



APEX HEALTHCARE BERHAD

Neutral

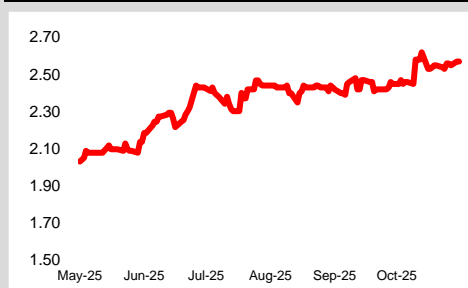
DESCRIPTION

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	RM2.57
Expected Return	2.7%
Previous Target Price	RM2.64

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

Research Team

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Within Expectations

Apex Healthcare's (ApexH) 3QFY25 net profit dropped by 14.4% YoY to RM15.6m, primarily due to margin compression from lower-margin distribution revenue, in addition to higher share of losses from its associate, SAG. After excluding non-operating items, ApexH's 3QFY25 core net profit was down 11.6% YoY to RM16.2m. The results were within our estimates at 70% but fell short of street's estimates, at 65% of full-year forecasts respectively. We are positive on the Group's ongoing expansion of its production pipeline, but remain cautious on the continuous margin pressure and persistent losses from its associate. All told, we maintain our FY25F-27F earnings forecasts and reiterate our **Neutral** call on ApexH, with an unchanged TP of RM2.64.

§ **Revenue.** ApexH reported a 6.6% YoY increase in 3QFY25 revenue to RM253m, underpinned by steady demand for pharmaceuticals, consumer healthcare products, and medical devices, especially in the private sector. The revenue growth was further supported by the improved performance of distribution agencies. ApexH's distribution segment recorded an increase of 7.1% YoY to RM232.4m, while the manufacturing segment improved marginally by 1.6% YoY to RM20.5m in 3QFY25.

§ **Net profit.** ApexH posted a 14.4% YoY decline in 3QFY25 net profit to RM15.6m, dragged by weaker contribution from SAG, which recorded a RM3.6m loss in the current quarter amid slower recovery in orders and higher operating expenses. Excluding non-operating items, core net profit declined by 11.6% YoY. Meanwhile, PBT margin fell to 8.6% in 3QFY25 from 10% in 3QFY24, attributed to a larger proportion of lower-margin distribution revenue, in addition to higher depreciation charges arising from Techlink and Cheng 2 facilities.

§ **Outlook.** We remain cautious on ApexH's near-term outlook in light of prevailing macroeconomic headwinds. Nevertheless, we are positive on ApexH's long-term resilience, supported by its robust domestic demand, continued product pipeline expansion, and enhanced digital capabilities. In addition, the proposed disposal of two investment properties in Singapore (completion anticipated in 4Q25) is expected to further optimise its long-term operational and capital efficiency. 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	7.4%
Pre-tax Profit	423.3	101.2	98.6	120.8	134.8	10.0%
Net Profit	398.0	76.5	74.6	91.4	102.0	10.0%
Core Net Profit	92.9	76.4	74.6	91.4	102.0	10.1%
EPS (Sen)	55.2	10.6	10.4	12.7	14.2	10.0%
P/E (x)	4.7	24.2	24.8	20.3	18.2	
DPS (Sen)	22.5	8.1	4.1	5.1	5.7	
Dividend Yield (%)	8.7	3.1	1.6	2.0	2.2	

Source: Company, PublicInvest Research estimates

Table 1: Results Summary

<u>FYE Dec (RM m)</u>	<u>3Q25</u>	<u>3Q24</u>	<u>2Q25</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>YTD FY25</u>	<u>YTD FY24</u>	<u>YoY chg (%)</u>
Revenue	253.0	237.4	240.8	6.6	5.1	732.6	724.3	1.2
Cost of Sales	-196.7	-180.1	-181.9	9.3	8.1	-562.0	-555.2	1.2
Gross Profit	56.3	57.3	58.8	-1.8	-4.3	170.7	169.1	0.9
Other operating income/ (expenses)	1.8	2.9	3.0	-38.0	-38.6	7.5	12.8	-41.2
Operating profit/ (loss)	25.8	28.0	27.7	-7.9	-7.0	78.3	83.2	-5.8
Finance income/ (costs)	-0.5	-0.6	-0.5	-21.5	-4.7	-1.5	-0.9	71.0
Other income/ (expenses)	-3.6	-3.7	-2.6	-1.1	37.4	-7.8	-3.2	145.4
Profit/ (Loss) before tax	21.7	23.7	24.6	-8.6	-11.8	69.0	79.1	-12.8
Taxation	-6.1	-5.5	-5.8	10.9	5.4	-17.0	-16.0	6.0
Net Profit	15.6	18.2	18.8	-14.4	-17.1	52.0	63.1	-17.6
Core Net Profit	16.2	18.4	18.5	-11.6	-12.1	52.0	63.0	-17.6
Operating Margin (%)	10.2%	11.8%	11.5%			10.7%	11.5%	
Pre-tax Margin (%)	8.6%	10.0%	10.2%			9.4%	10.9%	
Net Margin (%)	6.4%	7.7%	7.7%			7.1%	8.7%	
Segment Revenue								
Manufacturing and Marketing	20.5	20.1	22.2	1.6	-8.0	62.0	67.8	-8.6
Wholesale and Distribution	232.4	217.1	218.4	7.1	6.4	670.3	656.2	2.1
Segment EBIT								
Manufacturing and Marketing	17.2	17.1	21.3	0.6	-19.5	55.4	56.8	-2.5
Wholesale and Distribution	9.9	8.8	7.3	12.7	35.5	25.1	24.3	3.4

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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