

Company Name : Pharmaniaga Berhad
Date : 02 January 2017
Source : The Edge Weekly

Pharmaniaga Bhd

Target price: **RM5.80 BUY**



MIDF RESEARCH (DEC 22): Pharmaniaga has a 100% market share of a government concession business worth RM1.2 billion, supplying and distributing pharmaceutical products to medical institutions under the Ministry of Health (MOH) until 2019.

We see high growth potential in its manufacturing segment for its better-quality, high-margin pharmaceutical products, 200 new products in the pipeline for the next 10 years, and capacity expansion. Management is adding high-capacity equipment as they expect healthcare spending to escalate.

We think Pharmaniaga will benefit from its network of 29 local branches as well as from Indonesia's large population of 255 million. Pharmaniaga's Indonesian operation contributed 23% to the group's total FY15 revenue.

We project net profit growth of 24.5% and 14.3% respectively for FY17 and FY18F on expectations of an increase in supply orders from the government, greater contribution from its Indonesian operation, and introduction of generic drugs in the market.