

# Duopharma Biotech

## Won RM155m Insulin contract

By Raymond Choo Ping Khoo | [pkchoo@kenanga.com.my](mailto:pkchoo@kenanga.com.my)

DPHARMA has won a contract to supply recombinant human insulin (RHI) worth RM155m from the Ministry of Health (MOH) for a three year duration. These contracts were earlier guided as a potential tender win, the value of the which came in within our expectation. Securing foundational human insulin contracts is a strategic stepping stone for DPHARMA eyeing the upcoming 2028 tenders for insulin analogues. Consequently, we reiterate our OUTPERFORM rating on DPHARMA (TP: RM1.72), which remains our Top Pick for the healthcare sector.

DPHARMA has won a contract to supply recombinant human insulin (RHI) worth RM155m from MOH for the duration of three years commencing 3 June 2026 till 2 June 2029. These contracts were earlier guided as a potential tender win, and the value of the win came in within our expectation; a formal agreement will be signed later. Recall, DPHARMA has won a non-APPL contract to supply recombinant human insulin (RHI) worth RM65.1m in Feb 2026 expiring on 15 May 2026.

DPHARMA are supplying the insulin through trading arrangements with Biocon Malaysia. The group is already eyeing upcoming CY2028 tenders for insulin analogues (such as Glargine/Aspart) and anti-obesity drugs. We understand that it is a normal progression for all insulin manufacturers to move from human insulin to insulin analogues, followed by an anti-obesity group of drugs to ensure a sustainable product pipeline.

These contracts were earlier guided as a potential tender win, and the value of the win came in within our expectation. For fill-and-finish insulin, the net margin is expected to be 5%-8%. As illustration, assuming a net margin of 8%, these latest contract wins amount to a total net profit of RM8-RM12m translating to RM2.5m-RM4m per annum or 2-4% of FY27F net profit.

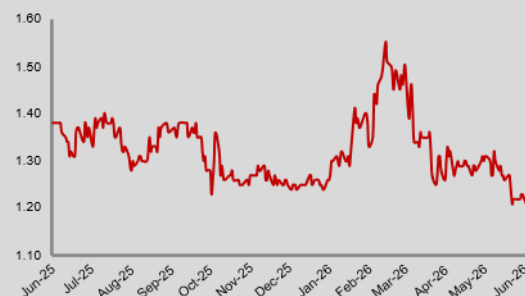
**Outlook.** It is optimistic that public sector sales are expected to be higher in FY26 as typically the last year of the contract will see a spike in demand, or volumes usually peak. The group expects the current MOH APPL contract, a three-year cycle expiring on 31 December 2026 to be extended by another six to twelve months. In our view, this is not likely to come in as a surprise based on prior precedent back in year 2023. This is because the APPL tender process typically takes seven to nine months from the initial request for bidding through negotiation and selection; however, the group has yet to receive any notification or request for proposals. For the upcoming APPL contract cycle, the group aims to maintain its existing product portfolio while securing the inclusion of 30 new products.

**Valuation and forecasts.** We maintain our forecasts, TP of RM1.72 based on unchanged 15x FY26F EPS, at 15% premium to its peers' average due to its dominant market position. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us. We like DPHARMA for: (i) its business model encompassing the entire spectrum of the pharmaceutical value chain from R&D, product conceptualisation to manufacturing and sales, and (ii) being the dominant local manufacturer of generic drugs in terms of sales volume and value. **Key risks to our recommendation include:** (i) product approval from the relevant regulatory authorities and (ii) lower-than-expected orders in the public segment.

# OUTPERFORM ↔

**Price:** RM1.21  
**Target Price:** RM1.72 ↔

### Share Price Performance



KLCI	1,675.50
YTD KLCI chg	-0.3%
YTD stock price chg	-3.2%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	DBB MK
Market Cap (RM m)	1,164.0
Shares Outstanding	961.9
52-week range (H)	1.57
52-week range (L)	1.20
3-mth avg. daily vol.	594,487
Free Float	45%
Beta	0.8

### Major Shareholders

PNB	43.1%
Employees Provident	8.9%
A S Bumiputera	6.8%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	931.7	1,152.1	1,189.7
EBITDA	179.5	211.2	218.1
PBT	114.9	144.4	152.3
Net Profit	<b>87.5</b>	<b>110.5</b>	<b>116.5</b>
Core Net Profit	<b>96.9</b>	<b>110.5</b>	<b>116.5</b>
Consensus (NP)	-	104	110
Earnings Revision	-	-	-
EPS (sen)	9.1	11.5	12.1
EPS Growth (%)	39.6	26.3	5.4
NDPS (sen)	4.55	4.55	4.55
PER (x)	13.3	10.5	10.0
PBV (x)	1.5	1.4	1.3
Net Gearing (%)	26.7	25.2	15.5
Net Div. Yield (%)	3.8%	3.8%	3.8%

