



# Pakistan Pharma Sector - in pictures

**Abdul Basit**

[a.basit@js.com](mailto:a.basit@js.com)

+92 21 111 574 111 Ext: 3118

*March 27, 2025*



www.Jamapunji.pk

Research Entity Notification No.: REP-084

JS Research is available on Bloomberg, Thomson Reuters, CapitalIQ and [www.jsycl.com](http://www.jsycl.com)

Please refer to the important disclosures and disclaimer on the last page

## CY24: Improving profitability prospects

- We analyse CY24 performance of the listed pharmaceutical sector, using a sample size of nine companies. The year remained positive for the sector, mainly due to stable currency and raw material prices, coupled with the deregulation of non-essential drug pricing, which enabled companies to pass on cost impacts as needed to ensure the availability of key drugs.
- During CY24, our sample companies cumulatively posted a significant topline growth of 20% YoY, reaching Rs297bn, mainly driven by an increase in drug pricing, which supported 9ppts YoY higher gross margins to 35%. Likewise, the bottom line came in at Rs22bn, reflecting a 3x YoY growth
- On the sequential front, topline growth during 4QCY24 hovered around 27% YoY, with major impact from deregulation, which led to price increases that were more pronounced in 2HCY24. As a result, gross margins remained significantly high, up 11ppts YoY to 39% during the quarter.
- Going forward, we expect the sector's profitability to remain elevated, as we believe the full impact of deregulation will materialize in CY25. Additionally, ongoing monetary easing and cost saving measures are expected to provide further impetus to leveraged and integrated players, especially AGP.

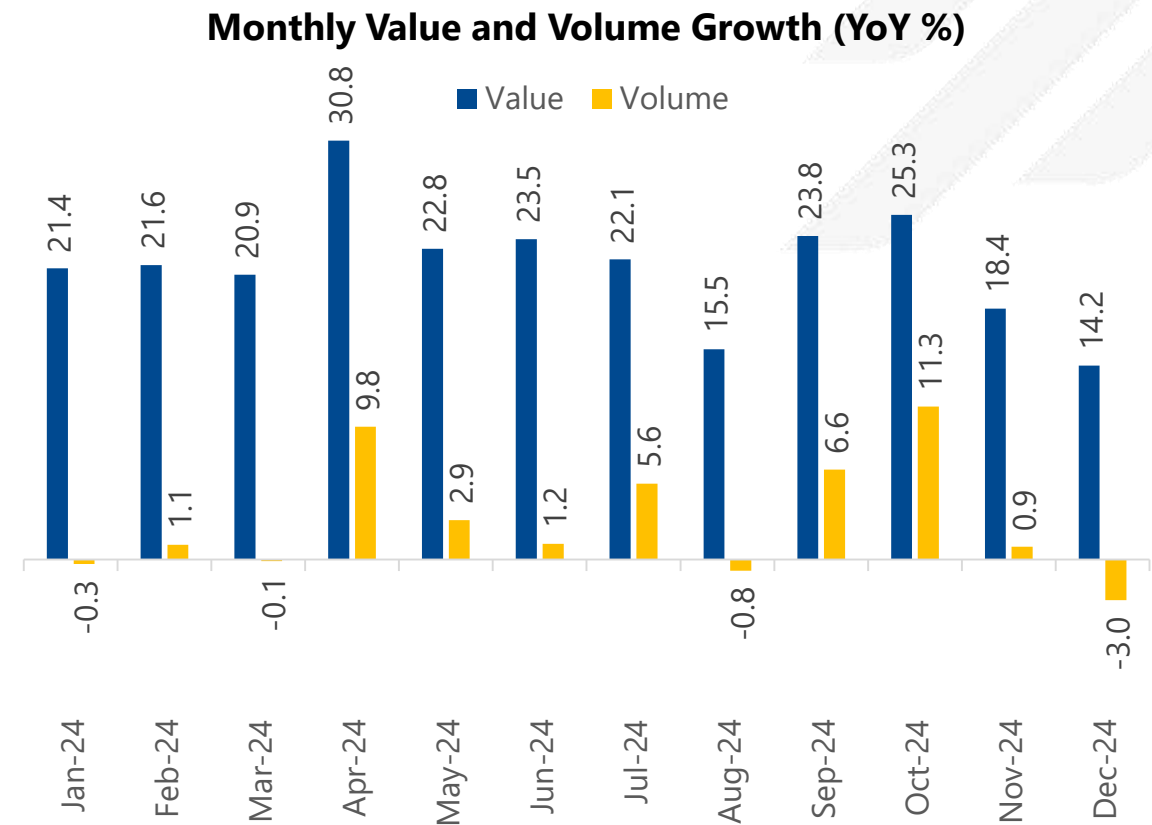
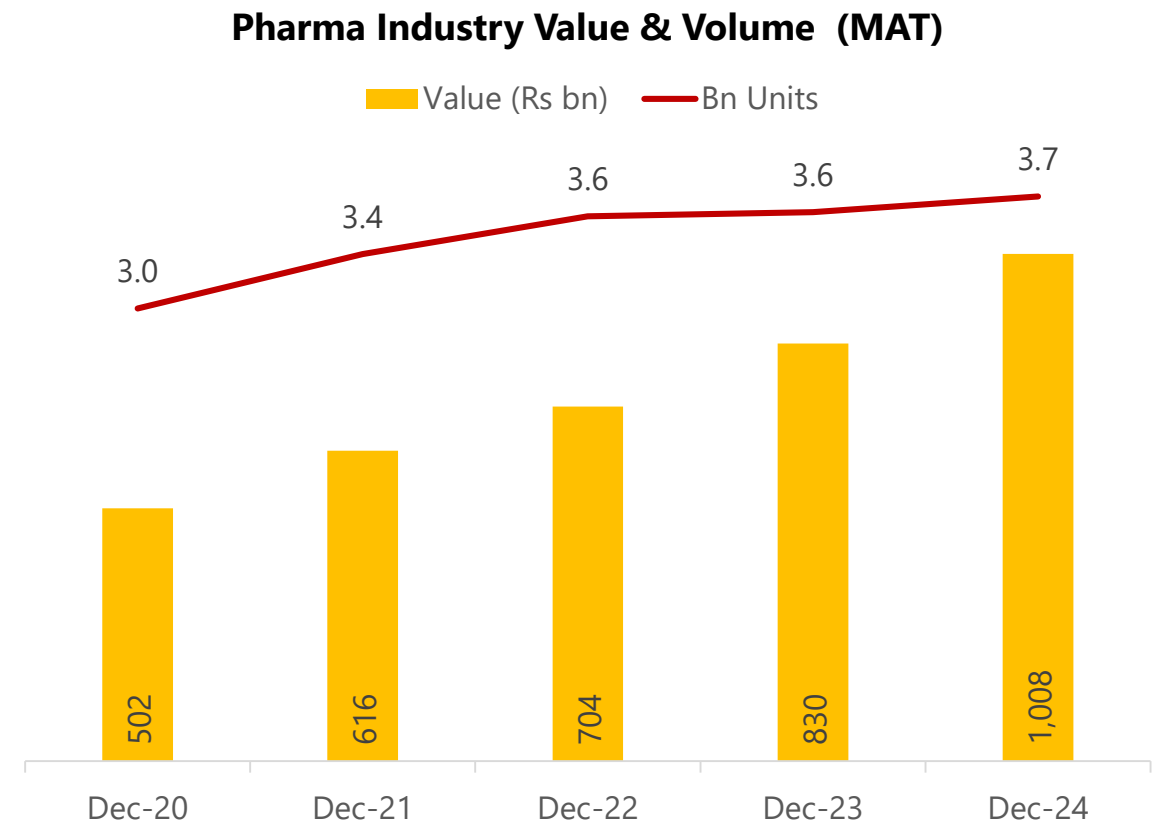
Companies	Code
AGP Limited	AGP
GlaxoSmithKline Pakistan Limited	GLAXO
Haleon Pakistan Limited	HALEON
Abbott Laboratories (Pakistan) Limited	ABOT
Ferozsons Laboratories Limited	FEROZ
Highnoon Laboratories Limited	HINOON
Citi Pharma Ltd.	CPHL
Hoechst Pakistan Limited	HPL
The Searle Company Limited	SEARL

