



APEX HEALTHCARE BERHAD

Neutral

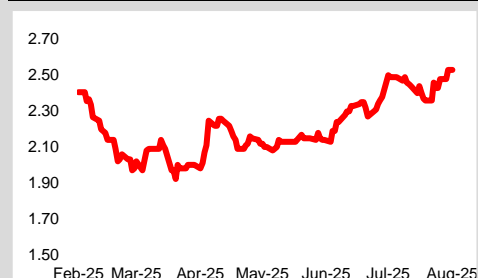
DESCRIPTION

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	RM2.28
Current Price	RM2.53
Expected Return	-9.9%
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 – 2.78
3-Month Average Vol ('000)	82.3

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	6.3	19.3	5.1
Relative Returns	-2.9	14.5	3.9

KEY STOCK DATA

Market Capitalisation (RMm)	1,823.1
No. of Shares (m)	720.6

MAJOR SHAREHOLDERS

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

Research Team

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Dragged By Weaker Associate Contribution

Apex Healthcare's (ApexH) 2QFY25 net profit dropped by 20.4% YoY to RM18.8m, primarily due to higher share of losses from its associate, SAG. After excluding non-operating items, ApexH's 2QFY25 core net profit fell by 22.2% YoY to RM18.5m. The results were below both our and market expectations at 41% and 40% of full-year forecasts respectively. The discrepancy in our forecasts was due to the performance of SAG, which proved weaker-than-expected. We cut our FY25F-27F forecasts by an average of 12% to account for lower earnings from SAG. All told, we reiterate our **Neutral** call on ApexH, with a lower TP of RM2.28 based on 18x 5-year historical mean on FY26F EPS. On a side note, ApexH declared an interim single-tier dividend of 3.0 sen per share, in addition to a special single-tier dividend of 3.0 sen per share, bringing the total DPS to 6.0sen for FY25.

§ **Revenue.** ApexH reported a marginal 0.8% YoY increase in 2QFY25 revenue, supported by steady demand for pharmaceuticals, consumer healthcare products, and medical devices in key markets. However, topline growth was partly offset by the stronger ringgit, which dampened revenue translation from its Singapore subsidiaries. ApexH's manufacturing segment recorded an increase of 1.5% YoY to RM22.2m, while the distribution segment improved marginally by 0.8% YoY to RM218.4m in 2QFY25.

§ **Net profit.** ApexH posted a 20.4% YoY decline in 2QFY25 net profit to RM18.8m, dragged by a RM2.6m share of loss from SAG. The weaker performance of its associate was due to lower customer orders. Excluding non-operating items, core net profit declined by 22.2% YoY. Meanwhile, PBT margin dropped to 10.2% in 2QFY25 from 12.2% in 2QFY24, attributed to higher marketing expenses and increased finance costs.

§ **Outlook.** We remain cautious on ApexH's near-term prospects, given the prevailing external headwinds such as currency volatility, rising trade barriers, and global economic uncertainties that could continue to weigh on associate contributions. Nevertheless, we are confident in ApexH's long-term resilience, supported by steady demand across key markets and the ongoing launches of new Group-branded products. Notably, the Group introduced 10 new products in 1H25, with the pipeline expected to support topline growth in the coming quarters. 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	98.6	120.8	134.8	n.a.
Net Profit	398.0	76.5	74.6	91.4	102.0	n.a.
Core Net Profit	92.9	76.4	74.6	91.4	102.0	3.1%
EPS (Sen)	55.2	10.6	10.4	12.7	14.2	n.a.
P/E (x)	4.6	23.8	24.4	19.9	17.9	
DPS (Sen)	22.5	8.1	4.1	5.1	5.7	
Dividend Yield (%)	8.9	3.2	1.6	2.0	2.2	

