

Price: 2,880

Recommendation: Buy

Industry: Pharmaceuticals

Sector: Healthcare

Report Date: 31-Mar-2025

GlaxoSmithKline Pharmaceuticals Limited is focused on sustaining double-digit sales growth through volume increases and digital acceleration. The company is enhancing interactions with healthcare practitioners and promoting appropriate antibiotic use via its India Infection Index. Key growth areas include adult vaccination, with a focus on Shingles awareness, and specialty medicines like Nucala and Trelegy. GSK is also expanding its oncology portfolio and conducting clinical trials in India.

Sales		Profit & Loss		Profitability Matrix	
Current Year	3668 Cr	Operating Profit(Year)	1094 Cr	Operating Profit Margin	29.8 %
Previous Year	3216 Cr	Operating Profit(Quarter)	290 Cr	EBITDA Margin	26.55 %
Current Quarter	946 Cr	PAT (Year)	651 Cr	Net Profit Margin	19.1 %
Previous Quarter	1000 Cr	PAT (Quarter)	229 Cr	EPS	50.3
Revenue (QYoY)	805 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	57.6	Sales Growth	11.9 %	Sales Growth	-5.4 %
PEG Ratio	6.33	PAT Growth	10.9 %	Sales Growth QYoY	17.52 %
EV/EBITDA	38.9	EPS Growth	45.8 %	PAT Growth	-6.53 %
P/B	29.1	Dividend Yield	1.11	PAT Growth QYoY	29.38 %
Capital Allocation		Holdings		Leverage	
RoE	36.8 %	Promoter	75.0 %	Debt/Equity	0.01
RoA	18.9 %	FII	4.50 %	Debt	14.8 Cr
RoCE	50.7 %	DII	7.30 %	Market Cap	48795 Cr
RoIC	84.4 %	Public	13.2 %	Enterprise value	47710 Cr
		No of Shares	16.9 Cr	Cash Equivalents	1099 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

GlaxoSmithKline Pharmaceuticals Limited has outlined a strategic focus on maintaining double-digit sales growth, driven by volume rather than price increases. The company has emphasized digital acceleration to enhance interactions with healthcare practitioners, optimizing their field force while increasing touchpoints through digital channels. This approach has been instrumental in achieving strong volume growth in their general medicine business. The company is also leveraging its India Infection Index to promote appropriate antibiotic use, contributing to improved clinical outcomes and combating antimicrobial resistance. These initiatives are part of a broader strategy to sustain growth and expand market presence.

The company is actively pursuing new growth platforms, particularly in adult vaccination, with a focus on Shingles awareness. Innovative campaigns have been launched to educate consumers about Shingles prevention, utilizing both traditional and digital media. In the specialty medicines segment, products like Nucala and Trelegy are highlighted as key growth drivers, with Nucala targeting severe eosinophilic asthma and Trelegy being the fastest-growing therapy in the Bronco inhalation space. The company is also preparing to launch new oncology assets, with marketing authorizations secured for treatments targeting gynecological malignancies.

Looking ahead, GlaxoSmithKline is committed to sustaining its growth momentum by investing in clinical trials and expanding its product portfolio. The company is conducting 16 global clinical trials in India, with a focus on oncology and other therapeutic areas. This investment in research and development is expected to open new revenue streams and enhance the company's competitive position. The management has expressed confidence in the potential of their new assets to contribute significantly to future growth, with plans to launch new products in the coming quarters.

While the company has achieved significant milestones, there are areas for improvement. The adult vaccination ecosystem is still developing, requiring continued investment and patience. The company acknowledges the challenges of creating new market categories and the need to protect investments from commoditization. Despite these challenges, GlaxoSmithKline remains focused on delivering top-line growth and sustaining margins, with a strategic emphasis on innovation and market expansion. The company's ability to adapt to market changes and leverage its diversified portfolio positions it well for future success.

