

19 May 2026

## Pharmaniaga

### 1QFY26 In Line, Rich Valuation

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PHARMA 1QFY26 net profit rose 6% to RM32m, thanks to higher volume at the medical supply unit. We consider the results to be within our expectation as seasonally 2H is weaker than 1H. We keep our forecasts unchanged and TP of RM0.20 based on 18x FY27F EPS. The stock has exited PN17 in mid-Mar CY26. It is currently trading at rich valuation of 24x and 22x on FY26F and FY27F EPS, respectively, compared to its net profit growth averaging 21% per annum. Reiterate UNDERPERFORM.

PHARMA's 1QFY26 PATAMI came in at RM32m (+6% YoY; >100% QoQ) or 49%/42% of our/consensus 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). We consider the results to be within our expectation as seasonally 2H is weaker than 1H. A 1<sup>st</sup> interim DPS of 0.25 sen was declared which came in above our expectation.

**YoY**, 1QFY26 revenue rose 12% due to higher sales from its manufacturing operation (+29%), and from its medical supply unit (+19%) which more than offset lower its Indonesia operation (-10%). We believe, order volumes by government hospitals increased by >8% and the number of products under the APPL, has increased by >830 products. This brings 1QFY26 net profit, rising 6% to RM32m.

**QoQ**, its 1QFY26 revenue rose 26% due to strong uptick in public hospitals that typically is higher seasonally in the first quarter following the slower year-end holidays in 4QFY25. The higher revenue from medical supply unit (+45%) more than offset lower contribution from manufacturing operation (-6%) and Indonesia operation (-18%). Its 1QFY26 net profit rose three-fold to RM32m.

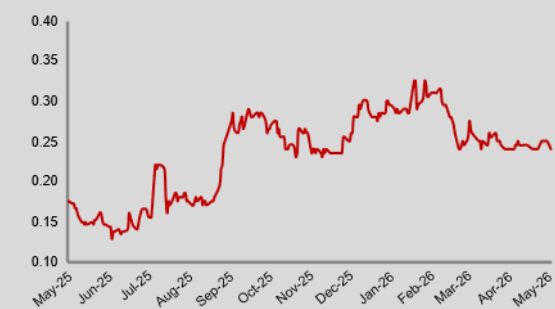
**Outlook.** The Group has proposed a share consolidation of 5 existing ordinary shares into 1 consolidated share. The exercise is expected to be completed in early June 2026. The biopharmaceutical segment continues to gain traction as a key growth pillar for the group with commencement of human insulin supply in mid-2026. In addition, the Group has obtained screening approval from the National Pharmaceutical Regulatory Agency (NPRA) for its Pneumococcal Conjugate Vaccine (PCV), marking further progress in expanding its vaccine portfolio. Within the pharmaceutical segment, it has strengthened its product offerings in the cardiovascular and urology segments with the launch of Apixaban and Dutasteride. The planned introduction of the Gemigliptin product range, including its combination variants in 2QCY26 is expected to further enhance the Group's anti-diabetic and metabolic portfolio. As a new chemical entity, Gemigliptin is anticipated to provide a differentiated offering in the Malaysian market, supporting the Group's efforts to expand its presence in the private sector and diversify its revenue base.

**Valuations.** We keep our forecasts unchanged and TP of RM0.20 based on 18x FY27F EPS 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. It is currently trading at rich valuation of 24x and 22x 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.

## UNDERPERFORM ↔

Price : **RM0.24**  
Target Price : **RM0.20** ↔

### Share Price Performance



KLCI	1,727.71
YTD KLCI chg	2.8%
YTD stock price chg	-15.8%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PHRM MK
Market Cap (RM m)	1,573.7
Shares Outstanding	6,557.0
52-week range (H)	0.34
52-week range (L)	0.13
3-mth avg. daily vol.	26,903,160
Free Float	58%
Beta	1.7

### Major Shareholders

Boustead Holdings Bhd	24.9%
Jakel Medical Sdn Bhd	14.3%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	3797.1	3873.0	3950.5
PBT / (LBT)	70.6	97.5	105.5
Net Profit / (Loss)	48.5	65.4	70.6
Core Profit / (Loss)	48.5	65.4	70.6
Consensus (NP)	-	77	80
Earnings Revision	-	-	-
Core EPS (sen)	0.7	1.0	1.1
Core EPS Growth (%)	(72.6)	34.8	8.0
NDPS (sen)	-	0.35	0.35
BVPS (RM)	0.07	0.07	0.08
PER (x)	32.4	24.1	22.3
Price/Book (x)	3.6	3.3	3.0
Net Gearing (%)	128.3	133.2	115.6
Net Div. Yield (%)	-	1.5	1.5

