

Results Update

Monday, 24 August 2009

KLCI : 1163.79
Bloomberg : PHRM MK

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Pharmaniaga Berhad

Results Within Target

Share Price : RM4.40

Target Price : RM3.95

Market Capitalisation : RM107mn

Board : Main

Sector : Pharmaceutical

Recommendation : SELL

Stock code : 8133

Key Stock Statistics

		2007	2008	2009F
EPS	(sen)	46.8	56.1	60.7
P/E	(x)	7.5	6.3	5.8
Div / Share	(sen)	18.0	11.9	18.2
BV / Share	(sen)	3.4	3.6	4.2
Issued Capital	(mn)	107		
52 weeks price	(%)	4.04 /		
Major shareholders		Khazanah - 86%		

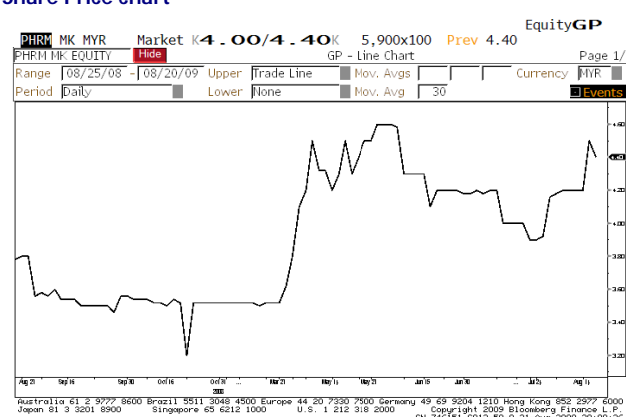
Per Share Data

		2007	2008F	2009F	2010F
Book Value	(sen)	3.4	3.6	4.2	4.9
Cash Flow	(sen)	- 1.2	35.0	122.3	180.9
Earnings	(sen)	46.8	56.1	60.7	100.8
Gross Dividend	(sen)	18.0	11.9	18.2	30.2
Dividend Yield	(%)	5.1	3.4	5.2	8.6
PER	(x)	7.5	0.1	5.8	3.5
ROE	(%)	15.6	11.1	15.2	21.4

P&L Analysis (RM mil)

	2007	2008F	2009F	2010F
Revenue	1184.0	1305.6	1482.8	1646.6
Cost of Revenue	1080.8	1073.8	1366.8	1473.5
EBITDA	103.2	101.5	115.9	173.0
Net Interest	5.4	9.7	7.2	5.4
Depreciation	21.6	21.9	22.3	22.7
Net Profit	50.1	60.0	64.9	107.8

Share Price chart



Source : Bloomberg

2Q09 Results Analysis

	YE 31 December	2Q09	1Q09	QOQ%	FY09	FY08	YOY%
Turnover	333.2	313.72	313.72	6%	646.93	663.11	-2%
EBIT	25.4	21.36	21.36	19%	46.8	51.5	-9%
Interest Inc/(exp)	-1.1	-1.18	-1.18	-8%	-2.26	-3.00	-25%
Pretax	24.3	20.18	20.18	21%	44.52	48.46	-8%
Taxation	-5.8	-5.49	-5.49	6%	-11.30	-16.00	-29%
Net Profit	17.7	14.52	14.52	22%	32.22	31.62	2%
EPS (sen)	16.5	13.57	13.57	22%	30.12	29.59	2%
EBIT Margin (%)	8%	7%	7%		7%	8%	
Pretax Margin (%)	7%	6%	6%		7%	7%	
Tax Rate (%)	24%	27%	27%		25%	33%	

Review

- Pharmaniaga's 2Q09 results were announced last Friday. The group made RM17.697mn in net profit (or 16.54sen per share). The performance is backed by revenue of RM333.21mn.
- The results came well within our estimate as it covers 26% of our full year estimate of RM64.9mn in net income.
- Compared to the preceding quarter, the group had a marginal revenue increase of 6%. Net income outpaced revenue with 22% increment QoQ.
- However, against last year, the group's revenue dipped 2% although net profit has increased by 2%.
- Margin during the year remained stable despite the tough economic condition, partly because of the group's ability to pass on some of the increase in costs to consumers.

Impact

At this juncture we are leaving our FY09 numbers intact.

Outlook

- The company has requested for an extension of its listing status considering the breach of public shareholding spread currently. This is still a concerning issue, plaguing sentiment of its share trading activities.

Valuation

- We maintain our target price at RM3.95 as no revision in our numbers is warranted. We based this on a PER multiple of 6.5x. We maintain our SELL call on the group.

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