	8.5%	5.6%			7.2%	8.5%		
<u>Segment Revenue</u>									
Manufacturing and Marketing	19.3	25.8	17.7	-25.1	9.0	19.3	25.8	-25.1	
Wholesale and Distribution	219.4	222.4	219.7	-1.3	-0.1	219.4	222.4	-1.3	
Corporate	0.1	0.0	0.1	>100	9.0	0.1	0.0	>100	
<u>Segment EBIT</u>									
Manufacturing and Marketing	16.9	20.0	18.5	-15.4	-8.4	16.9	20.0	-15.4	
Wholesale and Distribution	7.9	8.2	10.8	-3.3	-26.5	7.9	8.2	-3.3	
Corporate	-0.9	-0.1	-5.9	>100	85.6	-0.9	-0.1	>100	

Source: Company

KEY FINANCIAL DATA

INCOME STATEMENT

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Revenue	936.2	961.8	998.8	1,070.2	1,191.3
Operating Profit	87.5	112.4	122.8	141.2	157.2
Other Gains/(Losses)	336.4	-9.8	-4.1	-4.4	-4.8
Finance Costs	-0.6	-1.4	-1.3	-1.1	-1.0
Pre-tax Profit	423.3	101.2	117.5	135.8	151.4
Income Tax	-25.3	-24.7	-28.6	-33.1	-36.9
Effective Tax Rate (%)	6.0	24.4	24.4	24.4	24.4
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	398.0	76.5	88.9	102.7	114.5
Core Net Profit	92.9	76.4	88.9	102.7	114.5

Growth

Revenue (%)	2.7	3.8	7.1	11.3
Operating Profit (%)	28.5	8.3	15.0	11.3
Net Profit (%)	-80.8	16.1	15.4	11.3

Source: Company, PublicInvest Research estimates

BALANCE SHEET

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Property, Plant & Equipment	199.2	255.7	309.1	352.5	386.5
Cash and Cash Equivalents	383.0	214.0	262.2	264.8	279.6
Receivables	194.4	192.5	186.1	199.4	221.9
Other Assets	346.0	346.7	330.5	338.7	352.6
Total Assets	1,122.6	1,008.9	1,087.9	1,155.4	1,240.7
Payables	180.9	151.4	182.1	193.0	214.6
Borrowings	3.6	47.0	42.0	37.0	32.0
Deferred Tax	13.9	13.1	13.1	13.1	13.1
Other Liabilities	5.9	7.7	7.7	7.7	7.7
Total Liabilities	204.3	219.3	245.0	250.8	267.5
Total Equity	918.3	789.6	842.9	904.5	973.3
Total Equity and Liabilities	1,122.6	1,008.9	1,087.9	1,155.4	1,240.7

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2023A	2024A	2025F	2026F	2027F
Book Value Per Share	1.3	1.1	1.2	1.3	1.4
EPS (Sen)	55.6	10.7	12.4	14.4	16.0
DPS (Sen)	22.6	8.1	5.0	5.7	6.4
Payout Ratio	40.7%	76.2%	40.0%	40.0%	40.0%
ROA	35.5%	7.6%	8.2%	8.9%	9.2%
ROE	43.3%	9.7%	10.5%	11.4%	11.8%

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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