

30 October 2024

Consumer Cyclical | Rubber Products

Karex (KAREX MK)

Not Rated

Unleashing Unlimited Potential Beyond Protection

Fair Value (Return): MYR1.02 (20.4%)
 Price (Market Cap): MYR0.85 (USD203m)
 ESG score: 3.0 (out of 4)
 Avg Daily Turnover (MYR/USD) 0.63m/0.15m

- **MYR1.02 FV, based on 22x CY25F P/E.** Karex is poised to record a stronger FY25 underpinned by contribution from new synthetic products, solidified market position post consolidation, and swift R&D capability to meet ever-changing consumer preferences. The recent Europe Conformite Europeenne (CE) and US Food & Drug Administration (FDA) approvals are testament to Karex's brand equity in the global condom manufacturing industry. Its valuation remains compelling, currently trading at 18x CY25F P/E, below its pre-COVID-19 mean of 30x.
- **New growth engines.** Karex secured CE and FDA certifications for its new synthetic condoms in July and August. The certifications are set to pave the way for product launches in Europe and the US in FY25. While the synthetic material remains unknown, we understand it was much cheaper than other synthetic products currently available in the market, and it tends to fetch a higher margin. The rising adoption of synthetic products – given latex products are often associated with allergies, poor heat conductivity, shorter shelf life, and risk of deteriorating when in contact with oil-based lubricants – is set to continue to drive demand for synthetic alternatives to latex.
- **Sustained outlook.** The global condom market size was estimated at c.USD11.6bn in 2023 and is set to grow to USD20.7bn by 2030 (CAGR: 8.7%). Key drivers include the rise of awareness on condom use to reduce the spread of the HIV virus and other sexually transmitted infections (STIs). The rising usage of condoms by young couples, sex workers, the LGBTQ community, and ever-changing consumer demand are set to propel demand. The distribution of condoms via government and non-governmental organisations may help sustain condom makers' sales – primarily in developing nations, where awareness on protected sex remains low.
- **Industry landscape turning favourable.** The COVID-19 pandemic resulted in many smaller players (primarily from China) exiting the market due to prolonged lockdown measures leading to a decline in social activities. Furthermore, efforts to re-enter the US market or the threat of new entrants are impeded by stringent FDA approval processes (which could take more than 1-2 years, as condoms are classified as medical devices) and the lack of operating leverage vs larger players.
- **Earnings forecasts and valuation.** We project a 3-year earnings CAGR of 36% from FY24-27F premised on rising global condom demand, contribution of new income stream from launch of synthetic products, solidified market position post consolidation, and swift R&D capability to meet ever-changing consumer preferences. We adopt a P/E-based valuation with 22x CY25F P/E to derive our FV. The valuation represents a 10% premium vs regional peers on the basis of its superior earnings growth prospects.

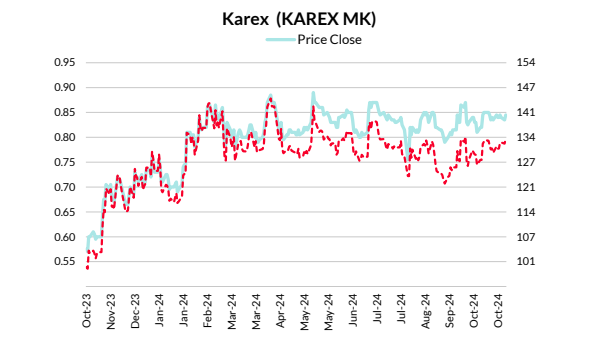
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	15.8	1.8	1.2	4.3	47.0
Relative	4.8	4.5	1.8	2.3	35.0
52-wk Price low/high (MYR)				0.57	-0.89



