

**Company Name** : Pharmaniaga Berhad  
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## **Pharmaniaga TP Upped As Co Deemed Frontrunner In Covid-19 Vaccine Race**

KUALA LUMPUR (Aug 21): MIDF Amanah Investment Bank Bhd and Kenanga Investment Bank Bhd are among research firms which had today raised their share target prices (TPs) for Pharmaniaga Bhd in anticipation of earnings growth as the company is seen as the frontrunner to secure the Malaysian government's contract to repackage and distribute the Covid-19 vaccine.

MIDF said today it had revised its Pharmaniaga TP to RM4.74 from the previously-estimated RM3.15. Kenanga said its Pharmaniaga TP is raised to RM1.80 from RM1.35.

MIDF analyst Noor Athila Mohd Razali wrote in a note today: "This (higher TP) is derived via pegging our FY21F EPS (earnings per share) of 31.6 sen to a revised target PER (price-earnings ratio) of 15.0x, which is the average of its historical five-year rolling PER."

"We opine that this is fair given that there is a potential upward earnings trajectory following the recent announcement by the government on the repackaging and distribution of Covid-19 vaccine within Malaysia — of which Pharmaniaga is one of the front runners to secure the tender," Noor Athila said.

She said MIDF, however, maintains its "buy" call for Pharmaniaga shares.

Kenanga analyst Raymond Choo Ping Khoo wrote in a note today that its Pharmaniaga TP has been raised due to the pharmaceutical firm's improved short- to medium-term outlook.

Choo said Pharmaniaga's share price has risen sharply since July on talks that Pharmaniaga will be selected to package the Covid-19 vaccine once it is developed.

"However, we caution that such talks are premature and even if selected, there may be multiple packagers of the vaccine. It is also unclear at this stage as to the financial impact of such a venture, mindful that the government will likely want to see it delivered in the most competitive manner possible.

"The recent run-up in its share price has rendered current valuation to be unattractive, which seems to have overpriced the positive near-term prospects. Reiterate 'underperform' (call on Pharmaniaga shares)," Choo said.

MIDF and Kenanga issued their notes on Pharmaniaga today after the company announced on Wednesday (Aug 19) its second quarter financial results.

Pharmaniaga said net profit increased to RM9.98 million in the second quarter ended June 30, 2020 (2QFY20) from RM9.28 million a year earlier.

For 1HFY20, Pharmaniaga said cumulative net profit climbed to RM32.38 million from RM28.9 million a year earlier. Pharmaniaga had also declared a dividend of 2.5 sen a share for 2QFY20.

Today, analysts said Pharmaniaga's 1HFY20 numbers were within market forecast.

Noor Athila said Pharmaniaga's 1HFY20 cumulative earnings at RM32.38 million was within MIDF's and consensus estimates at 41.8% and 45.3% of full-year forecast respectively.

Meanwhile, Choo said Pharmaniaga's 1HFY20 core profit after tax and minority interests or core net profit of RM32 million came in within expectations at 47% and 50% of Kenanga's and consensus forecast respectively.

At Bursa today, Pharmaniaga's share price fell eight sen or 1.81% to RM4.34, which values the group at RM1.13 billion. The stock saw 1.71 million shares changing hands.

Malaysian markets resumed trading today after markets were closed yesterday for a holiday in conjunction with Awal Muharram.