


Coronavirus to have minimal impact on local healthcare sector

ANALYST REPORTS

Wednesday, 12 Feb 2020 9:04 AM MYT



KUALA LUMPUR: The ongoing coronavirus outbreak should have little impact on Malaysia's healthcare sector although it could lead to an increase awareness for healthcare over the long term, says Affin Hwang Capital research.

It kept its overweight recommendation on the sector and said investors should "position defensively" while highlighting [Apex Healthcare](#)  as its preferred pick.

According to Affin Hwang, the coronavirus pandemic should have only a muted impact on private hospital operators as they are required to report such cases to public hospitals and the national infection centre.

"While we note that the pharmaceutical players could potentially benefit from a surge in demand for products related to the prevention of seasonal viral diseases with similar symptoms, the impact to their respective bottom lines is likely to be minimal," it said.

The research house added that healthcare spending is relatively inelastic and less prone to market

uncertainties.

Meanwhile, the proposed medicine price controls could be called off due to the competitive pricing in Malaysia and fear of losing access to the latest single-source medicines.

This could help to mitigate the current overhand on the private hospital operators, said Affin Hwang.

Moving forward, it said it likes the sector for its defensiveness and long-term growth prospects.

"Going into 2020, we recommend positioning in the pharmaceutical space as a potential earnings recovery play and beneficiary of the government's initiatives to liberalise the drug distribution in the country," it said.

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It is insightful

Not in my interest

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