Source: Bloomberg

Forecasts and Valuation	Jun-23	Jun-24	Jun-25F	Jun-26F	Jun-27F
Total turnover (MYRm)	532	508	560	612	638
Recurring net profit (MYRm)	16	27	37	60	68
Recurring net profit growth (%)	-	69.1	36.8	61.3	13.4
Recurring P/E (x)	52.55	32.65	23.87	14.80	13.05
P/B (x)	1.8	1.8	1.7	1.6	1.6
P/CF (x)	121.56	12.43	7.55	9.81	8.83
Dividend Yield (%)	0.6	1.8	1.0	1.7	1.9
EV/EBITDA (x)	19.32	15.39	11.53	7.92	6.69
Return on average equity (%)	2.2	4.9	7.4	11.3	12.5
Net debt to equity (%)	21.8	20.5	2.3	net cash	net cash

Source: Company data, RHB

Note:

Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

Financial Exhibits

Asia	Financial summary (MYR)	Jun-23	Jun-24	Jun-25F	Jun-26F	Jun-27F
Malaysia	Recurring EPS	0.02	0.03	0.04	0.06	0.06
Consumer Cyclical	DPS	0.01	0.02	0.01	0.01	0.02
Karex	BVPS	0.48	0.46	0.49	0.52	0.52
KAREX MK	Return on average equity (%)	2.2	4.9	7.4	11.3	12.5
Buy						
	Valuation metrics	Jun-23	Jun-24	Jun-25F	Jun-26F	Jun-27F
	Recurring P/E (x)	52.55	32.65	23.87	14.80	13.05
	P/B (x)	1.8	1.8	1.7	1.6	1.6
	FCF Yield (%)	(1.4)	5.4	10.7	7.4	8.4
	Dividend Yield (%)	0.6	1.8	1.0	1.7	1.9
	EV/EBITDA (x)	19.32	15.39	11.53	7.92	6.69
	EV/EBIT (x)	42.41	25.04	16.05	10.11	8.46
	Income statement (MYRm)	Jun-23	Jun-24	Jun-25F	Jun-26F	Jun-27F
	Total turnover	532	508	560	612	638
	Gross profit	136	171	192	223	233
	EBITDA	49	64	78	106	115
	Depreciation and amortisation	(27)	(25)	(22)	(23)	(24)
	Operating profit	22	39	56	83	91
	Net interest	(7)	(8)	(7)	(4)	(2)
	Pre-tax profit	15	31	49	79	90
	Taxation	(5)	(8)	(12)	(19)	(22)
	Reported net profit	10	23	37	60	68
	Recurring net profit	16	27	37	60	68
	Cash flow (MYRm)	Jun-23	Jun-24	Jun-25F	Jun-26F	Jun-27F
	Change in working capital	(46.9)	4.3	51.5	3.7	6.6
	Cash flow from operations	7.0	71.6	117.9	90.7	100.8
	Capex	(18.7)	(23.9)	(22.5)	(24.5)	(25.6)
	Cash flow from investing activities	(18.4)	(23.4)	(21.5)	(21.7)	(22.6)
	Dividends paid	0.0	(15.8)	0.0	0.0	0.0
	Cash flow from financing activities	17.6	(37.7)	(21.9)	(19.1)	(17.2)
	Cash at beginning of period	21.9	31.8	39.0	112.2	162.0
	Net change in cash	6.2	10.5	74.5	49.9	61.0
	Ending balance cash	28.6	42.3	113.5	162.0	223.0
	Balance sheet (MYRm)	Jun-23	Jun-24	Jun-25F	Jun-26F	Jun-27F
	Total cash and equivalents	32	39	112	162	223
	Tangible fixed assets	271	259	275	278	279
	Total assets	722	706	780	839	900
	Short-term debt	82	80	72	65	58
	Total long-term debt	53	58	52	47	42
	Total liabilities	245	223	260	296	349
	Total equity	477	483	520	543	551
	Total liabilities & equity	722	706	780	839	900
	Key metrics	Jun-23	Jun-24	Jun-25F	Jun-26F	Jun-27F
	Revenue growth (%)	26.2	(4.6)	10.2	9.3	4.3
	Recurrent EPS growth (%)	0.0	60.9	36.8	61.3	13.4
	Gross margin (%)	25.5	33.7	34.2	36.4	36.5
	Operating EBITDA margin (%)	9.3	12.7	14.0	17.3	18.0
	Net profit margin (%)	2.0	4.6	6.7	9.8	10.7
	Dividend payout ratio (%)	47.8	67.4	25.0	25.0	25.0
	Capex/sales (%)	3.5	4.7	4.0	4.0	4.0
	Interest cover (x)	3.02	4.47	6.91	12.38	15.03

