



APEX HEALTHCARE BERHAD

Neutral

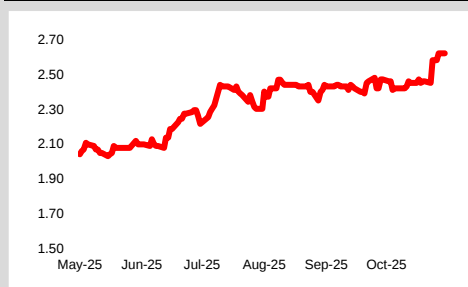
DESCRIPTION

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	RM2.64
Current Price	RM2.62
Expected Return	0.8%
Previous Target Price	RM2.28

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

SHARE PRICE CHART



52 Week Range (RM)	1.88 – 2.63
3-Month Average Vol ('000)	76.7

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	8.3	13.3	24.4
Relative Returns	6.3	8.1	19.5

KEY STOCK DATA

Market Capitalisation (RMm)	1,889.6
No. of Shares (m)	721.2

MAJOR SHAREHOLDERS

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

Research Team

T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

Proposed Voluntary Take-Over Offer

Apex Healthcare (ApexH) has received a conditional voluntary take-over offer from Pharmora Investment Holdings Pte Ltd (Pharmora), to acquire all remaining ordinary shares in ApexH not already owned by Quadria Capital Fund III (Quadria), Dr Kee Kirk Chin (Dr Kee) and Apex Holdings Pte Ltd (AHPL) (collectively the Joint Ultimate Offerors), for a cash offer price of RM2.64 per share. The offer will also extend to any new shares that have been issued prior to the closing of the offer, arising from the exercise of outstanding ESOS options. The proposal is conditional upon the offerors securing no less than 90% of ApexH's total issued shares. At a 2.3% premium to the last closing price, we believe the offer is likely to become unconditional as the collective shareholding of the offerors in ApexH is already at 43.5%. In our view, the offer is attractive as it is pricing ApexH at a premium of ~21x PER compared to its 5-historical average (18x PER). Given that this is extended to all shares not already owned by the offerors, our TP is now revised to the offer price of RM2.64. Maintain **Neutral** on ApexH.

§ **Details of the Transaction.** The offer will be undertaken by Pharmora, a special purpose vehicle wholly owned by Quadria and jointly established with Dr Kee and AHPL. The offer will be funded via Quadria's internal resources, along with co-investments from the Employee Provident Fund (EPF) and Temasek's 65 Equity Partner, in addition to bank borrowings.

The proposal is conditional upon achieving at least 90% acceptances but will become unconditional once acceptances exceed 50%. Major shareholders, including WHSP Holdings, Apex Pharmacy Holdings (APHSB), Xepa Holdings (XHSB), Dr Kee and Tan Su-Ann, who collectively hold approximately 71% of ApexH's total issued shares, have provided irrevocable undertakings to accept the offer. Given these undertakings, we believe the offer is highly likely to turn unconditional, resulting in the privatisation and subsequent delisting of ApexH from Bursa Malaysia. Upon completion, Quadria will remain the controlling shareholder while AHPL, an entity controlled by Dr Kee, will hold an effective 6% interest in ApexH.

§ **Rationale.** The proposed offer seeks to privatise and delist ApexH from Bursa Malaysia, allowing Quadria to assume majority control of the company. By streamlining the ownership structure, we believe the exercise will enable greater strategic flexibility for ApexH to pursue regional expansion, partnerships and long-term growth opportunities. Quadria, a Singapore-based private equity firm with an established track record of managing and scaling mid-sized healthcare platforms across Asia, first established ties with ApexH through its investment in Straits Apex Group (SAG) in 2023. The proposed offer positions ApexH for a new phase of growth under Quadria's ownership, enabling it to leverage Quadria's regional healthcare network and expertise.



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

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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PUBLIC INVESTMENT BANK BERHAD (20027-W)
26th Floor, Menara Public Bank 2
78, Jalan Raja Chulan,
50200 Kuala Lumpur
T 603 2268 3000
F 603 2268 3014