

24 February 2026

Pharmaniaga

FY25 Inline, Rich Valuation

By Raymond Choo Ping Khoon | pkchoo@kenanga.com.my

PHARMA posted FY25 net profit of RM49m, thanks to higher volume at the medical supply unit, and operational efficiency gains. We keep our forecasts unchanged but introduce FY27F numbers. However, we raise our TP to RM0.20 (previously RM0.15) based on 18x FY27F EPS (roll forward from FY26F to FY27F) which is at 20% premium to peers' average to account for PHARMA moving up the value chain via focusing towards high-margin manufacturing of biopharmaceuticals. The share price has run-up following completion of regularisation plan in Aug CY25 ahead of the targeted PN17 exit by end-1QFY26. It is currently trading at rich valuation of 32x and 29x on FY26F and FY27F EPS, respectively, compared to its net profit growth averaging 21% per annum. Reiterate UNDERPERFORM.

PHARMA's FY25 PATAMI came in at RM49m (+32%) or 100% of our full-year forecast, thanks to better contribution from the medical supply unit and demand for generic drugs on higher delivery volume to government hospitals, and addition of new products in the Approved Products Purchase List (APPL) list. No dividend was declared which is within our expectation.

YoY, its FY25 revenue rose 5% due to higher sales from its manufacturing operation (+11%), and from its medical supply unit (+9%) which more than offset its lower Indonesia operation (-5%). Specifically, order volumes by government hospitals increased by 9% and the number of products under the APPL, has increased by >140 new products, bringing to a total of >830 products during the year. This propelled FY25 core net profit, rising 32% to RM49m due to better operational efficiencies gains through on-going inventory optimisation efforts, cessation of non-core and non-performing businesses.

QoQ, its 4QFY25 revenue fell 7% due to it being seasonally the weakest quarter as a result of reduced public sector purchases, likely influenced by year-end holidays. The lower revenue from medical supply unit (-11%) was mitigated by higher revenue contribution from Indonesia operation (+3%). Its 4QFY25 core net profit rose slightly by 6% to RM7.7m due to a lower effective tax rate.

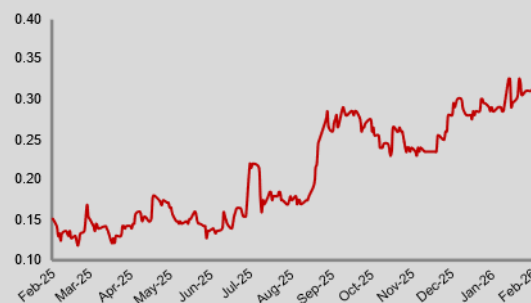
Outlook. Budget 2026 saw the Ministry of Health's allocation increased from RM45.3b to RM46.5b, with RM4.4b set aside for medical supplies (drugs and non-drugs) and RM2.1b for concession operations, compared to RM4b and RM2b, respectively in the previous year. The biopharmaceutical segment recorded a full-year sales of RM13m in 2025, underpinned by strong demand for EuvaxB and SkyCellFlu. Looking ahead, the group expects this positive momentum to continue in 2026, supported by an increasing number of planned corporate vaccination programmes. Specifically, development of the PCV13 and Hexavalent vaccines is progressing well, further reinforcing its biopharmaceutical capabilities and strengthening its long-term growth pipeline. In the pharmaceutical segment, the group plans to introduce six major new products, further strengthening its portfolio and positioning Pharmaniaga to capture growing demand, particularly within the private healthcare market.

Valuations. We keep our forecasts unchanged but introduce FY27F numbers. We raise our TP to RM0.20 (previously RM0.15) based on 18x FY27F EPS (roll forward from FY26F to FY27F) which is at 20% premium to peers' average to account for PHARMA moving up the value chain via focusing towards high-margin manufacturing of

UNDERPERFORM ↔

Price : RM0.315
Target Price : RM0.20 ↑

Share Price Performance



KLCI	1,757.98
YTD KLCI chg	4.6%
YTD stock price chg	10.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PHRM MK
Market Cap (RM m)	2,065.5
Shares Outstanding	6,557.0
52-week range (H)	0.34
52-week range (L)	0.12
3-mth avg. daily vol.	40,671,850
Free Float	58%
Beta	1.7

Major Shareholders

Boustead Holdings Bh	24.9%
Jakel Meidcal Sdn Bhd	10.5%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	3797.1	3873.0	3950.5
PBT / (LBT)	70.6	96.9	104.8
Net Profit / (Loss)	48.5	65.0	70.2
Core Profit / (Loss)	48.5	65.0	70.2
Consensus (NP)	-	-	-
Earnings Revision	-	-	NEW
Core EPS (sen)	0.7	1.0	1.1
Core EPS Growth (%)	(72.6)	34.1	7.9
NDPS (sen)	0.0	0.0	0.0
BVPS (RM)	0.07	0.08	0.09
PER (x)	42.6	31.8	29.4
Price/Book (x)	4.8	4.1	3.6
Net Gearing (%)	128.3	122.6	98.5
Net Div. Yield (%)	0.0	0.0	0.0

24 February 2026

biopharmaceuticals. It is currently trading at rich valuation of 32x and 29x on FY26F and FY27F EPS, respectively, compared to its net profit growth averaging 21% per annum. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4). Reiterate UNDERPERFORM.