Source: Company data, RHB

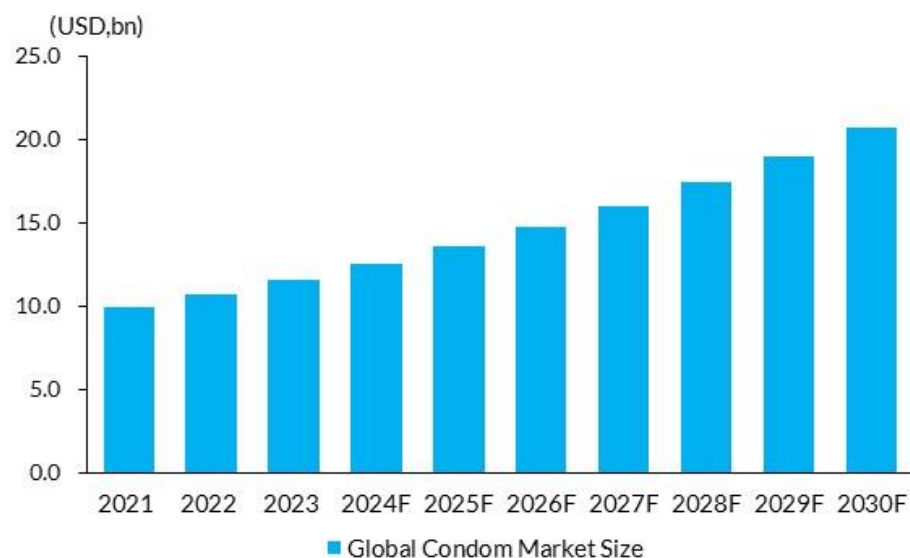
Investment Thesis

Unlocking new growth engine via synthetic products. To recap, Karex has secured CE certification for its new synthetic condoms in Jul 2024, paving the way for product commercialisation in Europe. Concurrently, it has also secured approval from the FDA late Aug 2024 which firms up its new revenue stream in the world's largest condom market. We gather that the current synthetic condoms available in the market are made using two key materials – polyurethane (PU) (adopted by Sagami Rubber Industries, Okamoto Industries and Durex) and polyisoprene (PI) (utilised by Durex, Ansell, and LifeStyles' SKYN). As both PI and PU are patented by other competitors, the synthetic product developed by Karex will comprise new materials yet to be adopted by other condom makers. Due to a non-disclosure agreement entered into with clients, management was tight-lipped on indicating the name of the raw material, although we understand its cost is a lot cheaper than that of PU and PI, and tends to fetch a higher margin when compared to non-synthetic products. The new synthetic product will be sold via the OEM sales channel for brand owner D. Product shipments are underway, with the first batch of shipment expected to arrive Europe by early November.

Growing consumer preference towards non-latex products. According to [Grandview Research](#), the latex condom segment held the largest market share of 88.4% in 2023. This can be attributed to its effectiveness, durability, and flexibility (ie highly stretchable). However, latex condoms are often associate with several disadvantages such as latex allergies, poor heat conductivity (leading to unpleasant consumer experience), shorter shelf life (due to oxidation), and risk of deteriorating when in contact with oil-based lubricants. Having said, non-latex condoms can be seen as a perfect fit to address the abovementioned pain points complimented by its various attributes such as greater heat transferability, lack of odour, and its nonallergenic nature over latex products.