*\* Our sample size listed accounts for ~90% of the pharmaceutical sector market capitalization.*

# Pharmaceutical Industry of Pakistan

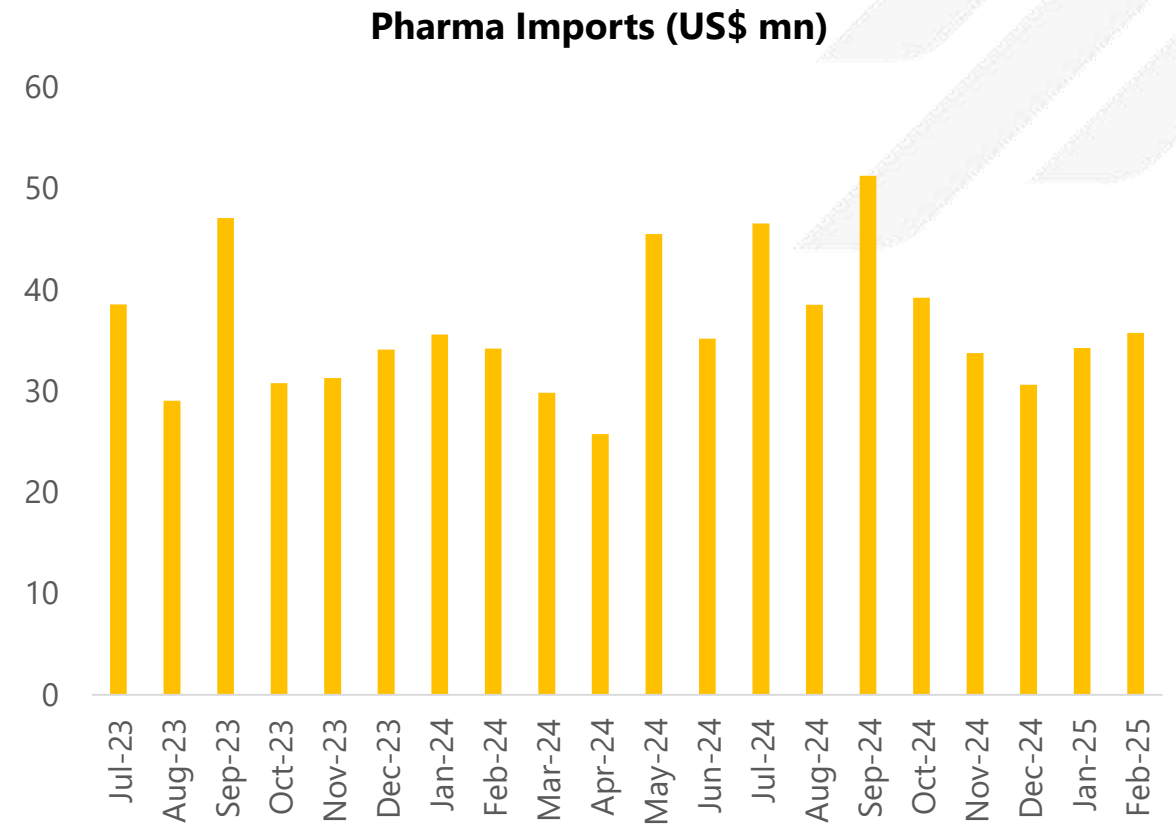
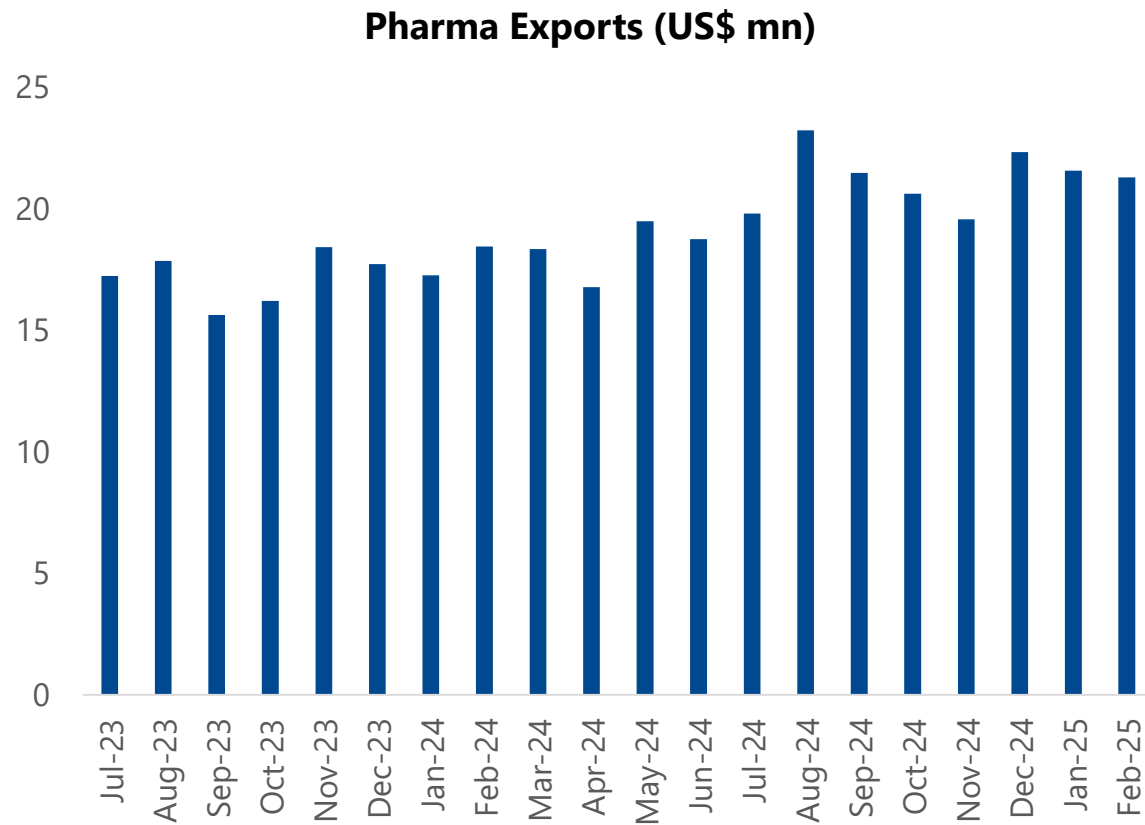
---