GLAXO Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
P & G Health Ltd	8542.87	34.80	33.46%	-1.16%	-0.06%	10.41%	26.13%
Abbott India	65281.17	48.92	34.88%	-1.13%	12.33%	0.61%	16.01%
Glaxosmi. Pharma	48794.87	57.61	36.83%	-5.37%	17.56%	-6.84%	28.79%
Astrazeneca Phar	21519.13	128.39	22.92%	7.91%	43.98%	42.28%	246.08%
Pfizer	18319.68	29.76	16.10%	-8.60%	-0.37%	-19.42%	2.81%

Aspect	Commentary
Revenue	The company experienced a notable increase in revenue, with a year-over-year growth of 11.9%. This growth is primarily driven by volume increases rather than price hikes, indicating strong market demand and effective sales strategies. The focus on digital acceleration has enhanced customer interactions, contributing to this positive trend.
Profit & Loss	Operating profit margins are robust at 29.8%, reflecting efficient cost management and strong operational performance. The net profit margin of 19.1% indicates healthy profitability, supported by strategic initiatives in cost control and revenue growth. The company is well-positioned to sustain profitability.
Profitability Matrix	The company's profitability metrics are strong, with an operating profit margin of 29.8% and a net profit margin of 19.1%. These figures highlight effective cost management and operational efficiency. The EPS growth of 45.8% further underscores the company's ability to enhance shareholder value.
Valuation Matrix	The valuation metrics indicate a high market valuation with a trailing P/E of 57.6 and a PEG ratio of 6.33. These figures suggest that the market has high growth expectations for the company. The EV/EBITDA of 38.9 reflects the company's strong earnings potential relative to its enterprise value.
Growth (YoY)	Year-over-year growth is positive, with sales increasing by 11.9% and PAT by 10.9%. This growth is driven by strategic initiatives in digital acceleration and market expansion. The company is focused on sustaining this momentum through innovation and expanding its product portfolio.
Growth (QoQ)	Quarter-over-quarter growth shows a decline in sales by 5.4% and PAT by 6.53%. However, the year-over-year quarterly growth remains strong, indicating that the company is effectively managing short-term fluctuations while maintaining long-term growth strategies.
Capital Allocation	The company demonstrates strong capital allocation with a RoE of 36.8% and RoCE of 50.7%. These metrics indicate efficient use of capital to generate returns. The focus on strategic investments and cost management supports sustainable growth and shareholder value creation.
Holdings	The promoter holding is significant at 75%, indicating strong control and confidence in the company's future. Institutional investors hold a combined 11.8%, reflecting market confidence. The public holds 13.2%, providing liquidity and market participation.
Leverage	The company maintains a low leverage with a debt/equity ratio of 0.01, indicating prudent financial management. This low level of debt provides financial flexibility and reduces risk, allowing the company to invest in growth opportunities without significant financial constraints.

Analyst viewpoint: GlaxoSmithKline Pharmaceuticals Limited is poised for continued growth, driven by strategic initiatives that capitalize on strong market demand and effective sales strategies. The company has achieved a commendable year-over-year sales growth of 11.9%, primarily through volume increases, underlining the effectiveness of its digital acceleration and customer interaction enhancements. With an operating profit margin robust at 29.8%, the company is demonstrating strong operational performance and efficient cost management, reinforcing its position as a formidable player in the market. GlaxoSmithKline's strategic focus on innovation—particularly in expanding its adult vaccination and specialty medicines portfolio, coupled with ongoing clinical trials—positions it well for sustaining growth momentum in the short to mid-term. This promising trajectory is further supported by a high P/E ratio of 57.6, indicating market optimism about the company's growth prospects.

Despite these positives, it is important to consider the area's potential risks. The company's quarter-over-quarter metrics show a temporary decline in sales and profit, indicating the need for vigilance against short-term market dynamics. Nonetheless, GlaxoSmithKline's efficient capital allocation—with a Return on Equity (RoE) of 36.8% and low leverage exemplified by a debt/equity ratio of 0.01—provides it with the financial flexibility needed to navigate these challenges gracefully. The decision to maintain a significant promoter holding at 75% underscores the confidence in sustaining its strategic goals, while also ensuring robust control over its operational direction, affirming our bullish outlook on its mid-term performance trajectory.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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