Sustained industry growth outlook. The global condom market size, estimated at c.USD11.6bn in 2023, is set to grow to USD20.7bn by 2030 (CAGR: 8.7%), according to Grandview Research. Key drivers are mainly underpinned by the rising awareness on condom use to reduce the spread of the HIV virus and other STIs. On top of that, the rising usage of condoms by young couples, sex workers, and the LGBTQ community, and ever-changing consumer demand (i.e. shape, texture, colour, taste) towards the use of condoms are expected to propel demand for condoms. The distribution of condoms via government and non-governmental organisations may help sustain condom makers' sales – primarily in developing nations, where awareness about protected sex remains low.

Figure 1: Global condom market size



Source: Grand View Research

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Increasing efforts to contain the spread of STIs. According to the World Health Organisation (WHO), over 1m STIs are contracted daily worldwide – the majority of which are asymptomatic. In 2023 alone, there was approximately 374m new cases of syphilis, gonorrhoea, chlamydia, and trichomoniasis reported. In the same year, WHO reported that 39m people were living with HIV globally, with two-thirds of them residing in the African countries. As [WHO](#) continues to step up efforts to eradicate STIs (referring to its latest policy fact sheet dated Jul 2023), we expect such spillover effects to benefit Karex's tender sales segment (19% of FY24 revenue) moving forward. This is because condom usage remains essential in the global effort to curb and prevent HIV infections, as well as pare down and/or prevent other STIs and unintended pregnancies.

Figure 2: STI by countries

Incident cases of four curable STIs among adults (15–49 years old), by WHO region, 2020

Syphilis (*Treponema pallidum*), gonorrhoea (*Neisseria gonorrhoeae*), chlamydia (*Chlamydia trachomatis*) and trichomoniasis (*Trichomonas vaginalis*)



Source: WHO

Industry landscape turning favourable. The COVID-19 pandemic resulted in many smaller players (primarily from China) exiting the global market due to prolonged lockdown measures, which led to a decline in social activities. More so, efforts to re-enter the US market or the threat of new entrants are impeded by stringent FDA approval processes (which could probably take more than 1-2 years, as condoms are classified as medical devices) and the lack of operating leverage vs larger players. These factors, combined with the resumption of social activities post COVID-19, rising awareness towards STIs, and growing consumer demand for premium products offer an exciting opportunity for Karex to unlock its growth potential in 2025.

Financial Overview And Valuation

Financial overview. Karex is principally involved in the manufacturing of condoms, personal lubricants and catheters (for medical use). Founded in 1988, the company has grown to become the largest condom manufacturer in the world, producing a significant portion of the global condom supply. It produces a variety of condom brands, including its own and private labels for major international clients. Group business operations can be divided into three key segments namely: Commercial (62% of FY24 revenue), original brand manufacturing (OBM) (19%) and tender (19%).

Figure 3: Business segments

Reporting segments	Business operation	% of topline contribution
Commercial	Core sales channel for both condoms and lubricants with multiple brand owners around the world	62%
OBM	OBM segment comprises Karex's in-house brands such as Passante and Trustex	19%
Tender	Supply of condoms to Government officials and NGOs (non-government organisations)	19%

Source: Company data

FY24 results highlight. Karex ended its FY24 with a core net profit of MYR27m, representing 69% YoY growth on the back of 5% YoY decline in revenue. The robust performance was mainly driven by solid demand from lubricants sales, the continue recovery of social activities partially offset against by lower sales to the tender market. The drop in tender sales was part of Karex's strategic plan to reduce its reliance towards the lower profitability segment (mostly funded by state governments, NGOs and humanitarian bodies) while shifting its focus in driving high margin products such as personal lubricant (currently 15% of the group's total sales) and synthetic products. Notwithstanding the decrease in condom sales from the tender market, GPM of 33.7% (+8.2ppt YoY) surpassed its pre-pandemic average GPM of 24-30%. This was mainly driven by favourable product mix (tender sales segment revenue contribution dropped to 19% from 24% in FY23) complimented by the increased revenue contribution from high margin products ie personal lubricants, ultra-thin and super-studded condoms as well as stabilised input costs.