# Pharmaceutical Industry crosses Rs1trn mark



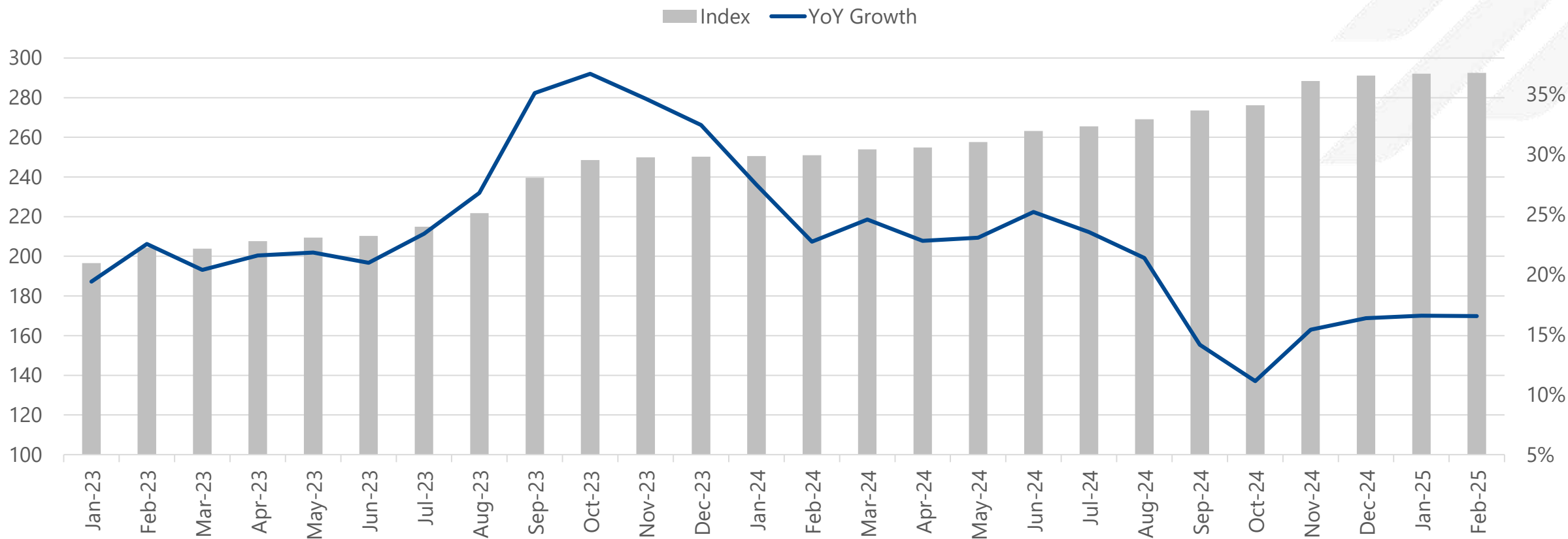
➤ The pharmaceutical industry continues to grow, surpassing Rs1trn (+21% YoY) in value terms as of Dec-2024 based on the moving annual total, with a 4-year CAGR of 19%. Volumes remained around 3.7bn units (+3% YoY) according to the moving annual total as of Dec-2024.

# Pharmaceutical product exports



- Pharmaceutical product exports reached US\$236mn during CY24, posting 15% YoY growth, and are likely to improve further, driven by a positive sector outlook post-deregulation. Additionally, the SIFC's endorsement on recent deregulation of non-essential drugs is likely to limit downside risks on that front.
- On the other side, pharmaceutical imports during CY24 stood at US\$446mn, up 6% YoY.

# Drugs & medicine price growth trend

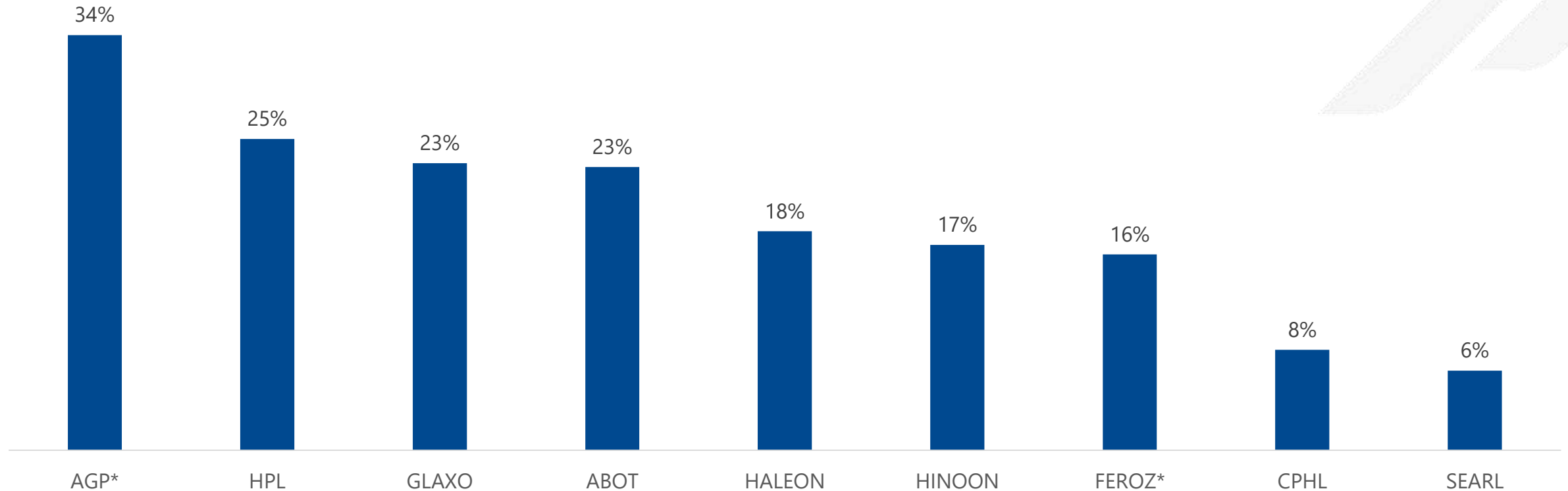


➤ The drug & medicines index posted an average increase of 21% YoY during CY24, compared to an average headline CPI of 13.14% YoY during the same period. The major medicines included in the drug & medicines index are Panadol (plain), Flagyl, Ventolin, Daonil, Entox, CAC 1000, Amoxil, Lederplex, Phenergan, Calpol syrup, Hydryllin syrup, Betnovate-N ointment, and Glaxose-D.

