

Company Name : Pharmaniaga Berhad
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Pharmaniaga's RM653.52m Cash Call Gets Shareholder Nod



KUALA LUMPUR (March 20): Shareholders of Pharmaniaga Bhd (KL:PHARMA) have approved its proposal to raise up to RM653.52 million in cash, which is part of the company's revised regularisation plan to lift it out of Practice Note 17 (PN17) status.

The group fell into PN17 status in February 2023 amid massive impairment after being unable to sell RM552.3 million worth of Covid-19 vaccines.

The proposed regularisation plan includes a RM520 million capital reduction, a rights issue to raise up to RM353.52 million and a RM300 million private placement.

At the company's extraordinary general meeting (EGM) on Thursday, all three resolutions were passed with shareholders and proxies attending the meeting holding 99.9%, voting in favour.

The illustrative issue price for the rights issues, according to Pharmaniaga's circular to shareholders, was set at 10 sen, which represents a 61.5% discount from Pharmaniaga's last closing price of 26 sen on Thursday.

The company's major shareholders, Boustead Holdings Bhd (47.1%) and Lembaga Tabung Angkatan Tentera (LTAT) (7.8%), have given undertakings to subscribe to their entitlements to the rights issue.

Based on a back-of-envelope calculation, Boustead is expected to contribute up to RM166.58 million, while LTAT's portion amounts to RM27.68 million.

Pharmaniaga has yet to announce the potential investors for its private placement.

Approximately 51.3% of the proceeds from the cash call will be allocated to debt repayment, potentially resulting in annual interest savings of up to RM16.8 million.

Meanwhile, 34% of the funds will be directed towards business expansion, including the acquisition of four new warehouses across Malaysia and the development of vaccines, insulin and other generic drugs.

"We are pleased that all resolutions have been approved, marking one of key steps toward resolving the group's PN17 status. This approval represents a major step in restoring financial stability, optimise our cost structure and strengthen our financial position for future sustainable growth," said Pharmaniaga managing director Zulkifli Jafar in a separate statement.

Since being classified as PN17 in February 2023, Zulkifli said Pharmaniaga has implemented various strategic initiatives to improve operational efficiency and cost optimisation across the group.

These efforts have resulted in the group's ability to deliver positive financial results for the financial year ended Dec 31, 2024 (FY2024), achieving a profit after zakat and taxation (PAT) of RM133.8 million, marking a recovery from a loss after aakat and taxation (LAT) of RM78.7 million in FY2023.

"We are proud to have successfully returned to profitability and built a stronger foundation for long-term value creation. With our strategic initiatives in place and progressing well, we are confident Pharmaniaga will exit PN17 as planned," Zulkifli added.

Pharmaniaga currently operates four manufacturing plants in Malaysia and one in Indonesia, with export markets spanning the EU, Brunei, Hong Kong and Singapore.

Shares of Pharmaniaga were down 2.5 sen or 8.8% to 26 sen on Thursday, giving the group a market capitalisation of RM374.72 million.