Company Name **: Pharmaniaga Berhad**
Date **: 17 March 2021**
Source **: The Star**

Pharmaniaga Stages Turnaround In FY20

Pharmaniaga Bhd's managing director Datuk Zulkarnain Md Eusope.

KUALA LUMPUR: Pharmaniaga Bhd staged a turnaround in the financial year ended Dec 31,2020 with a net profit of RM27.49mil compared with a net loss of RM149.22mil in FY19 after full recognition of the unamortised pharmacy information system (PhIS).

It announced on Wednesday its revenue was slightly lower at RM2.72bil compared with RM2.82bil a year ago.

Commenting on the bottomline, it said this was mainly due to full recognition of remaining unamortised PhIS costs amounting to RM247mil in 2019, which was a one-off non-cash item.

“Profit before zakat and taxation (PBT) for the year under review grew to RM36mil while revenue came in at RM2.7bil, ” it said.

For the fourth quarter, it reported lower net loss of RM6.33mil compared with the net loss of RM178.73mil a year ago. Its revenue declined to RM634.58mil from RM715.68mil a year ago. Loss per share was 2.42 sen compared with 68.45 sen.

It declared a fourth interim dividend of one sen per share which will go ex on March 30.

On the FY20 operations, Pharmaniaga said the logistics and distribution division recorded a higher profit before tax (PBT) of RM39mil in FY20 compared with the deficit of RM220mil in FY19 which was primarily due to full recognition of the remaining unamortised PhIS costs.

“The group continued to uphold the trust accorded by the Ministry of Health to handle logistics and distribution services to deliver much-needed medical supplies to healthcare facilities during the pandemic. This included ventilators, personal protective equipment as well as medicines which were efficiently delivered across the nation, including to East Malaysia via air freight, ” it said.

The manufacturing division posted PBT of RM10mil on the back of a revenue of RM253mil for FY20, despite the impact of the pandemic on public and private sector demand coupled with order trends from both government and private hospitals.

“The group remains optimistic on long-term prospects for the Division by optimising operational efficiencies, building on its growing portfolio of products and expanding its global presence, as well as tapping on increased capacity utilisation via its contract manufacturing business, ” it said.

Pharmaniaga said the Indonesia division registered a deficit of RM7mil due to higher operating expenses during the pandemic.

“Indonesia’s large-scale social restrictions, Pembatasan Sosial Berskala Besar, in response to the Covid-19 pandemic, also resulted in limited access to doctors, clinics, pharmacies and hospitals, further impacting our performance, ” it said.

Its group managing director Datuk Zulkarnain Md Eusope said 2020 has been challenging as Covid-19 pandemic impacted all industries in general including the group which resulted in lower demand from government hospitals and clinics. The situation is similar for its Indonesia operations, he added.

"Moving forward, we will face this pandemic with the spirit of reinvention and innovation - with fortified strategies in place by focusing on our strong research & development team to pave the way for the future of Halal medicines, invest in digitalisation of supply chain managements towards Industrial Revolution (IR) 4.0, as well as on a multitude of e-commerce platforms to capture the changing consumers’ dynamic trends."

He also said on Jan 26, Pharmaniaga signed an agreement with the Ministry of Health Malaysia (MOH) to supply 12 million doses of the Covid-19 vaccine to its designated health facilities nationwide, and we are firmly committed to meeting the healthcare requirements of the Rakyat.

The logistics and distribution of the vaccine will be carried out by Pharmaniaga Logistics Sdn Bhd, which has 26 years of experience managing vaccine distribution and has a well-established infrastructure to support the needs.

Apart from the Covid-19 vaccine programme, Zulkarnain said the group had also placed strategic plans to strengthen its vaccine business and create an additional income stream.

He said an MoU was inked with a leading Indian biotechnology company, the Serum Institute of India Private Limited (Serum), for the pneumococcal vaccine in October last year.

"The MOU aimed to allow us to purchase pneumococcal vaccines from Serum and subsequently use the technology and know-how licensed by them for the fill and finish manufacturing. The vaccine will be marketed, distributed and sold exclusively in Malaysia by Pharmaniaga," he said.

Zulkarnain also said the group's contract with MOH for the provision of medicines and medical supplies continues until November 2024.

Its chairman Datuk Seri Mohammed Shazalli Ramly said, the group is poised to be the most respected tech-viable pharmaceutical company in Malaysia and is now positioned to lead in premier Halal drugs manufacturing.

"We have refined the strategies to achieve the target and this is aligned with our parent company's strategy of reinventing Boustead. This involves speedier value creation within the group's existing core businesses, adopting new business models for new revenue generators, rationalising a few non-strategic assets, as well as venturing into relevant digital services to support a smarter spending and cost saving management, ” he said.