10 June 2026

Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	FY Dec	2023A	2024A	2025A	2026F	2027F
Revenue	704.7	813.7	931.7	1152.1	1189.7	<b>Growth (%)</b>					
EBITDA	121.4	146.1	179.5	211.2	218.1	Turnover	1.1	15.5	14.5	23.7	3.3
Dep & Amort	(38.7)	(40.5)	(40.7)	(42.9)	(41.9)	EBITDA	(5.9)	20.3	22.8	17.7	3.3
PBT	63.3	80.0	114.9	144.4	152.3	Operating Profit	(15.5)	28.4	32.9	22.1	4.8
Taxation	-10.6	-17.4	-27.4	-33.9	-35.8	PBT	(25.4)	26.5	43.6	25.7	5.4
Net profit	52.6	62.6	96.9	110.5	116.5	Net Profit /(loss)	(24.9)	19.0	39.6	26.3	5.4
<b>Balance Sheet</b>						<b>Profitability</b>					
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	EBITDA Margin	17.2%	18.0%	18.3%	18.3%	18.3%
Fixed Assets	582.4	566.3	554.1	541.2	529.3	Operating Margin	9.5%	11%	12%	14%	47%
Int. Assets	38.8	45.0	36.9	36.9	36.9	PBT Margin	9%	10%	12%	13%	13%
Other FA	46.9	38.7	37.9	37.9	37.9	Core Net Margin	7%	8%	9%	10%	10%
Inventories	243.1	248.5	293.2	362.5	374.4	Eff. Tax Rate	17%	22%	24%	24%	24%
Receivables	147.2	195.8	223.8	276.7	285.8	ROA	7.9	9.6	13.9	17.9	19.3
Other CA	16.3	18.2	11.6	11.6	11.6	ROE	8%	9%	12%	13%	13%
Cash	270.5	264.5	290.9	285.0	353.7	<b>DuPont Analysis</b>					
Total Assets	1,345.1	1,377.0	1,448.3	1,551.8	1,629.5	Net Margin (%)	7%	8%	9%	10%	10%
Payables	100.8	128.7	162.2	200.6	207.2	Assets T/O (x)	1.9	1.7	1.6	1.3	1.4
ST Borrowings	65.5	48.0	147.4	147.4	147.4	Lev. Factor (x)	2.0	1.9	1.9	1.9	1.8
Ot. ST Liability	0.4	0.7	4.3	4.3	4.3	ROE (%)	8%	9%	12%	13%	13%
LT Borrowings	480.9	464.5	345.5	343.8	342.2	<b>Valuations</b>					
Ot. LT Liability	10.4	25.9	31.2	31.2	31.2	EPS (sen)	5.5	6.5	9.1	11.5	12.1
Net Assets	687.1	709.2	757.6	824.4	897.2	NDPS (sen)	2.3	3.0	4.6	4.6	4.6
Share Capital	432.5	432.5	432.5	432.5	432.5	BVPS (RM)	0.7	0.7	0.8	0.9	0.9
Treasury shares	319.1	354.8	408.6	475.3	548.1	PER (x)	22.1	18.6	13.3	10.5	10.0
Reserves	(64.4)	(78.1)	(83.4)	(83.4)	(83.4)	Net Div. Yield(%)	1.9%	2.5%	3.8%	3.8%	3.8%
Equity	687.1	709.2	757.6	824.4	897.2	P/BV (x)	1.7	1.6	1.5	1.4	1.3
<b>Cashflow Statement</b>											
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F						
Operating CF	48.8	82.2	106.8	93.3	168.0						
Investing CF	(43.2)	(26.3)	(27.1)	(55.5)	(55.5)						
Financing CF	107.5	(62.4)	(54.3)	(43.7)	(43.7)						
Change In Cash	113.1	(6.5)	25.5	(5.9)	68.7						

Source: Kenanga Research, Bursa Malaysia

10 June 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.
<b>Stocks Under Coverage</b>																	
DUOPHARMA BIOTECH BERHAD	OP	1.21	1.72	42.1%	1,164	Y	12/2026	11.5	12.1	14.0%	5.4%	10.5	10.0	1.4	14.0%	4.6	3.8%
IHH HEALTHCARE BHD	MP	8.70	8.50	-2.3%	76,875	Y	12/2026	23.8	25.9	15.1%	8.5%	36.5	33.6	2.4	6.8%	10.0	1.1%
KOTRA INDUSTRIES BHD	MP	3.76	3.88	3.2%	558	Y	06/2026	28.7	25.8	-4.7%	-10.1%	13.1	14.6	2.0	15.3%	24.5	6.5%
KPJ HEALTHCARE BHD	MP	3.16	3.05	-3.5%	13,987	Y	12/2026	8.0	8.7	13.8%	8.1%	39.5	36.5	5.1	13.8%	4.2	1.3%
NOVA WELLNESS GROUP BHD	MP	0.330	0.380	15.2%	105	Y	06/2026	2.9	3.0	19.5%	4.3%	11.4	10.9	0.9	8.2%	1.6	4.8%
PHARMANIAGA BHD	MP	1.33	1.15	-13.5%	1,744	Y	12/2026	5.1	6.2	38.1%	21.4%	26.0	21.4	3.5	14.6%	0.4	0.3%
SCOMNET BHD	OP	0.515	0.850	65.0%	436	Y	12/2026	3.7	4.3	21.2%	17.8%	14.1	11.9	1.0	7.3%	2.3	4.5%
SUNWAY HEALTHCARE HOLDINGS BHD	MP	1.75	1.75	0.0%	20,125	Y	12/2026	2.5	3.5	11.7%	43.3%	71.4	49.8	6.1	9.7%	0.6	0.3%

Source: Company, Bloomberg, Kenanga Research

### 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	★	★	☆		
	Automation & Innovation	★	★	★		
	Energy Efficiency	★	★	★	☆	
	Supply Chain Management	★	★	★	☆	
	Legal & Regulatory Compliance	★	★	★		
<b>OVERALL</b>		★	★	★		

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

10 June 2026

**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](http://www.kenanga.com.my) Email: [research@kenanga.com.my](mailto:research@kenanga.com.my)