

Apex Healthcare (APEX MK)

Reinstated as Shariah-Compliant Stock

- The Securities Commission of Malaysia (SC) recently released its updated list of Shariah-compliant stocks in the May'25 publication. Notably, Apex Healthcare Bhd (Apex Healthcare) has been reclassified as a Shariah-compliant counter.
- To recap, Apex Healthcare was previously removed from the Shariah-compliant list in Nov'24, due to a temporary increase in conventional cash holdings. This was attributed to a one-off dividend of RM214.4mn received from the divestment of its associate company, Straits Apex Group Sdn Bhd (SAG).
- In view of that, we change our recommendation from Non-Rated to a **HOLD** call with a new TP of RM2.14.

Shariah Status Update. Apex Healthcare has been reclassified as a Shariah-compliant counter in the Securities Commission's May 2025 list, after its earlier removal in Nov'24 due to a temporary spike in conventional cash holdings. The increase was attributed to a one-off RM214.4mn dividend received from the divestment of its associate, Straits Apex Group Sdn Bhd. At the time of reclassification to non-Shariah status, the cash-to-total-assets ratio rose to 34.1%, exceeding the Shariah Advisory Council's (SAC) maximum threshold of 33%. The reinstatement was in line with our earlier assumption that Apex Healthcare would regain its Shariah-compliant status in the May 2025 review.

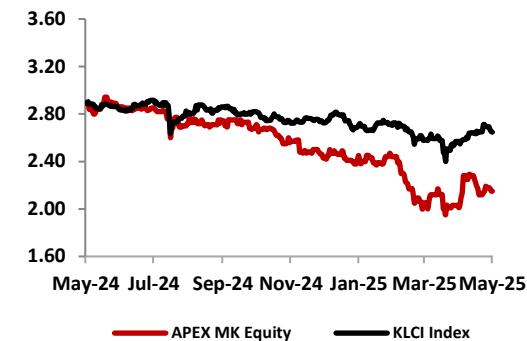
Outlook. Despite the expected resilient demand for pharmaceuticals and consumer healthcare products, as well as the ongoing launches of new group-branded products, we do not anticipate significant earnings growth for the group in the near term. This is due to the weak contribution from its associate and continued pressure from the broader operating environment.

Change Recommendation to HOLD. We change our recommendation from **Non-Rated** to a **HOLD** call with a new **TP of RM2.14**. Our valuation is based on a PER of 15.4x, representing 3-years historical average PER to FY26F EPS of 13.9sen.

HOLD

Share Price RM2.13
Target Price RM2.14

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	7.0	(11.9)	(23.9)
vs FBM KLCI	2.9	(9.2)	(21.9)

Stock Data

ESG Rating	Fair
Mkt Cap (RM mn)	1,548.8
Adjusted Beta	29.5
Free float (%)	720.362
Issued shares (mn)	1,548.8
52w H/L (RM)	2.95 / 1.90
3m avg daily volume	94,857

Major Shareholders (%)

Apex Pharmacy Holding	39.6
Washington H Soul	29.5
Lim The Realty	1.4

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Income Statement

FYE 31 Dec (RM mn)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	936	962	823	910	974
Operating cost	-1141	-862	-724	-803	-856
EBITDA	-204	100	99	107	118
Depreciation & amortisation	-18	-2	-22	-23	-24
EBIT	-222	114	118	127	139
Finance costs	-1	-1	-1	-1	-1
Interest income	7	8	4	5	4
Pre-tax profit	423	101	118	128	140
Income tax	-25	-25	-26	-28	-31
PAT	398	77	92	100	109
Core net profit	95	86	92	100	109

Balance Sheet

FYE 31 Dec (RM mn)	FY23	FY24	FY25F	FY26F	FY27F
Non-Current Asset	14	56	50	44	38
Current Asset	706	540	510	507	495
Total Asset	1,123	1,009	986	1,010	1,025
Non-Current Liabilities	14	56	50	44	38
Current Liabilities	191	163	151	165	169
Total Liabilities	204	219	201	209	207
Total Equity	918	790	785	801	818
Total liabilities & equity	1,123	1,009	987	1,009	1,025

Cash Flow

FYE 31 Dec (RM mn)	FY23	FY24	FY25F	FY26F	FY27F
Cash flow from operating activities (CFO)	65	69	138	86	98
Cash flow from investing activities (CFI)	198	-21	-30	-30	-30
Cash flow from financing activities (CFF)	-49	-212	-84	-91	-99
Net change in cash & cash equivalent	215	-165	23	-35	-31

Source: Company, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
 HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	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
UNDERWEIGHT	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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