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PRESS RELEASE

Pharmaniaga Records Higher Q2 PAT of RM10 Million
Declares Second Interim Dividend of 2.5 sen per share

KEY HIGHLIGHTS

- Profit after taxation up by 4% to RM10 million.
- Revenue grew by 7% to RM646 million.
- Second interim dividend of 2.5 sen per share declared.

KUALA LUMPUR, August 19, 2020 – Pharmaniaga Berhad (Pharmaniaga) registered improved results for its second quarter ended 30 June 2020. Profit after taxation (PAT) grew to RM10 million, up by 4% from the same quarter last year, while profit before zakat and taxation (PBT) rose by 15% to RM14 million. This was achieved on the back of a strong turnover of RM646 million, reflecting a 7% increase from the previous year's corresponding quarter.

The cumulative six-month period ended 30 June 2020 registered a double-digit PAT growth of 11%, while PBT was recorded at RM45 million and revenue grew to RM1.5 billion.

For second quarter ended 30 June 2020

(All figures are stated in RM'000)	Current Period		Cumulative Period	
	Q2 2020	Q2 2019	2020	2019
Revenue	645,763	601,890	1,465,684	1,387,998
Cost of sales	(569,296)	(528,532)	(1,290,885)	(1,216,343)
Gross profit	76,467	73,358	174,799	171,655
Other income	368	447	663	809
Operating expenses	(53,604)	(51,483)	(111,925)	(110,490)
Finance costs	(9,081)	(10,392)	(18,694)	(20,034)
Interest income	176	551	363	784
Profit before zakat and taxation	14,326	12,481	45,206	42,724
Zakat	(4)	(2,225)	(8)	(2,253)
Taxation	(4,715)	(994)	(13,176)	(11,561)
Profit for the financial period	9,607	9,262	32,022	28,910

As a result of this strong performance, the Board of Directors declared a second interim dividend of 2.5 sen per share. The dividend will be paid on 6 October 2020 to shareholders on the register as at 8 September 2020.

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Encik Mohamed Iqbal Abdul Rahman, Acting Managing Director of Pharmaniaga Berhad said, “The Group’s performance was driven by increased demand in the non-concession business. This was primarily as a result of higher sales of personal protective equipment due to the ongoing Covid-19 pandemic. In tandem, Pharmaniaga continued to ensure a stable stream of medicines and medical supplies to Ministry of Health facilities, coupled with provision of logistics and distribution services.”

“Moving forward, the Group remains committed to strengthen operations across all its Divisions and endeavouring in new ventures in line with the current healthcare industry. Along with serving the healthcare requirements of the Rakyat, this will enable the Group to continue delivering better results.”

“Taking a longer-term perspective, the Group is focused on enhancing prospects by improving manufacturing and operational efficiencies, as well as progressing in our research and development efforts. This will allow us to tap on new opportunities, both in Malaysia and in our overseas markets, to ensure the sustainable growth of the Group in the years ahead,” concluded Mohamed Iqbal Abdul Rahman.

Division	Consolidated Revenue RM'000		Consolidated Profit/(Loss) before zakat and taxation RM'000	
	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Logistics and Distribution	1,051,637	989,295	37,035	18,900
Manufacturing	136,632	141,854	12,588	27,562
Indonesia	412,386	393,573	(1,934)	66
Elimination	(134,971)	(136,724)	-	-
Unallocated corporate expenses	-	-	(2,483)	(3,804)
Total	1,465,684	1,387,998	45,206	42,724

The Logistics and Distribution Division turned in a higher PBT of RM37 million for the first six months, up by 96% compared with RM19 million in the same period last year. This was driven by improved contributions from the non-concession business.

The Manufacturing Division posted a PBT of RM13 million on the back of a revenue of RM137 million, in line with order trends from Government hospitals. The outlook remains positive for the Division, with new product launches in the pipeline. In addition, further expansion into overseas markets, as well as increased capacity utilisation via its contract manufacturing business will be pursued by the Group.

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The Indonesia Division recorded a deficit of RM2 million. This was mainly attributable to higher finance costs as a result of the delay in payments from government hospitals currently affecting Indonesia's healthcare industry. The Division was further impacted by Indonesia's large-scale social restrictions, *Pembatasan Sosial Berskala Besar*, in response to the Covid-19 pandemic, which resulted in limited access to doctors, clinics, pharmacies and hospitals.

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ABOUT PHARMANIAGA BERHAD

Pharmaniaga Berhad, a member of Boustead Group is an investment holding company listed on the Main Board of Bursa Malaysia Securities Berhad. The Pharmaniaga Group's core businesses are warehousing and distribution of pharmaceutical and medical products; generic pharmaceuticals manufacturing; marketing and sales; research and development; trading and installation of medical and hospital equipment as well as community pharmacy.

With strengths and expertise spanning across the health services chain, Pharmaniaga Group's business operations are expanding in Malaysia and the international markets with presence in Indonesia and Vietnam, thus strengthening our position as a regional leader in the international pharmaceutical arena.

In line with our motto ***Passion for Patients***, Pharmaniaga emphasises on the importance of our customers by ensuring that all products produced are safe, of high quality, and coupled with excellent services.

Issued for the Pharmaniaga Group by Corporate Communications Department, Pharmaniaga Berhad. For media enquiries, please contact Dato' Zuhri Iskandar Kamarzaman, Senior General Manager, Corporate Communications Department at 03 3342 999 ext 434 or by email zuhri@pharmaniaga.com