Source: Company, PublicInvest Research estimates

Table 1: Results Summary

<u>FYE Dec (RM m)</u>	<u>2Q25</u>	<u>2Q24</u>	<u>1Q25</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	240.8	238.7	238.9	0.8	0.8	479.6	486.9	-1.5	
Cost of Sales	-181.9	-182.7	-183.3	-0.4	-0.7	-365.2	-375.1	-2.6	
Gross Profit	58.8	56.0	55.6	5.0	5.9	114.4	111.8	2.3	
Other operating income/ (expenses)	3.0	4.2	2.7	-29.9	8.5	5.7	9.8	-42.1	
Operating profit/ (loss)	27.7	28.2	24.8	-1.8	11.9	52.5	55.2	-4.8	
Finance income/ (costs)	-0.5	-0.2	-0.5	211.6	-5.5	-1.1	-0.3	275.7	
Other income/ (expenses)	-2.6	1.0	-1.6	-364.3	68.7	-4.2	0.5	-983.4	
Profit/ (Loss) before tax	24.6	29.1	22.7	-15.4	8.3	47.3	55.4	-14.6	
Taxation	-5.8	-5.4	-5.1	6.2	12.9	-10.9	-10.5	3.4	
Net Profit	18.8	23.6	17.6	-20.4	7.0	36.4	44.9	-18.8	
Core Net Profit	18.5	23.7	17.3	-22.2	6.7	35.7	44.7	-20.0	
Operating Margin (%)	11.5%	11.8%	10.4%			11.0%	11.3%		
Pre-tax Margin (%)	10.2%	12.2%	9.5%			9.9%	11.4%		
Net Margin (%)	7.7%	9.9%	7.2%			7.5%	9.2%		
<u>Segment Revenue</u>									
Manufacturing and Marketing	22.2	21.9	19.3	1.5	15.1	41.6	47.7	-12.9	
Wholesale and Distribution	218.4	216.7	219.4	0.8	-0.5	437.8	439.1	-0.3	
Corporate	0.1	0.1	0.1	13.6	3.3	0.2	0.2	61.8	
<u>Segment EBIT</u>									
Manufacturing and Marketing	21.3	19.8	16.9	7.9	26.1	38.2	39.7	-3.8	
Wholesale and Distribution	7.3	7.3	7.9	-0.3	-8.1	15.2	15.5	-1.9	
Corporate	-2.6	1.9	-0.9	-241.2	207.2	-3.5	1.7	-298.5	

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	107.8	130.5	145.3
Other Gains/(Losses)	336.4	-9.8	-8.0	-8.6	-9.5
Finance Costs	-0.6	-1.4	-1.3	-1.1	-1.0
Pre-tax Profit	423.3	101.2	98.6	120.8	134.8
Income Tax	-25.3	-24.7	-24.0	-29.4	-32.8
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	74.6	91.4	102.0
Core Net Profit	92.9	76.4	74.6	91.4	102.0

Growth

Revenue (%)	2.7	3.9	7.1	11.3
Operating Profit (%)	28.5	-4.1	21.0	11.3
Net Profit (%)	-80.8	-2.6	22.6	11.5

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	254.4	250.0	257.4
Receivables	194.4	192.5	186.1	199.4	221.9
Other Assets	346.0	346.7	332.8	340.3	354.4
Total Assets	1,122.6	1,008.9	1,082.4	1,142.2	1,220.3
Payables	180.9	151.4	185.2	195.2	217.0
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	248.0	253.0	269.9
Total Equity	918.3	789.6	834.4	889.2	950.4
Total Equity and Liabilities	1,122.6	1,008.9	1,082.4	1,142.2	1,220.3

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	1.2	1.3
EPS (Sen)	55.2	10.6	10.4	12.7	14.2
DPS (Sen)	22.5	8.1	4.1	5.1	5.7
Payout Ratio	40.7%	76.2%	40.0%	40.0%	40.0%
ROA	35.5%	7.6%	6.9%	8.0%	8.4%
ROE	43.3%	9.7%	8.9%	10.3%	10.7%

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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