Key risks to our call include: (i) it bagging more concessions from the government, and (ii) higher-than-expected orders.

Result Highlight								
FYE Dec (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg (%)	4Q FY24	Y-o-Y Chg (%)	12M FY24	12M FY25	Y-o-Y Chg (%)
Turnover	938.3	1007.3	(6.8)	926.4	1.3	3,759.5	3,927.6	4.5
EBITDA	30.7	32.7	(6.0)	41.3	(25.6)	180.4	169.7	(5.9)
Depreciation	(9.3)	(10.1)	(7.4)	(10.3)	(8.9)	(41.4)	(39.3)	(5.0)
Net interest expense	(10.0)	(12.3)	(18.7)	(17.7)	(43.8)	(69.7)	(55.7)	(20.1)
EI [^]	0.0	0.0	NA	0.0	NA	124.9	-	NA
PBT / (LBT)	11.4	10.4	10.5	13.3	(14.1)	194.2	74.7	(61.5)
Taxation	(2.7)	(2.9)	(5.4)	(10.9)	(75.1)	(60.4)	(24.1)	(60.2)
Minorities	(1.0)	(0.2)	382.3	(0.1)	906.8	(2.0)	(2.2)	10.2
PATAMI / (LATAMI)	7.7	7.3	5.8	2.3	227.9	131.8	48.5	(63.2)
Core PATAMI	7.7	7.3	5.4	2.3	227.9	36.9	48.6	31.7
EPS (sen)	0.2	0.3	(25.0)	0.2	31.3	9.1	1.3	(85.3)
EBITDA margin	3%	3%		4%		5%	4%	
PBT margin	1%	1%		1%		5%	2%	
Effective tax rate	24%	28%		82%		31%	32%	

Source: Bursa Malaysia, Kenanga Research

[^]one-off reversal of penalty charges (RM94.9m at the net profit level) in relation to the concession business during the pandemic

Quarterly segmental breakdown						
	3Q25	4Q25	Chg % q-o-q	2024 12M	2025 12M	Chg % y-o-y
Revenue (RM m)						
Logistics and Distribution	721	643	(10.8)	2,578.3	2,811.6	9.0
Manufacturing	88	97	10.5	310.1	342.9	10.6
Indonesia	286	295	3.1	1,178.2	1,115.4	(5.3)
Eliminations	(88)	(97)	10.6	(307.1)	(342.1)	11.4
Total	1007.3	938.3	(6.8)	3759.5	3927.8	4.5
Pre-tax profit / (loss)						
Logistics and Distribution	(6)	5	(178.7)	158.6	8.4	(94.7)
Manufacturing	12	9	(20.1)	32.4	61.4	89.6
Indonesia	1	1	(10.5)	4.3	5.4	24.9
Pre-tax profit margin (%)						
Logistics and Distribution	(0.8)	0.7	(77.8)	6.2	0.3	
Manufacturing	13.2	9.5	2.9	10.5	17.9	

Source: Bursa Malaysia, Kenanga Research

24 February 2026

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
DUOPHARMA BIOTECH BERHAD	OP	1.50	1.72	14.7%	1,443	Y	12/2025	9.9	11.5	52%	16%	15.2	13.1	1.9	12.8%	3.3	2.2%
IHH HEALTHCARE BHD	MP	9.00	8.50	-5.6%	79,525	Y	12/2025	21.6	24.3	13%	12%	41.6	37.1	2.5	6.2%	10.0	1.1%
KOTRA INDUSTRIES BHD	OP	4.19	4.90	16.9%	621	Y	06/2026	28.7	32.5	-5%	13%	14.6	12.9	2.2	15.3%	25.5	6.1%
NOVA WELLNESS GROUP BHD	OP	0.400	0.470	17.5%	127	Y	06/2026	3.6	3.8	49%	4%	11.1	10.6	1.1	10.1%	1.6	4.0%
PHARMANIAGA BHD	UP	0.315	0.200	-36.5%	2,065	Y	12/2025	1.0	1.1	34%	8%	31.8	29.4	4.1	13.9%	0.0	0.0%
SCOMNET	OP	0.635	1.00	57.5%	546	Y	12/2025	3.5	4.2	-4%	18%	18.1	15.3	1.3	7.1%	2.3	3.6%

Source: Company, Bloomberg, Kenanga Research

The rest of the page is intentionally left blank.

24 February 2026

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	☆		
SPECIFIC	Product Quality & Safety	★	★	★		
	Effluent/Waste Management	★	★	☆		
	Energy efficiency	★	★	★		
	Education & Training	★	★	★	☆	
	Talent Management	★	★	☆		
	Supply Chain Management	★	★	★	☆	
OVERALL		★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my