

Pharmaniaga

Recommendation: **NOT RANKED**

Stock Code: **7081**

Bloomberg: **PHRM MK**

Price: **MYR5.49**

12-Month Target Price: **NA**

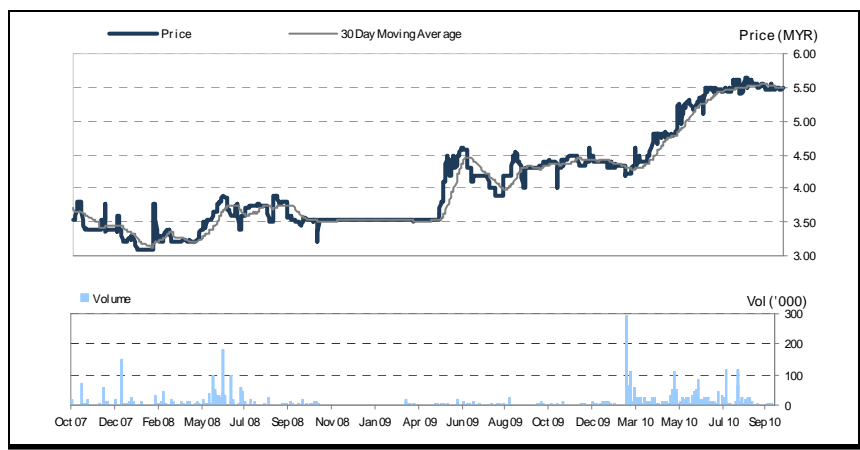
Date: **October 12, 2010**
Board: Main

Sector: Trading/Services

GICS: Health Care/Pharmaceuticals

Market Value - Total: MYR587.3 mln

Summary: Pharmaniaga holds the sole concession for the supply of pharmaceuticals to government hospitals. The group also manufactures generic pharmaceuticals and supplies medical products and equipment in Malaysia and Indonesia.

Analyst: Siti Rudziah Salikin


Recent Developments

Recommendation & Investment Risks

- We cease coverage of Pharmaniaga, following completion of the CBRS II scheme. Our last call and target price are Hold and MYR5.50, respectively.
- Please note that our recommendation and target price may no longer represent our current view on the company. If readers have any queries, please direct them to asiaequityresearch@standardandpoors.com. For residents of Malaysia, all queries in relation to this report should be referred to Alexander Chia, Desmond Ch'ng or Ching Wah Tam in our K.L. office.

Key Stock Statistics

FY Dec.	2009	2010E
Reported EPS (sen)	56.3	53.9
PER (x)	9.8	10.2
Dividend/Share (sen)	37.0	30.0
NTA/Share (MYR)	3.72	4.04
Book Value/Share (MYR)	4.03	4.34
No. of Outstanding Shares (mln)	107.0	
52-week Share Price Range (MYR)	4.00 - 5.64	
Major Shareholders:	%	
UEM Group Berhad	86.8	

* Stock deemed Shariah compliant by the Securities Commission.

Per Share Data

FY Dec.	2007	2008	2009	2010E
Book Value (MYR)	3.27	3.63	4.03	4.34
Cash Flow (sen)	62.6	69.9	69.2	67.4
Reported Earnings (sen)	46.8	56.1	56.3	53.9
Dividend (sen)	18.0	27.0	37.0	30.0
Payout Ratio (%)	38.4	36.1	58.6	41.8
PER (x)	11.7	9.8	9.8	10.2
P/Cash Flow (x)	8.8	7.9	7.9	8.1
P/Book Value (x)	1.7	1.5	1.4	1.3
Dividend Yield (%)	3.3	4.9	6.7	5.5
ROE (%)	15.0	16.3	12.4	12.9
Net Gearing (%)	49.2	8.7	0.0	13.9

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Profit & Loss

FY Dec. / MYR mln	2008	2009	2010E	2011E
Reported Revenue	1,305.6	1,300.8	1,355.9	1,491.2
Reported Operating Profit	95.1	85.9	80.6	95.6
Depreciation & Amortization	-15.5	-14.7	-15.3	-16.7
Net Interest Income / (Expense)	-5.5	-3.6	-1.8	-1.4
Reported Pre-tax Profit	90.6	81.4	79.3	94.7
Effective Tax Rate (%)	32.2	24.2	26.0	25.0
Reported Net Profit	60.0	60.2	57.7	69.5
Reported Operating Margin (%)	7.3	6.6	5.9	6.4
Reported Pre-tax Margin (%)	6.9	6.3	5.8	6.3
Reported Net Margin (%)	4.6	4.6	4.3	4.7

Source: Company data, S&P Equity Research

Standard & Poor's Equity Research Services

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Glossary

Strong Buy: Total return is expected to outperform the total return of the KLCI or KL Emas Index respectively, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

Buy: Total return is expected to outperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months, with shares rising in price on an absolute basis.

Hold: Total return is expected to closely approximate the total return of the KLCI or KL Emas Index respectively, over the coming 12 months with shares generally rising in price on an absolute basis.

Sell: Total return is expected to underperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months and share price is not anticipated to show a gain.

Strong Sell: Total return is expected to underperform the total return of the KLCI or KL Emas Index respectively, over the coming 12 months by a wide margin, with shares falling in price on an absolute basis.

S&P 12 Month Target Price – The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Shariah-compliant stock - As defined by the Shariah Advisory Council of Malaysia's Securities Commission

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Recommendation and Target Price History

Date	Recommendation	Target Price
New	Not Ranked	
27-May-10	Hold	5.50
25-Aug-09	Hold	4.60
11-May-09	Hold	4.20
25-Nov-08	Hold	3.70
26-Jun-08	Hold	4.05

