

**Company Name** : Pharmaniaga Berhad  
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## **Pharmaniaga's L&D, Manufacturing Segments To Provide Earnings Boost, Says CGS-CIMB Research**

KUALA LUMPUR: Pharmaniaga Bhd's operating leverage is expected to kick in the financial year ending December 31, 2021 (FY21) on the back of a recovery in demand for both its logistics and distribution (L&D) and manufacturing segments.

In addition to earnings contribution from Covid-19 vaccine supply and distribution, CGS-CIMB Research believes upside risks for Pharmaniaga also lie in stronger-than-expected demand recovery benefiting both its L&D and manufacturing segments, which are projected to grow from the low base in FY20.

From past analyst briefing, the research firm gathered that Pharmaniaga is also putting in more focus on driving sales of its consumer healthcare products.

"On this, we expect Pharmaniaga to allocate more advertising and promotional (A&P) spending in FY21 forecast, to capture the recovery in demand.

"Higher contribution from consumer healthcare products also bodes well for profitability as this segment commands higher margins compared to its L&D segment," it said.

CGS-CIMB said to recap, Pharmaniaga's FY20 revenue dipped 3.4 per cent as it saw lower sales from its core concession business for its L&D segment due to disruptions in demand from both the public and private healthcare facilities.

"However, expect Pharmaniaga to see a normalisation in demand in FY21 as we expect non-Covid-19 related patient visitations for both public and private hospitals and clinics to recover, in line with easing movement restrictions and abating concerns over the Covid-19 outbreak," it said.

The research house also noted that Pharmaniaga's supply of the Sinovac Covid-19 vaccine to the Ministry of Health (MOH) facilities are well under way, including 12 million fill-and-finished and 200,000 imported finished doses.

"We gather that the locally filled-and-finished doses are still undergoing a stability study for final approval by the National Pharmaceutical Regulatory Agency (NPRA).

"We expect the vaccine's distribution to MOH facilities to begin in early the second quarter of 2021," it said.

CGS-CIMB has maintained its "Add" call on Pharmaniaga, with an unchanged target price of RM4.60.