Figure 4: FY24 Results snapshot

FYE Jun (MYRm)	4QFY23	3QFY24	4QFY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	134.9	127.0	123.9	(2.5)	(8.1)	532.1	507.8	(4.6)
EBITDA	13.9	16.8	13.3	(20.7)	(4.2)	47.0	64.5	37.3
EBITDA Margin (%)	10.3	13.2	10.7	(2.5)	0.4	8.8	12.7	
Depreciation	5.9	6.1	6.2	1.4	5.0	24.6	25.0	1.9
EBIT	8.0	10.7	7.1	(33.4)	(11.1)	22.4	39.5	76.1
EBIT Margin (%)	5.9	8.4	5.7	(2.7)	(0.2)	4.2	7.8	
Interest expense	(2.5)	(2.4)	(2.0)	(16.9)	(20.3)	(7.4)	(8.8)	18.9
Others	2.9	3.1	4.0	27.9	38.6	9.8	13.5	36.9
PBT	5.5	8.4	5.3	(36.7)	(4.5)	15.1	31.0	104.8
Pretax Margin (%)	4.1	6.6	4.3	(2.3)	0.2	2.8	6.1	
Tax	(1.6)	(2.3)	(0.5)	(80.7)	(71.9)	(4.7)	(7.6)	62.4
Effective tax rate (%)	(28.9)	(27.9)	(8.5)			(30.7)	(24.4)	
Minority Interest	0.0	0.0	0.0	n/a	n/a	0.0	0.0	n/a
Net Profit	3.9	6.0	4.8	(19.6)	22.8	10.5	23.4	123.7
Net Margin (%)	2.9	4.7	3.9	(0.8)	1.0	2.0	4.6	
Core profit	0.3	8.8	6.3	(27.9)	1,790.1	16.1	27.3	69.1
Core Profit Margin (%)	0.2	6.9	5.1	(1.8)	4.8	3.0	5.4	

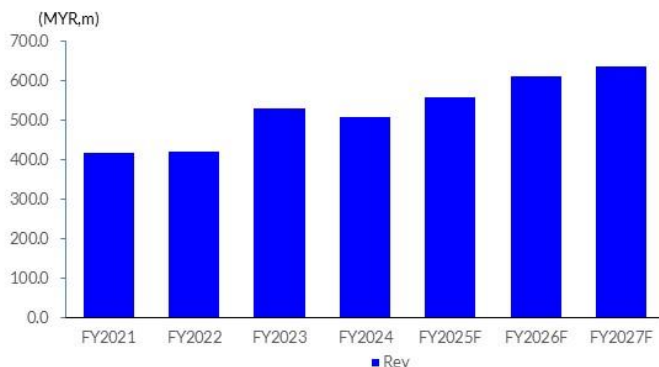
Source: Company data, RHB

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Earnings projection. Moving forward, we are projecting a 3-year earnings CAGR of 36% from FY24-27F premises on rising global condom demand, contribution of new income stream from the launch of synthetic products, solidified market position post consolidation, as well as the company's swift R&D capability to cater its products to the ever-changing consumer preferences. The recent Europe CE and FDA approval is testament to Karex's brand equity in the condom manufacturing industry at the global centre stage. That said, the CE and FDA approvals could possibly fast track product approval in other developed markets beyond 2025, yielding better earnings visibility for years to come.

Figure 5: Revenue trend



Source: Company data

Figure 6: Core profit trend



Source: Company data

Dividend policy. The company has a dividend policy of paying out at least 25% of its net profit. In FY24, Karex rewarded its shareholders with a 57% dividend payout. The group has been consistently paying out dividend over the years with the exception of FY21-22 as the group conserved its cash hoard during the COVID-19 pandemic. We estimate a payout ratio of 25% for FY25F which should translate to a dividend yield of 1%. Should the group be able to replicate its FY24 payout, the implicative dividend yield should increase to 2.4%.

Valuation. We value the stock at 22x CY25F P/E. The valuation represents a 10% premium against regional peers (Figure 7) on the basis of its superior earnings growth prospects and its leading market position as the world's largest condom manufacturer. We like Karex as the group is poised to benefit from: i) Improving earnings outlook underpinned by the launch of new products; ii) sustained industry growth outlook (annual CAGR growth of 9%); iii) rising awareness towards the spread of STIs; iv) favourable industry landscape post pandemic.

