

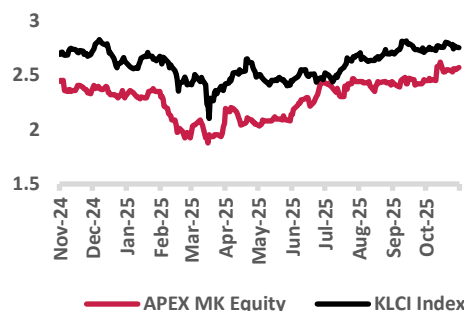
# Apex Healthcare Berhad (APEX MK) **Below**

## Earnings Dampened by SAG Weakness

- Key Highlight.** Apex Healthcare Berhad (Apex) reported 9MFY25 net profit of RM52.4mn, which came in substantially below expectations, accounting for only 61% of our forecast and 66% of consensus. The earnings shortfall was primarily driven by sizeable losses from its associate. 3QFY25 revenue rose 5.1% QoQ and 6.6% YoY, underpinned by stronger contributions from the distribution agencies. However, PBT contracted by 11.8% QoQ and 8.6% YoY, weighed down by margin compression in the distribution segment as well as higher depreciation and amortisation expenses related to Cheng 2 and Techlink. In addition, the Group's associate, Straits Apex Group Sdn Bhd (SAG), registered a loss of RM3.6mn for the quarter, reflecting slower-than-anticipated recovery in demand and elevated operating expenses following the relocation and consolidation of operations at the new Batu Kawan manufacturing campus. The Group also continued to recognise its share of reinvestment-driven financing costs and amortisation of intangible assets, further dragging associate contributions.
- Earnings Revision.** Due to lower earnings, we have cut our FY25F/FY26F/FY27F earnings forecast by 12.6%/6.8%/3.7% to RM75mn/RM83mn/RM91mn to account for lower margin assumption.
- Outlook.** We believe the near-term earnings growth for Apex is expected to stay modest, constrained by several ongoing pressures. Margin headwinds are set to persist, reflecting a sales mix skewed towards lower-margin distribution activities and rising operating costs tied to recent capacity expansions. Associate contributions are likely to remain weak, with SAG still experiencing slower demand recovery and higher expenses from its Batu Kawan consolidation. Additionally, elevated depreciation, amortisation and reinvestment-related financing costs from the enlarged asset base will continue to suppress profitability, limiting earnings momentum despite stable revenue performance.
- Recommendation.** Following the ongoing privatisation exercise, our TP is benchmarked to the offer price of RM2.64 (from RM1.91 previously). We believe the privatisation offer is fair and recommend shareholders to accept the offer.

Share Price **RM2.57** +2.7%  
Offer Price **RM2.64**

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	4.9	5.4	5.2
vs FBM KLCI	4.5	3.0	(0.1)

### Stock Data

ESG Rating	Fair
Mkt Cap (RM mn)	1,854.9
Adjusted Beta	1.0
Free float (%)	21.2
Issued shares (mn)	721.760
52w H/L (RM)	2.63/ 1.88
3m avg daily volume	112,593

### Major Shareholders (%)

Apex Pharmacy Holding	39.6
Washington H Soul	29.5
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)	3Q24	2Q25	3Q25	QoQChg	YoYChg	FY24	FY25	%	FY25F	9M/F
Revenue	237.4	240.8	253.0	5.1	6.6	724.3	732.6	1.2	822.7	89%
EBITDA	38.7	33.7	31.6	-6.3	-18.4	99.2	95.9	-3.3	91.6	104%
Pretax profit	23.7	24.6	21.7	-11.8	-8.6	79.1	69.0	-12.8	98.7	63%
Taxation	-5.5	-5.8	-6.1	5.4	10.9	-16.0	-17.0	6.0	-23.7	70%
Net profit	18.2	18.8	15.6	-17.1	-14.4	63.1	52.0	-17.6	75.0	61%
Core net profit	19.8	19.2	15.5	-19.6	-21.9	66.7	52.4	-21.5	75.0	61%
Core EPS (sen)	2.8	2.7	2.1	-19.7	-22.2	9.3	7.3	-21.7	10.5	61%
				Chg (ppts)				Chg (ppts)		
EBITDA margin (%)	16.3	14.0	12.5	-10.83	-23.49	13.7	13.1	-0.7		
PBT margin (%)	10.0	10.2	8.6	-16.08	-14.23	10.9	9.4	-1.6		
Net profit margin (%)	7.7	7.8	6.2	-21.12	-19.73	8.7	7.1	-1.7		
Effective tax rate (%)	23.1	23.5	28.1	19.56	21.27	20.2	24.6	4.4		

Source: BIMB Securities, Company

Table 2: Change in Earnings Forecast

FYE Dec (RM mn)	Previous		After		Change (%)	
	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	823	910	823	910	0.0%	0.0%
EBITDA	92	95	92	99	-0.6%	4.0%
Pretax profit	110	114	99	109	-10.3%	-4.3%
PATAMI	86	89	75	83	-12.6%	-6.8%
Core PATAMI	86	89	75	83	-12.6%	-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	92	99	107
Pretax profit	423	101	99	109	120
Net profit	398	77	75	83	91
Core net profit	95	86	75	83	91
Consensus			80	90	98
EPS (sen)	13.2	11.9	10.5	11.6	12.7
PER (x)	20.2	22.4	25.5	23.1	21.1
DPS (sen)	22.5	9.0	8.8	9.8	10.7
Div. Yield (%)	8.4	3.4	3.3	3.7	4.0
P/B (x)	2.1	2.4	2.4	2.4	2.4
Key Ratios (%)					
ROE	10.3	10.9	9.6	10.4	11.2
EBITDA margin	11.3	10.4	11.1	10.9	11.0
Pretax margin	45.2	10.5	12.0	12.0	12.3
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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