Pharmaniaga on track to achieve headline KPI target

SUBANG: Pharmaniaga Bhd is on track to achieve its headline key performance indicator (KPI) target for the financial year ending Dec 31, (FY09) for revenue growth and return on equity (ROE) of 6% and 15% respectively based on its recently-announced first-quarter results.

"The targets set are commendable given the tougher operating environment as the group does not expect to grow at the same pace in 2009 as it did in 2008," chairman Datuk Azman Yahya said after the company AGM yesterday.

For FY08, the group's revenue rose 10.3% to reach RM1.31bil compared with RM1.18bil in FY07 while pre-tax profit was up 16.3% to RM90.6mil compared with RM77.9mil.

The improvement was due to the increase in concession sales to the Health Ministry, increase in sales to the private sector and contribution from its Indonesian subsidiary, PT Millennium Pharmacon International Tbk.

"Despite improvements in revenue and pre-tax profit, we were unable to achieve our headline KPI for 2008, which was 20% and 18% for revenue growth and ROE respectively," Azman added.

Going forward, the company will continue to focus on its Malaysian and Indonesian operations to achieve improved performance.

"We will make every effort to achieve the KPI target this year," Azman said, adding that in Malaysia, the group would continue to further improve its cost efficiency in warehousing and manufacturing.

Its small-volume injectibles plant in Puchong, which is expected to commence operation by the last quarter of this year, should increase the company's capability and enable it to venture into new markets.

"This is one of the most advanced plants and we have invested close to RM100mil in it," he said.

As for its Indonesian operation, the group intends to increase the number of its principals in the next three years from the current 20. The company also expects to spend RM50mil to RM80mil to improve the information technology systems in its Indonesian operation besides the overall replacement of machinery and renovation works.

The group, which commands a 30% share in the local pharmaceutical market worth about RM3bil, intends this year to launch 14 new products, which are mainly generic, as part of its efforts to capture a larger market share.

"We do not expect spending in healthcare to be adversely impacted due to the economic conditions but demand for generic products may increase," Azman noted.

On its concession agreement which will expire at year-end, Azman said he hoped the Government would look at the matter favourably, based on its past performance.

The group holds a 15-year concession to supply and distribute pharmaceutical and medical products to hospitals and medical institutions under the Health Ministry.