Figure 7: Peer comparison

Company	Country	FYE	Mkt Cap (USDm)	Price 24-Oct-24 (Lcy)	P/E (x)			Div. Yld (%)	ROE (%)	EV/ EBITDA	NP Growth (%)	
					Actual	1-Yr Fwd	2-Yr Fwd				1-Yr Fwd	2-Yr Fwd
Karex	MA	06/2025	202.0	0.84	32.3	23.6	14.6	1.1	7.4	11.4	36.8	61.3
Cupid	IN	03/2025	239.4	74.97	49.7	0.0	0.0	n.a.	0.0	n.a.	0.0	0.0
Thai Nippon Rubber Industry	TH	12/2024	83.6	9.40	14.4	0.0	0.0	n.a.	0.0	n.a.	0.0	0.0
TTK Healthcare	IN	03/2025	261.9	1557.10	34.5	0.0	0.0	n.a.	0.0	n.a.	0.0	0.0
Reckitt Benckiser Group	GB	12/2024	43,505.5	4861.00	21.3	15.0	14.3	4.1	23.0	10.9	42.0	4.6
Okamoto Industries	JN	03/2025	616.0	5220.00	12.0	0.0	0.0	n.a.	0.0	n.a.	0.0	0.0
Church & Dwight	US	12/2024	25,122.9	102.62	33.2	29.7	27.4	1.1	23.1	19.1	12.0	8.1
Mkt. Cap Weighted Avg. (ex-Karex)			36,046.0		25.6	20.0	18.8	3.0	22.6	13.7	30.5	5.8
Simple Avg. (ex-Karex)			10,004.9		27.5	7.4	7.0	2.6	7.7	15.0	9.0	2.1

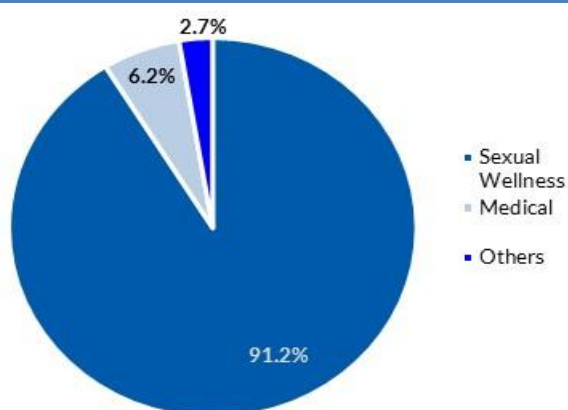
Source: Bloomberg, RHB

Company Overview

Karex is the world's largest condom manufacturer with an estimated global market share of 20%. Its product offerings feature a broad range of condoms (in a variety of shapes, flavours, thicknesses and colours), as well as catheters and personal lubricants. Founded in 1988 in Johor, Malaysia, Karex has undertaken the organic (via capacity expansion) and inorganic (via M&As) growth avenue to expand its global footprint in the condom manufacturing industry. Its manufacturing facilities are located in Malaysia (Port Klang, Pontian and Senai) and Thailand (Hat Yai) with a total combined annual capacity of 5.5bn pieces. Its existing clientele consists of governments, NGOs, brand owners and retailers in over 140 countries around the world. The group owns more than 20 brands that are available in fewer than 10 markets including Africa, the US, the UK, Malaysia and Thailand under its OBM segment.

