

MEDIA RELEASE

**PHARMANIAGA TO REVOLUTIONISE MALAYSIA'S
PHARMACEUTICAL HEALTHCARE INDUSTRY WITH
MEDICAL PRODUCTS DELIVERY VIA DRONES**

SHAH ALAM, 8 NOVEMBER 2021 – Pharmaniaga Berhad (Pharmaniaga) is exploring the use of Unmanned Aerial Vehicles or drones for pharmaceutical-grade medical delivery to enhance its logistics capabilities and make healthcare services more accessible, especially to remote and geographically challenging areas without compromising on the safety, integrity and quality of the medicines.

Through this initiative, Pharmaniaga aims to dramatically reduce delivery time and cost as well as increase supply chain efficiencies as drone delivery is estimated to be five times more efficient than conventional delivery methods that require boats and off-road vehicles to deliver medicines to remotely located Government hospitals and clinics.

The first phase of the Proof of Concept (POC) of this project, code-named Project Eagle has successfully taken place recently in Pulau Pangkor, Perak which involved a distance of 4.2 km from a jetty in Manjung to Klinik Kesihatan Pangkor, with approximately 3 kg of medicines delivered for emergency medical treatment. The POC was the first longest-distance drone medical delivery of pharmaceutical products over water in Malaysia, led by a female pilot.

Pharmaniaga Group Managing Director Datuk Zulkarnain Md Eusope said Project Eagle would bring the Group one step closer to rolling out a large-scale programme for the delivery of vital medicines via drones.

“A normal mode of delivery using a ferry from the jetty in Manjung to the clinic at Pulau Pangkor will take approximately 30 minutes, as opposed to only 3.5 minutes when using the drone as demonstrated. Despite the unfavourable weather, as it was drizzling with poor visibility due to 100% cloud cover, Project Eagle in Pulau Pangkor was carried out successfully.

“The drone technology is advanced in terms of performance and cost-effectiveness compared to traditional logistics, especially when delivering products to geographically-challenging locations.

“The use of drones has high potential to be applied for emergency and rapid response geographically challenging. Even in narrow and limited landing space, it was a precision landing for the Project Eagle drones using QR Code. This is truly a leading-edge and new era of transporting medicines.

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“There are certain challenges that might limit us from achieving our full objectives with drones, but we believe the drone technology will evolve rapidly with better capabilities and with the strong support from the regulators and authorities, we can overcome them,” he said.

Project Eagle will continue with several more stages at different locations and terrains, including the remote areas in Sabah and Sarawak. Findings from the project will be documented and submitted to the relevant ministries and government agencies.

Supporting Project Eagle are the Ministry of Health, Ministry of Science, Technology and Innovation, Malaysian Global Innovation & Creativity Centre, Technology Park Malaysia, Civil Aviation Authority of Malaysia, Boustead Holdings Berhad and Meraque Services Sdn Bhd.

Since last year, the Government has adopted drone technology as a delivery method for medical products such as blood samples and microbiological specimens. Other than that, it is used in agricultural industries for pesticide spraying despite its limitation in effectiveness for weather conditions such as unpredictable speed and direction of winds. The usage of drone’s technology in large scale misting of areas with disinfectants, especially outdoor places is recently used by a few countries in battling COVID-19.

Malaysia is poised to be the frontrunner in the drone technology industry, which is expected to generate US\$127 billion (RM517 billion) by 2025. The global market size specific to drone package delivery was US\$642.4 million in 2019, and is projected to reach US\$7.4 billion in 2027.

Pharmaniaga is the leading pharmaceutical Company of Boustead Holdings Berhad group of companies, and together with Lembaga Tabung Angkatan Tentera, are the major shareholders of the Company.

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About Pharmaniaga Berhad

Pharmaniaga is the leading pharmaceutical company of Boustead Holdings Berhad Group of Companies, which together with the Armed Forces Fund Board, are the major shareholders of the Company. Listed on the Main Board of Bursa Malaysia, Pharmaniaga's core businesses are generic pharmaceuticals manufacturing; research and development; marketing and sales; warehousing and distribution of pharmaceutical and medical products; supply, trading and installation of medical and hospital equipment as well as community pharmacy.

With a vision to be the premier Malaysian pharmaceutical company, Pharmaniaga is guided by its philosophy of 'Do It Right Always' and is empowered by its motto of Passion for Patients. Strengthened by nine manufacturing plants, nationwide logistics and distribution in Malaysia and Indonesia as well as products registered in 15 countries, Pharmaniaga Group is positioned to be a regional player in the international pharmaceutical arena.

Forward-looking statement

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Pharmaniaga Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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