## Sector profitability during 2QFY25

---

## CY24: AGP ranks #1 on YoY Revenue growth

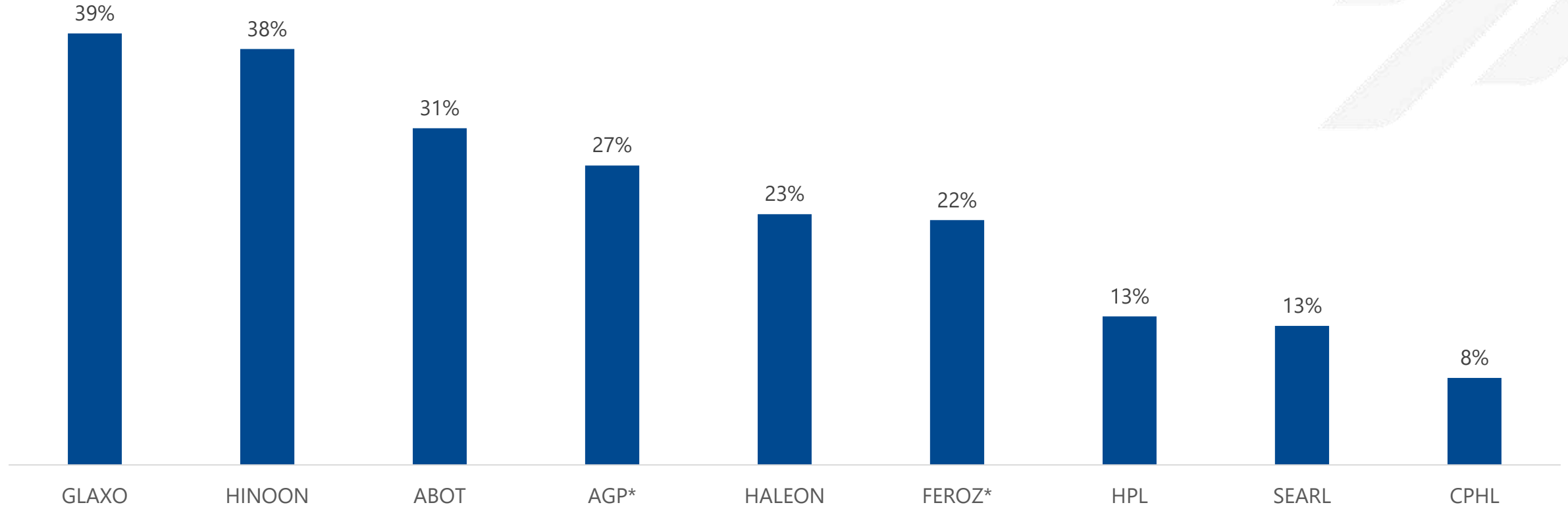


- During CY24, our sample posted a significant topline growth of 20% YoY, reaching Rs297bn, mainly driven by an increase in drug pricing, which supported higher margins. Among the sample, AGP posted highest topline growth of 34% YoY, followed by HPL posting a growth of 25% YoY, and GLAXO and ABOT posting a value growth of 23% YoY each during the outgoing year.

Source: Company accounts, PBS, JS Research



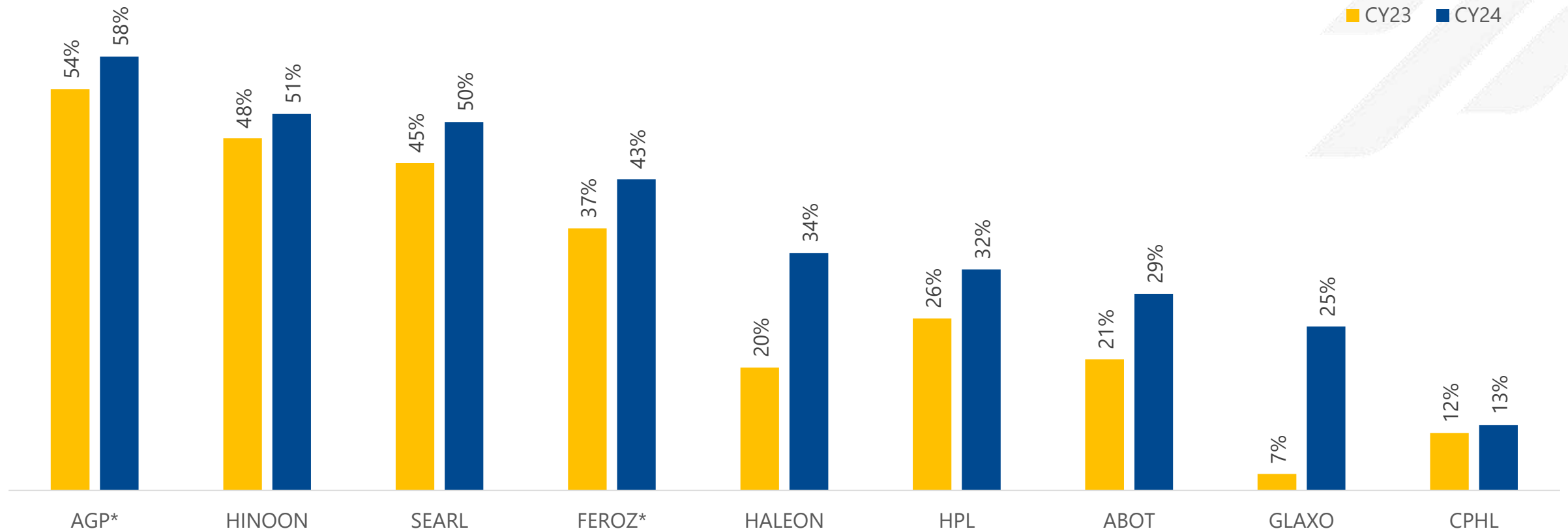
## GLAXO & HINOON outperform peers on YoY sales growth in 4QCY24



- On the sequential front, topline growth during 4QCY24 hovered around 27% YoY, with a major impact from deregulation, which led to price increases that were more pronounced in 2HCY24. Among the sample, GLAXO posted highest topline growth of 39% YoY, followed by HINOON, ABOT, and AGP posting a growth of 38% YoY, 31% YoY, and 27% YoY, respectively.

