25 November 2025

Outthink. Outperform.

AFFIN HWANG INVESTMENT BANK

Results Note | **RM2.57 @ 24 November 2025**

Apex Healthcare (APEX MK)

HOLD (maintain)
Up/Downside: +2.7%

Price Target: RM2.64
Previous Target (Rating): RM2.64 (HOLD)

Associate losses continue to drag on earnings

- **3Q25 earnings were below expectations from larger associate losses coupled with lower margins within its core operations**
- **We lower our FY25E-27E earnings accordingly. The take-over offer price of RM2.64 implies a forward P/E of 26x, which is 2SD above its historical mean**
- **Maintain HOLD with an unchanged TP of RM2.64**

Earnings below expectations

3Q25 core earnings of RM16m (-13% qoq, -19% yoy) brought 9M25 core earnings to RM52m (-19% yoy) which formed 66% of our previous full-year estimate (65% of consensus). Whilst revenue rose 7% on a yoy basis, the earnings were below expectations from larger-than-expected associate losses coupled with a larger portion of lower-margin distribution revenue.

Take-over offer price now even more attractive given the earnings miss

Following the results disappointment, we lower our FY25E-27E by 10-13% to reflect weaker margins and larger losses registered by its associate business. We do not foresee its associate business turning around in the near term, given the slower-than-expected recovery in orders coupled with much higher overheads arising from the relocation of operations to the new manufacturing campus at Batu Kawan Industrial Estate. The take-over offer price of RM2.64 implies a 26x forward P/E valuation, which is 2SD above its historical 5-year mean, making it an attractive price for investors to exit.

Maintain HOLD with an unchanged TP of RM2.64

Our target price is benchmarked against the recent take-over offer price of RM2.64. We recommend that investors accept the offer, if the acceptance condition is met, as it provides immediate liquidity given the potential for delisting. Furthermore, the earnings growth outlook of the company remains lacklustre, given the drag from its associate business coupled with the core business plateauing at a high base. We believe the stock is fairly valued as earnings momentum is expected to trend sideways in the near term.

Key upside/downside risks include: i) stronger-/ weaker-than-expected demand for pharmaceutical products; and ii) positive/adverse raw-material price fluctuations.

Earnings & Valuation Summary

FYE 31 Dec	2023	2024	2025E	2026E	2027E
Revenue (RMm)	936.2	961.8	1,011.6	1,033.6	1,061.1
EBITDA (RMm)	95.9	126.3	121.4	125.3	129.9
Pretax profit (RMm)	423.3	101.2	88.9	93.1	97.8
Net profit (RMm)	398.0	76.5	68.8	72.3	76.2
EPS (sen)	55.4	10.6	9.6	10.1	10.6
PER (x)	4.6	24.1	26.8	25.5	24.2
Core net profit (RMm)	94.6	83.2	68.8	72.3	76.2
Core EPS (sen)	13.2	11.6	9.6	10.1	10.6
Core EPS growth (%)	-2.2	-12.1	-17.3	5.1	5.4
Core PER (x)	19.5	22.2	26.8	25.5	24.2
Net DPS (sen)	22.5	9.0	7.5	5.5	6.0
Dividend Yield (%)	8.8	3.5	2.9	2.1	2.3
EV/EBITDA	15.3	13.3	13.4	12.7	12.0
Chg in EPS (%)			-12.7	-11.5	-10.4
Affin/Consensus (x)			0.9	0.8	0.8

Source: Company, Bloomberg, Affin Hwang forecasts

"Earnings a miss; We recommend that investors accept the offer price"

Share price performance

	1M	3M	12M
Absolute (%)	4.9	4.1	1.2
Rel KLCI (%)	4.5	2.7	-0.6

	BUY	HOLD	SELL
Consensus	-	2	1

Source: Bloomberg

Stock Data

Sector	Healthcare
Issued shares (m)	721.8
Mkt cap (RMm)/(US$m)	1854.9/447.9
Avg daily vol - 6mth (m)	0.1
52-wk range (RM)	1.88-2.63
Est free float	21.2%
Stock Beta	0.96
Net cash/(debt) (RMm)	175.26
ROE (FY26E)	8.8%
Derivatives	No
Shariah Compliant	Yes
FTSE4Good Constituent	No
FBM EMAS (Top 200) ESG Rank	na

Key Shareholders

Apex Pharmacy Holding	39.6%
Washington H Soul	29.5%

Source: Affin Hwang, Bloomberg

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Fig 1: Results Comparison

FYE Dec (RMm)	3Q24	2Q25	3Q25	QoQ % chg	YoY % chg	9M24	9M25	YoY %chg	Comments
Revenue	**237.4**	**240.8**	**253.0**	**5.1**	**6.6**	**724.3**	**732.6**	**1.2**	Yoy improvements from increased sales and marketing efforts carried out over the preceding quarters
Op costs	-204.0	-209.2	-225.0	7.6	10.3	-632.7	-644.7	1.9	
EBITDA	**33.4**	**31.5**	**28.0**	**-11.3**	**-16.3**	**91.6**	**88.0**	**-4.0**	
EBITDA margin (%)	14.1	13.1	11.1	-2ppt	-3ppt	12.6	12.0	-0.6ppt	Weaker margins registered from a lower-margin product mix
Depn and amort	-5.1	-5.4	-5.2	-3.5	2.0	-14.5	-15.9	9.1	
EBIT	28.3	26.1	22.8	-12.9	-19.5	77.1	72.1	-6.4	
EBIT margin (%)	11.9	10.9	9.0	-1.9ppt	-2.9ppt	10.6	9.8	-0.8ppt	
Int expense	-0.6	-0.6	-0.5	-11.6	-21.5	-0.9	-1.6	75.4	
Int income	1.4	1.2	3.5	186.4	158.4	6.6	6.0	-9.1	
Associates	-3.7	-2.6	-3.6	37.4	-1.1	-3.2	-7.8	145.4	Weakened outlook coupled with high overheads
Exceptional items	-1.7	0.4	-0.5	-242.4	-69.0	-0.5	0.3	-154.5	
Pretax Profit	**23.7**	**24.6**	**21.7**	**-11.7**	**-8.6**	**79.1**	**68.9**	**-12.9**	
Tax	-5.5	-5.8	-6.1	5.4	10.9	-16.0	-17.0	6.0	
Tax rate (%)	23.1	23.5	28.1	4.6ppt	4.9ppt	20.2	24.6	4.4ppt	
Net profit	**18.2**	**18.8**	**15.6**	**-17.0**	**-14.5**	**63.1**	**52.0**	**-17.6**	
EPS (sen)	3.8	4.0	3.3	-17.0	-14.5	13.3	11.0	-17.6	
Core net profit	**19.9**	**18.4**	**16.1**	**-12.5**	**-19.1**	**63.5**	**51.7**	**-18.6**	Below our and consensus estimates

Source: Affin Hwang, Company

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

This report is printed and published by:
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