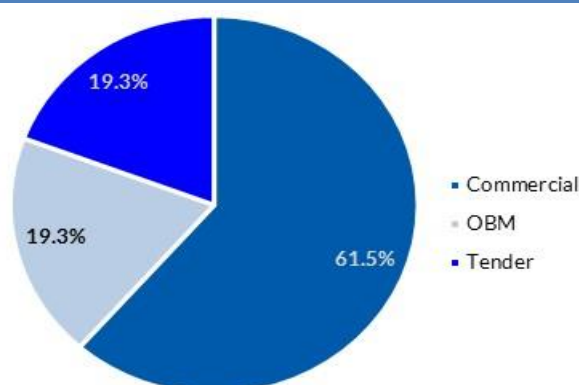
In terms of business operating segment, 91% of its topline was contributed by the sexual wellness division (ie condoms, personal lubricants). Meanwhile, the medical division and others contribute the remaining 9% of its topline with key product offerings consist of the sales of catheters and probe covers. In terms of sales channel, bulk of its sales is derived from the OEM segment (62% of FY24 revenue) follow by OBM, and tender (19% and 19% of FY24 topline).

Figure 8: Revenue breakdown by segment (FY24)



Source: Company data, RHB

Figure 9: Revenue breakdown by sales channel (FY24)



Source: Company data, RHB

As mentioned above, its sales channel can be divided into:

- i. **OEM (62% of FY24 revenue).** The bread and butter of the group since its inception. Karex's success story has been largely underpinned by its capability to deliver uninterrupted supply to meet various brand owner's orders thanks to its scalability and economics of scale. Being the world's largest condom manufacturer, the group is equipped with 5.5bn pieces annual capacity located in Malaysia (Pontian, Port Klang, Senai) and Thailand (Hat Yai). It currently serves over 200 brand owners which includes the likes of Durex and Lifestyle;
- ii. **OBM (19% of FY24 revenue).** Karex officially entered into the OBM business since early 2016 aiming to transition from a pure play OEM player by building up its own brand equity. Karex owns a number of branded products such as Carex, 'INNO', ONE®, "ESP", TheyFit®, and Pasante under its OBM segment. The vertical integration approach has been gaining strong traction over the years as revenue contribution from OBM rose to 19% in FY24 from its humble beginning of just 8% in FY12 when Karex first started exploring the new business model. The OBM business venture enables Karex to grow its brand equity as the business expands while opening an avenue to capture the full economic value at the top of the value chain;
- iii. **Tender (19% of FY24 revenue).** Karex entered the tender market in 1994. The group of buyers from the tender market mainly comprises of institutional buyers, governments, multilateral organisations, bilateral organisations and NGOs. That said, condoms procured under the tender sales channel mainly cater to eradicate the spread of STIs. Hence, the products are plain-vanilla featured with less emphasis on sophistication and customisation, in other words the ASPs are lower in general. Clients under the tender segment include United Nation Population Fund (UNFPA), United States Agency for International Development (USAID), Population Service International (PSI), Bill and Melinda Gates foundation, and etc.

Figure 10: Karex's OBM products



Figure 11: Karex's innovative products – infused with flavors



Source: Company data, RHB

Source: Company data, RHB

Figure 12: Karex's personal lubricants



Source: Company data, RHB

Figure 13: Karex's catheter and probe cover

CATHETER SYSTEM

- **One Way Catheter**
 Red urethral intermittent catheter with stiff shaft to ease insertion.
- **Two Way Catheter**
 Short term indwelling catheter with siliconised finishing to enhance patient comfort.
- **Three Way Catheter**
 3 way siliconised or silicone elastomer coated catheter for irrigation drainage.
- **Long Term Catheter**
 Catheter shaft and drainage lumen are coated with silicone elastomer.

TYPES

 Type : KX01 Length : 55mm Diameter : 14mm	 Type : KX04 Length : 300mm Diameter : 26mm	 Type : KX07 Length : 195mm Diameter : 35mm
 Type : KX02 Length : 200mm Diameter : 20mm	 Type : KX05 Length : 210mm Diameter : 28mm	 Type : KX08 Length : 285mm Diameter : 26mm
 Type : KX03 Length : 200mm Diameter : 26mm	 Type : KX06 Length : 295mm Diameter : 30mm	 Type : KX09 Length : 290mm Diameter : 18mm