\* consolidated

## CY24: Gross margin expansion led by deregulation & improved macros

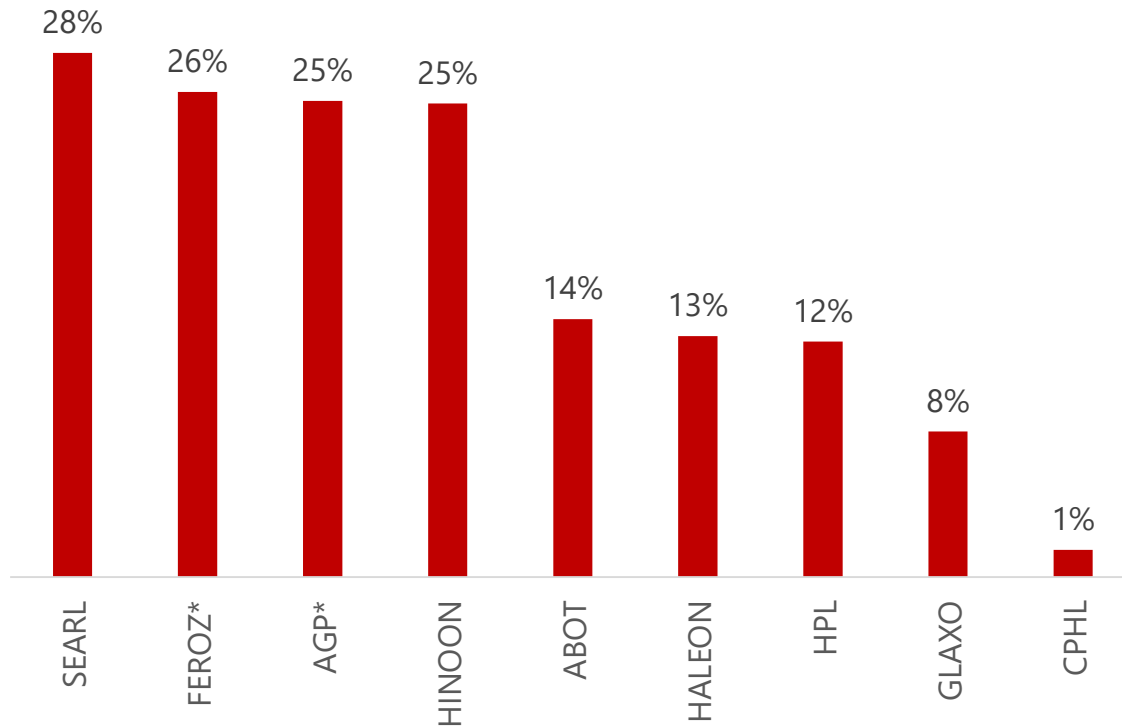


- Improving macros led to a stable PKR and an ongoing disinflation trend, which boded well for the sector's profitability prospects. Additionally, deregulation provided further breathing space to the sector. Almost all pharmaceutical players demonstrated robust growth in gross margins during the year, with AGP leading the industry at a gross margin of 58% YoY. GLAXO witnessed a significant recovery of 18ppts YoY during the year.

