

Results Update

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Pharmaniaga Berhad

Results Within Target

Share Price : RM3.52
Target Price : RM3.95
Market Capitalisation : RM107mn
Board : Main
Sector : Pharmaceutical
Recommendation : HOLD
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 / 3.10		
Major shareholders		Khazanah - 86%		

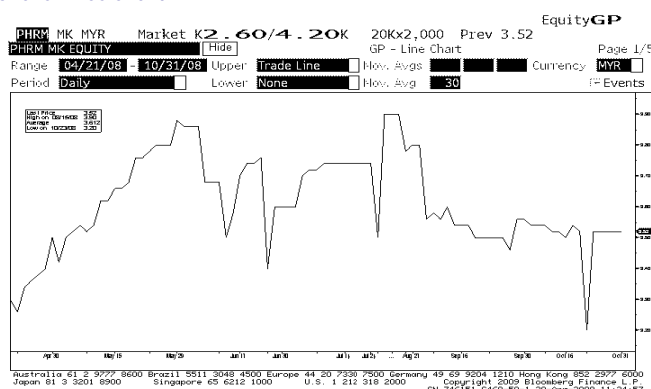
Per Share Data

		2007	2008	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	2008	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

4Q08 Results Analysis

		3Q08	4Q08	QOQ%	Cumulative 4Q	
YE 31 December					FY07	FY08
Turnover		314.30	328.80	5%	1183.90	1305.60
EBIT		19.30	26.08	35%	87.56	96.86
Interest Inc/(exp)		-1.66	-1.59	-4%	-9.67	-6.27
Pretax		17.64	24.49	39%	77.89	90.59
Taxation		-6.60	-6.57	0%	-26.18	-29.19
Net Profit		10.59	17.80	68%	50.08	60.03
EPS	(sen)	9.90	16.60	68%	46.82	56.12
EBIT Margin	(%)	6.1%	7.9%		7.4%	7.4%
Pretax Margin	(%)	5.6%	7.4%		6.6%	6.9%
Tax Rate	(%)	37.4%	26.8%		33.6%	32.2%

Review

- Pharmaniaga's full year results saw the company reporting RM60.03mn in net profit or 56.12sen per share. The performance is backed by revenue of RM1.305bn.
- The results came well within our estimate of RM58mn in net income.
- Compared to 3Q08, the group's revenue rose by 5%. Net income outpaced revenue with 68% increment QoQ.
- The company managed to register sales growth of 10% YoY while net profit surged by 20% YoY. This is due to improved gross profit margin and the share of results of an associate.
- Margin during the year remained stable despite the tough economic condition, partly because the group was able to pass on some of the increase in costs to consumers.

Impact

At this juncture we are leaving our FY09 numbers intact. We believe the 1Q09 results announcement would provide better insights as to the viability of the company - before we make any adjustment to our projections.

Outlook

The company has asked for extension of its listing status as it is currently in breach of the minimum public shareholding spread requirement. This issue is still a big concern plaguing sentiment of its share trading activities.

Valuation

We maintain our target price at RM3.95 - based on a PER multiple of 6.5x. As the potential upside is still above 10% we maintain our HOLD call on the company.

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