Source: Company data, RHB

Personal lubricant business – a new game changer. While condoms will remain as Karex's core business, the group also produces personal lubricants via the OEM and OBM sales channels. The key drivers for personal lubricant are mainly the improving consumer awareness on proper usage of lubricants during sexual intercourse. That said, the FDA classified personal lubricants as Class II medical devices, which means the manufacturer is required to adhere to stringent standards such as Good Manufacturing Practices (GMP), and file for 510(k) premarket submission to FDA until it receives Substantial Equivalence (SE) before the products can be marketed in the US. That said, such stringent purview arises as a lot of personal lubricants available in the market are in compliance with the standards (ie competitor products may not take into the appropriate PH value of the lubricants, as well as polyfluoroalkyl substances (PFAS) [contamination](#)). Having said, we think Karex's personal lubricant segment is expected to benefit from the growing consumer awareness towards safer brand products given Karex's industry know-how and its existing lubricant sales via the OEM and OBM channels.

Medical product offerings. Karex also produces probe covers and catheters under its medical division (mainly catering to the OEM sales channel). For instance, probe covers are widely used during the intracavity examination of ultrasound scan. Meanwhile, catheters are specially designed for transurethral drainage of the urinary bladder, commonly used on patients who are anaesthetised or sedated for surgery or other medical care. In FY24, sales of the medical division accounted for 6% of group revenue. Moving forward, we expect revenue contribution from this segment to remain stable at this level due to the intense price competition from Indian and Chinese manufacturers.

Assessing the impact of the weaker USD. The USD has depreciated by 6% against the MYR YTD. The weakening USD is expected to adversely affect Karex's profitability as most of the sales proceeds (c.90-95%) are denominated in USD. Cost exposure to USD is estimated to be less than 30%, meanwhile group borrowings are denominated in USD, which may have cushioned the impact of the weakening USD. For every 10% fluctuation in USD, we estimate 16% earnings impact to Karex's bottomline. Nonetheless, we believe such impact could be mitigated by its ability to raise ASP (likewise for any impact of cost inflation) to translate the effect of the weakening USD to customers. Our USD/MYR assumptions for FY25-26 are 4.20 and 4.20.

Key Risks:

- i. Lower-than-expected customer acceptance of the new products;
- ii. Foreign exchange risk;
- iii. Loss of key customers;
- iv. Higher-than-expected operating costs.

Emissions And ESG

Trend analysis

Emission are on the rising trend due to spike in patient registration in 2022 post pandemic.

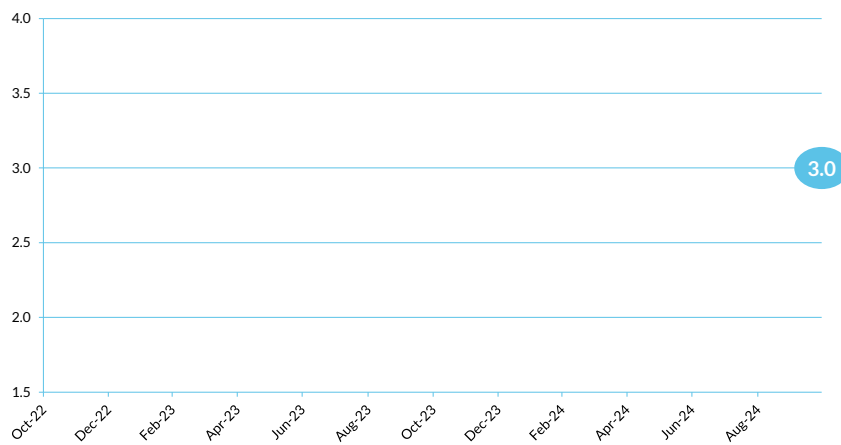
Emissions (tCO2e)	Jun-22	Jun-23	Jun-24
Scope 1	70	na	na
Scope 2	105,395	na	na
Scope 3	1,102	na	na
Total emissions	106,566	na	na

Source: Company data, RHB

Latest ESG-Related Developments

- The Group is in the midst to fulfill Green Building Index (GBI) certification which includes the installation of solar panels on rooftops and carparks at 3 selected hospitals.

ESG Rating History



Source: RHB

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