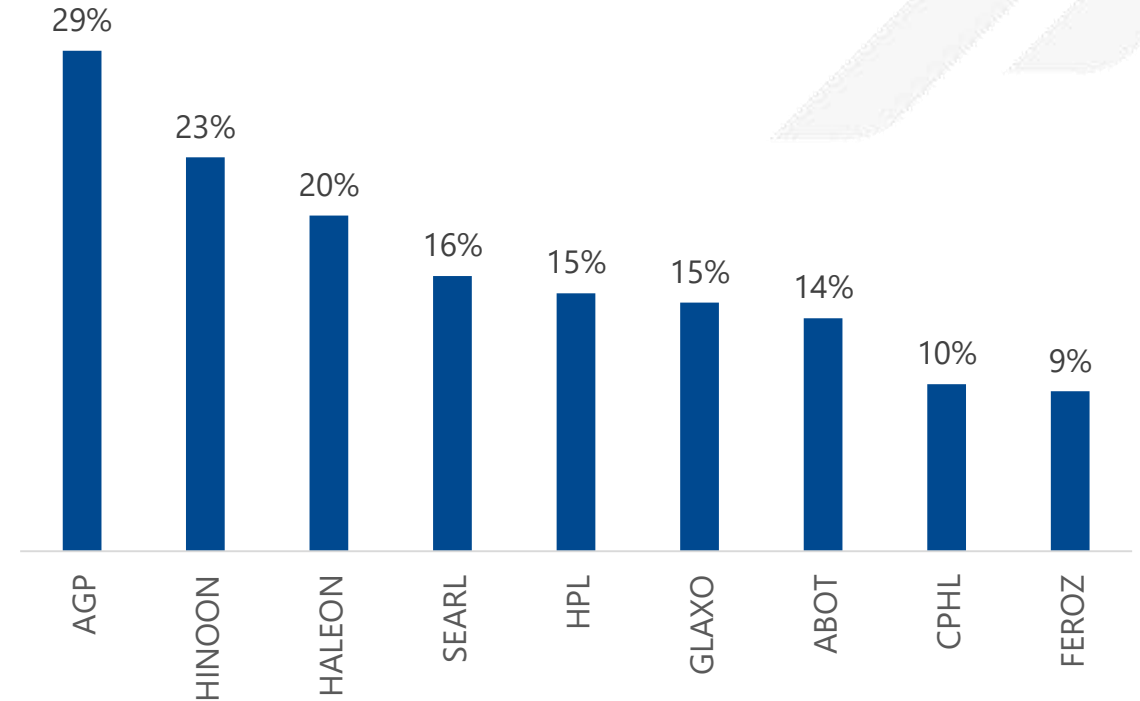
*\* consolidated*

# Operating level profitability during CY24

Selling expenses as a % of sales



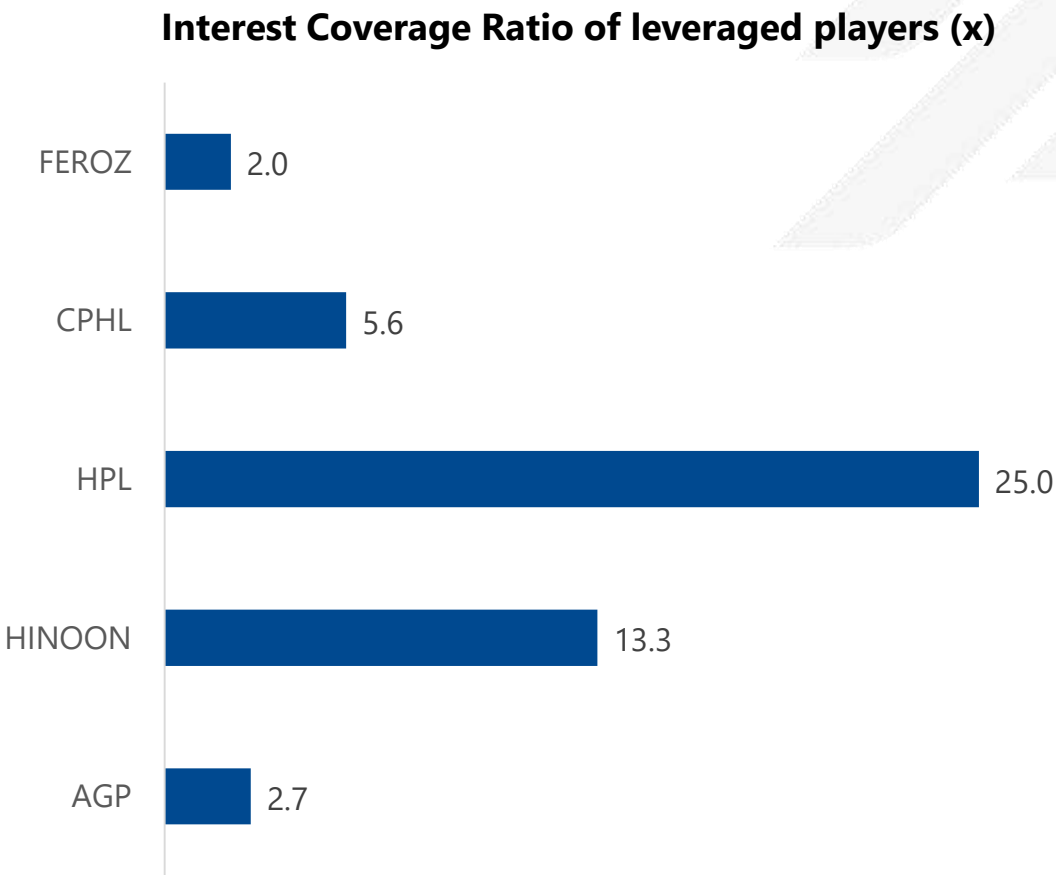
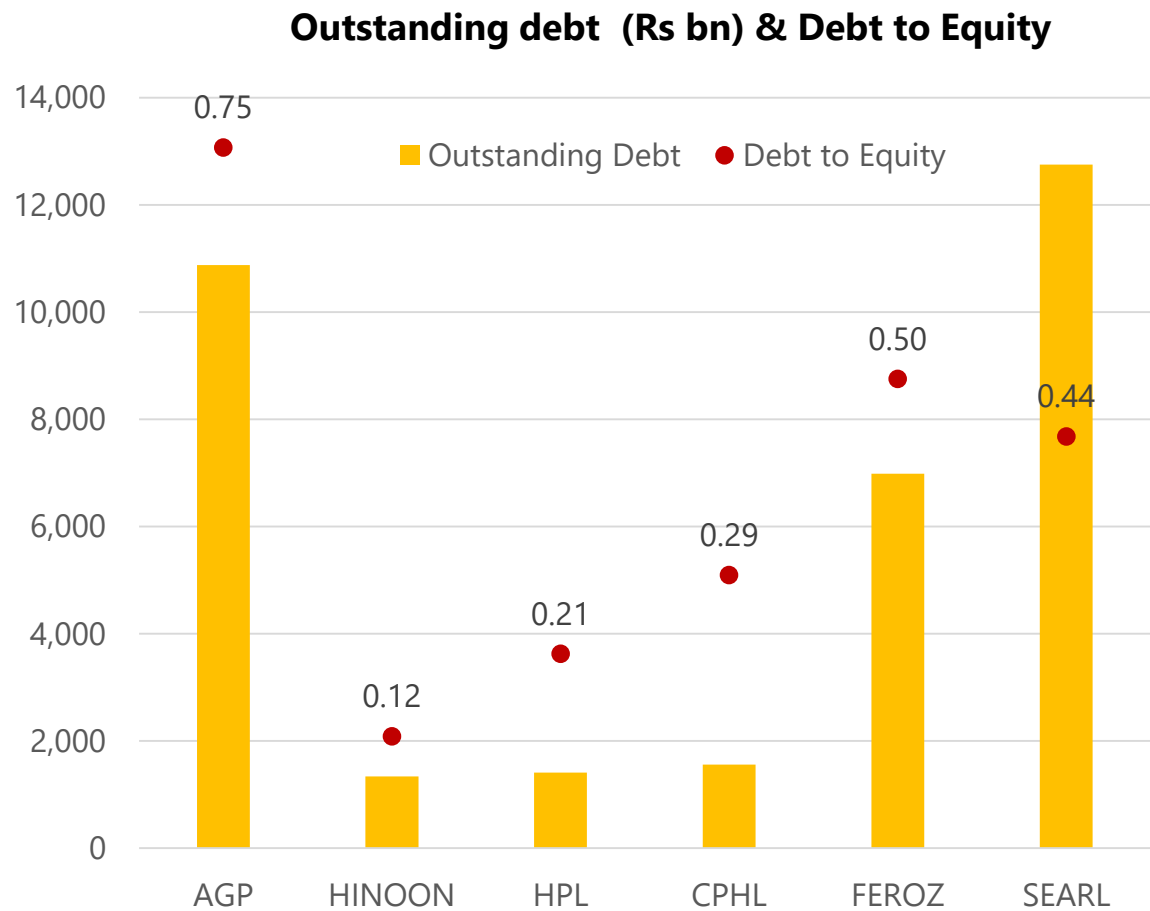
Operating Margin – CY24



- Most companies showed an expansion in operating margins during the outgoing year, owing to the aforementioned prospects. AGP continued to lead its peers on operating margins. On the selling expense front, SEARL's selling expenses as a percentage of sales remained the highest in the industry, followed by FEROS and AGP.

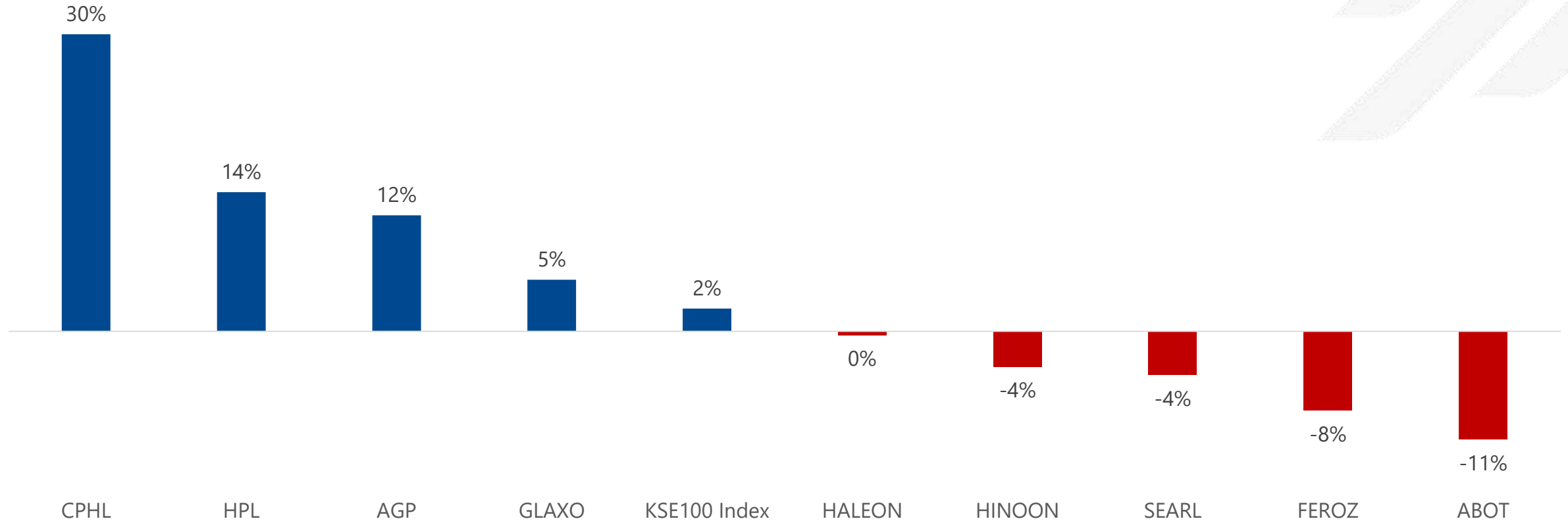
\* consolidated

# Leverage Position



Source: Company accounts, PBS, JS Research

## Pharma sector outperformed KSE-100 index during CY25TD



- The pharma sector underperformed the KSE-100 index CYTD by 4%

## Maintain Over-weight stance

- Going forward, we expect the sector's profitability to remain elevated, as we believe the full impact of deregulation will materialize in CY25. Additionally, ongoing monetary easing is expected to provide further impetus to leveraged players, especially AGP.
- Additionally, improving macros, a stable currency, an ongoing disinflation trend, and stable Active Pharmaceutical Ingredient (API) prices are expected to further bode well for companies in the upcoming period. We maintain an overweight stance on the sector, with AGP as our top pick, currently trading at a forward P/E of 12.7x and offering a dividend yield of 4%.
- Our preference for the stock is mainly driven by: (i) a higher non-essential mix of over 55% on a consolidated basis, (ii) the internalization of the Viatris portfolio, expected to be completed by the end CY25, (iii) lower interest rates to provide respite on finance cost front, and (iv) organic growth, led by an already established brand coupled with new product offerings.