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

<b>Result Highlight</b>					
<b>FYE Dec (RM m)</b>	<b>4Q FY25</b>	<b>1Q FY25</b>	<b>1Q FY26</b>	<b>Q-o-Q Chg (%)</b>	<b>Y-o-Y Chg (%)</b>
<b>Turnover</b>	938.3	1055.3	1178.5	25.6	11.7
EBITDA	30.7	72.1	64.7	110.5	(10.2)
Depreciation	(9.3)	(9.9)	(9.6)	2.8	(3.2)
Net interest expense	(10.0)	(16.7)	(8.7)	(12.7)	(47.8)
EI	0.0	0.0	0.0	0.0	0.0
PBT / (LBT)	11.4	45.5	46.4	305.6	2.0
Taxation	(2.7)	(15.3)	(14.2)	424.5	(6.8)
Minorities	(1.0)	(0.7)	(0.7)	(30.7)	7.5
<b>PATAMI / (LATAMI)</b>	<b>7.7</b>	<b>29.6</b>	<b>31.5</b>	<b>309.0</b>	<b>6.4</b>
<b>Core PATAMI</b>	<b>7.7</b>	<b>29.6</b>	<b>31.5</b>	<b>309.0</b>	<b>6.4</b>
EPS (sen)	0.2	1.0	0.5	128.6	(52.5)
EBITDA margin	3%	7%	5%		
PBT margin	1%	4%	4%		
Effective tax rate	24%	34%	31%		

Source: Bursa Malaysia, Kenanga Research

<b>Quarterly segmental breakdown</b>					
	<b>1Q25</b>	<b>4Q25</b>	<b>1Q26</b>	<b>Chg % q-o-q</b>	<b>Chg % y-o-y</b>
<b>Revenue (RM m)</b>					
Logistics and Distribution	785	643	935	45.5	19.1
Manufacturing	71	97	91	(6.1)	28.6
Indonesia	270	295	243	(17.6)	(9.9)
Eliminations	(71)	(97)	(91)	(5.9)	28.8
Total	1055.3	938.3	1178.5	25.6	11.7
<b>Pre-tax profit / (loss)</b>					
Logistics and Distribution	19	5	16	236.4	(16.8)
Manufacturing	26	9	31	231.2	18.1
Indonesia	1	1	1	(1.3)	(18.5)
<b>Pre-tax profit margin (%)</b>					
Logistics and Distribution	2.4	0.7	1.7		
Manufacturing	36.7	9.5	33.7		

Source: Bursa Malaysia, Kenanga Research

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## 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.
<b>Stocks Under Coverage</b>																	
DUOPHARMA BIOTECH BERHAD	OP	1.28	1.72	34%	1,231	Y	12/2026	11.5	12.1	14.0%	5.4%	11.1	10.6	1.5	14.0%	4.6	3.6%
IHH HEALTHCARE BHD	MP	9.05	8.50	-6%	79,967	Y	12/2026	23.8	25.9	15.1%	8.5%	37.9	35.0	2.5	6.8%	10.0	1.1%
KOTRA INDUSTRIES BHD	MP	4.00	3.88	-3%	593	Y	06/2026	28.7	25.8	-4.7%	-10.1%	13.9	15.5	2.1	15.3%	24.5	6.1%
KPJ HEALTHCARE BHD	MP	3.41	2.80	-18%	15,094	Y	12/2026	7.6	8.8	8.5%	15.7%	44.7	38.6	5.6	13.0%	4.2	1.2%
NOVA WELLNESS GROUP BHD	OP	0.345	0.470	36%	110	Y	06/2026	3.6	3.8	49.4%	4.3%	9.5	9.1	0.9	10.1%	1.6	4.6%
PHARMANIAGA BHD	UP	0.240	0.200	-17%	1,574	Y	12/2026	1.0	1.1	34.0%	8.0%	24.2	22.4	3.2	13.9%	0.0	0.0%
SCOMNET BHD	OP	0.555	1.00	80%	471	Y	12/2026	4.2	4.9	38.5%	18.1%	13.3	11.2	1.1	8.3%	2.3	4.1%
SUNWAY HEALTHCARE HOLDINGS BHD	MP	1.85	1.75	-5%	21,275	Y	12/2026	2.5	3.5	11.7%	43.3%	75.5	52.7	6.5	9.7%	0.5	1.0%

Source: Company, Bloomberg, Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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.**

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