## P/L snapshots

---

# 4QCY24: JS Pharma Universe result snapshot

(Rs mn)	AGP*	HINOON*	FEROZ*	GLAXO	HALEON	ABOT	HINOON	AGP	HPL	CPHL	FEROZ	SEARL
Net sales	7,384	6,306	4,731	17,586	9,693	18,613	6,240	5,510	6,231	3,534	3,676	6,480
<b>Sales YoY growth</b>	<b>27%</b>	<b>39%</b>	<b>22%</b>	<b>39%</b>	<b>23%</b>	<b>31%</b>	<b>38%</b>	<b>34%</b>	<b>13%</b>	<b>8%</b>	<b>19%</b>	<b>13%</b>
Cost of sales	2,647	2,971	2,641	11,739	6,047	12,977	2,706	2,731	4,096	2,995	2,216	3,071
<b>Gross profit</b>	<b>4,737</b>	<b>3,335</b>	<b>2,090</b>	<b>5,846</b>	<b>3,646</b>	<b>5,636</b>	<b>3,534</b>	<b>2,779</b>	<b>2,135</b>	<b>539</b>	<b>1,460</b>	<b>3,409</b>
Selling/distribution expenses	1,789	1,244	1,389	1,482	1,350	2,182	1,564	1,136	824	43	924	1,865
Administrative expenses	283	112	241	408	275	312	93	150	285	58	218	421
<b>Operating profit</b>	<b>2,663</b>	<b>1,978</b>	<b>460</b>	<b>3,955</b>	<b>2,021</b>	<b>3,142</b>	<b>1,877</b>	<b>1,493</b>	<b>1,026</b>	<b>438</b>	<b>318</b>	<b>1,123</b>
Financial charges	529	230	171	71	-31	5	225	159	62	68	117	628
Other income	30	109	92	1,416	293	182	105	16	43	50	60	37
Other charges	116	205	53	428	154	229	199	116	24	26	45	917
<b>Profit before tax</b>	<b>2,048</b>	<b>1,652</b>	<b>328</b>	<b>4,873</b>	<b>2,191</b>	<b>3,090</b>	<b>1,558</b>	<b>1,234</b>	<b>983</b>	<b>394</b>	<b>216</b>	<b>(385)</b>
Taxation	678	660	150	1,919	815	1,806	664	429	332	137	103	(46)
<b>Profit after tax</b>	<b>1,371</b>	<b>993</b>	<b>178</b>	<b>2,955</b>	<b>1,376</b>	<b>1,284</b>	<b>894</b>	<b>805</b>	<b>651</b>	<b>257</b>	<b>112</b>	<b>(339)</b>
<b>PAT YoY growth</b>	<b>2.0x</b>	<b>70%</b>	<b>59%</b>	<b>3.2x</b>	<b>3.7x</b>	<b>22%</b>	<b>54%</b>	<b>2.4x</b>	<b>57%</b>	<b>-32%</b>	<b>45%</b>	<b>NM</b>
<b>Profit attributable to owners</b>	<b>1,198</b>	<b>993</b>	<b>150</b>	-	-	-	-	-	-	-	-	-
<b>EPS (Rs)</b>	<b>4.28</b>	<b>18.74</b>	<b>3.46</b>	<b>9.28</b>	<b>11.75</b>	<b>13.12</b>	<b>16.86</b>	<b>2.87</b>	<b>67.63</b>	<b>1.12</b>	<b>2.57</b>	<b>(0.66)</b>
<b>DPS (Rs)</b>	<b>4.00</b>	<b>40.00</b>	<b>0.00</b>	<b>10.00</b>	<b>15.00</b>	<b>10.00</b>	<b>40.00</b>	<b>4.00</b>	<b>110.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Gross Margins	64%	53%	44%	33%	38%	30%	57%	50%	34%	15%	40%	53%
Operating Margins	36%	31%	10%	22%	21%	17%	30%	27%	16%	12%	9%	17%
Net Margins	19%	16%	4%	17%	14%	7%	14%	15%	10%	7%	3%	-5%
Effective tax rate	33%	40%	46%	39%	37%	58%	43%	35%	34%	35%	48%	12%

Source: Company accounts, JS Research \* Consolidated



# CY24: JS Pharma Universe result snapshot

(Rs mn)	HINOON*	AGP*	FEROZ*	GLAXO	ABOT	HALEON	HINOON	AGP	HPL	CPHL	FEROZ	SEARL
Net sales	24,630	25,034	16,816	61,188	68,177	37,206	23,195	18,544	26,748	13,192	13,034	25,662
<b>Sales YoY growth</b>	<b>25%</b>	<b>34%</b>	<b>16%</b>	<b>23%</b>	<b>23%</b>	<b>18%</b>	<b>19%</b>	<b>34%</b>	<b>25%</b>	<b>8%</b>	<b>9%</b>	<b>6%</b>
Cost of sales	12,112	10,482	9,604	45,800	48,439	24,387	11,266	9,672	18,320	11,509	7,815	12,947
<b>Gross profit</b>	<b>12,518</b>	<b>14,552</b>	<b>7,212</b>	<b>15,388</b>	<b>19,738</b>	<b>12,819</b>	<b>11,930</b>	<b>8,872</b>	<b>8,428</b>	<b>1,683</b>	<b>5,219</b>	<b>12,715</b>
Selling/distribution expenses	6,047	6,303	4,312	4,716	9,302	4,741	5,808	4,137	3,329	190	3,160	7,114
Administrative expenses	930	942	926	1,799	1,169	796	796	609	1,074	208	844	1,483
<b>Operating profit</b>	<b>5,540</b>	<b>7,307</b>	<b>1,974</b>	<b>8,873</b>	<b>9,267</b>	<b>7,282</b>	<b>5,326</b>	<b>4,126</b>	<b>4,025</b>	<b>1,285</b>	<b>1,215</b>	<b>4,118</b>
Financial charges	407	2,693	782	313	24	75	394	843	145	276	622	3,123
Other income	442	136	205	2,833	723	1,076	432	165	234	368	165	311
Other charges	542	302	173	918	838	643	524	301	635	114	109	6,142
<b>Profit before tax</b>	<b>5,032</b>	<b>4,448</b>	<b>1,224</b>	<b>10,475</b>	<b>9,128</b>	<b>7,640</b>	<b>4,839</b>	<b>3,147</b>	<b>3,479</b>	<b>1,263</b>	<b>649</b>	<b>(4,836)</b>
Taxation	1,644	1,486	442	3,940	3,893	3,061	1,586	1,064	1,622	441	250	(1,244)
<b>Profit after tax</b>	<b>3,389</b>	<b>2,962</b>	<b>782</b>	<b>6,535</b>	<b>5,234</b>	<b>4,579</b>	<b>3,254</b>	<b>2,083</b>	<b>1,857</b>	<b>822</b>	<b>396</b>	<b>(3,592)</b>
<b>PAT YoY growth</b>	<b>38%</b>	<b>62%</b>	<b>78%</b>	<b>12.2x</b>	<b>20.0x</b>	<b>4.6x</b>	<b>35%</b>	<b>75%</b>	<b>5.1x</b>	<b>19%</b>	<b>60%</b>	<b>NM</b>
<b>Profit attributable to owners</b>	<b>3,389</b>	<b>2,670</b>	<b>688</b>	-	-	-	-	-	-	-	-	-
<b>EPS (Rs)</b>	<b>63.95</b>	<b>9.53</b>	<b>15.85</b>	<b>20.52</b>	<b>53.46</b>	<b>39.11</b>	<b>61.41</b>	<b>7.44</b>	<b>192.55</b>	<b>3.60</b>	<b>9.09</b>	<b>(7.01)</b>
<b>DPS (Rs)</b>	<b>40.00</b>	<b>4.00</b>	<b>3.00</b>	<b>10.00</b>	<b>10.00</b>	<b>20.00</b>	<b>40.00</b>	<b>4.00</b>	<b>135.00</b>	<b>3.25</b>	<b>3.00</b>	<b>0.00</b>
Gross Margins	51%	58%	43%	25%	29%	34%	51%	48%	32%	13%	40%	50%
Operating Margins	22%	29%	12%	15%	14%	20%	23%	22%	15%	10%	9%	16%
Net Margins	14%	12%	5%	11%	8%	12%	14%	11%	7%	6%	3%	-14%
Effective tax rate	33%	33%	36%	38%	43%	40%	33%	34%	47%	35%	39%	26%

Source: Company accounts, JS Research \* Consolidated | CPHL, FEROZ & SEARL numbers adjusted on a calendar year basis

# Valuations snapshot

---

# JS Pharma Universe result snapshot

(Rs mn)	Market Cap (Rsmn)	Trailing P/S (x)	Trailing P/E (x)	Trailing 4 Qs			
				Sales	YoY Growth	PAT	YoY Growth
ABOT	107,935	1.58	20.62	68,177	23%	5,234	20.0x
AGP*	53,222	2.13	19.93	25,034	34%	2,670	71%
GLAXO	133,017	2.17	20.35	61,188	23%	6,536	12.2x
HALEON	92,395	2.48	20.18	37,206	18%	4,578	4.6x
HINOON	46,907	2.02	14.42	23,195	19%	3,254	35%
HPL	30,804	1.15	16.59	26,748	25%	1,857	5.1x
CPHL	20,235	1.53	24.65	13,192	8%	821	19%
FEROZ*	13,412	0.80	19.49	16,816	16%	688	74%
SEARL	51,083	1.99	NM	25,662	6%	-3,591	NM
<b>Sample</b>	<b>549,011</b>	<b>1.76</b>	<b>19.53</b>	<b>297,218</b>	<b>20%</b>	<b>22,047</b>	<b>207%</b>

Source: Company accounts, JS Research \* Consolidated

\*\* based on sales and PAT of last 4-quarters

# Disclaimer

JS Global hereby discloses that all its Research Analysts meet with the qualification criteria as given in the Research Analysts Regulations 2015 ("Regulations"). Each Analyst reports to the Head of Research and the Head of Research reports directly to the CEO of JS Global only. No person engaged in any non-research department has any influence over the research reports issued by JS Global and/or no person engaged in any non-research department (other than the CEO) has any influence on the performance of the Research Analysts or on their remuneration/compensation matters.

The Research Analyst(s), author of this report hereby certify that all of the views expressed in this research report accurately reflect their personal, unbiased and independent views about any and all of the subject issuer(s) or securities, and such views are based on analysis of various information compiled from multiple sources, including (but not limited to) annual reports, newspapers, public disclosures, financial models etc. The given sources appear to be and consequently are deemed to be reliable for forming an opinion and preparation of this report. Such information may not have been independently verified or checked by JS Global or the Research Analyst, and therefore, all such information as given in this report may or may not prove to be correct. It is hereby certified that no part of the compensation of JS Global or the Research Analyst was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

## Rating System

JS Global Capital Limited uses a 3-tier rating system i.e. Buy, Hold and Sell, based on the level of expected return. Time horizon is usually the annual financial reporting period of the company.

'Buy': Stock will outperform the average total return of stocks in our universe

'Hold': Stock will perform in line with the average total return of stocks in our universe

'Sell': Stock will underperform the average total return of stocks in our universe

## Target price risk

Company may not achieve its target price for various reasons including company specific risks, competition risks, sector related risks, change in laws, rules and regulations pertaining to the business of the Company as well as a change in any governmental policy. The results of operations may also be materially affected by global and country-specific economic conditions, including but not limited to commodity prices, prices of similar products internationally and locally, changes in the overall market dynamics, liquidity and financial position of the Company and change in macro-economic indicators. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company may enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

## Research Dissemination Policy

JS Global Capital Limited endeavours to make all reasonable efforts to disseminate research to all clients (without any preference, prejudice or biasness) in a timely manner through either physical or electronic distribution such as mail, fax and/or email.

## Disclosure Pertaining To Shareholding/Conflict of Interest

The Research Analyst has not directly or indirectly received any compensation from the Subject Company for preparation of this report or for the views expressed herein, and the Subject Company is not associated with the Research Analyst in any way whatsoever.

No other material information (other than the one specifically disclosed in this report) exists (for JS Global as well as the Research Analyst) which could be a cause of conflict of interest in issuing this report.

## Disclaimer of Liability

No guaranty, representation or warranty, expressed or implied, is made as to the accuracy, completeness, reasonableness, correctness, usability, suitability or purposefulness of the information contained in this report or of the sources used to compile the information contained in this report.

All information as given in this report may or may not prove to be correct, and is subject to change without notice due to market forces and/or other factors not in the knowledge of or beyond the control of JS Global or the Research Analyst(s), and neither JS Global nor any of its analysts, traders, employees, executives, directors, sponsors, officers or advisors accept any responsibility for updating this report and therefore, it should not be assumed that the information contained herein is necessarily complete, accurate, reliable or up-to-date at any given time.

The client is solely responsible for making his/her own independent investigation, appraisal, usability, suitability or purposefulness of the information contained in this report. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors who should seek further professional advice or rely upon their own judgment and acumen before making any investment. This report should also not be considered as a reflection on the concerned company's management and its performances or ability, or appreciation or criticism, as to the affairs or operations of such company or institution

Consequently, JS Global and its officers, directors, sponsors, employees, executives, consultants, advisors and analysts accept no responsibility or liability towards the Client, and assume no obligation to do (or not to do) anything with respect to the information contained in this report. Research Analyst(s) and JS Global shall also not be liable in any way and under any circumstances whatsoever for any loss, penalty, expense, charge or claim that may be suffered/incurred by the client as a result of receiving, using, or having complied and distributing this report.

**Warning: This report may not be reproduced, distributed or published by any person for any purpose whatsoever. Action will be taken for unauthorized reproduction, distribution or publication.**