GlaxoSmithkline Pharmaceuticals Ltd.

ISIN :INE159A01016 | NSE :GLAXO

Price: 2,824
Recommendation: Buy
Industry: Pharmaceuticals
Sector: Healthcare
Report Date: 21-Apr-2025

GlaxoSmithKline Pharmaceuticals Limited (GSK) is focused on sustaining growth and expanding market presence through strategic initiatives. Emphasizing specialty and oncology segments, GSK leverages its strong general medicines portfolio, notably in Bronco Inhalation with Trelegy and Nucala. The company is advancing digital strategies, adult vaccination, and exploring oncology opportunities. GSK aims to maintain growth momentum, innovate, and manage challenges effectively.

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	56.5	Sales Growth	11.9 %	Sales Growth	-5.4 %
PEG Ratio	6.20	PAT Growth	10.9 %	Sales Growth QYoY	17.52 %
EV/EBITDA	38.1	EPS Growth	45.8 %	PAT Growth	-6.53 %
P/B	28.5	Dividend Yield	1.13	PAT Growth QYoY	29.38 %
Capital Allocation		**Holdings**		**Leverage**	
RoE	36.8 %	Promoter	75.0 %	Debt/Equity	0.01
RoA	18.9 %	FII	4.52 %	Debt	14.8 Cr
RoCE	50.7 %	DII	7.79 %	Market Cap	47840 Cr
RoIC	84.4 %	Public	12.7 %	Enterprise value	46756 Cr
		No of Shares	16.9 Cr	Cash Equivalents	1099 Cr

source : Company filings

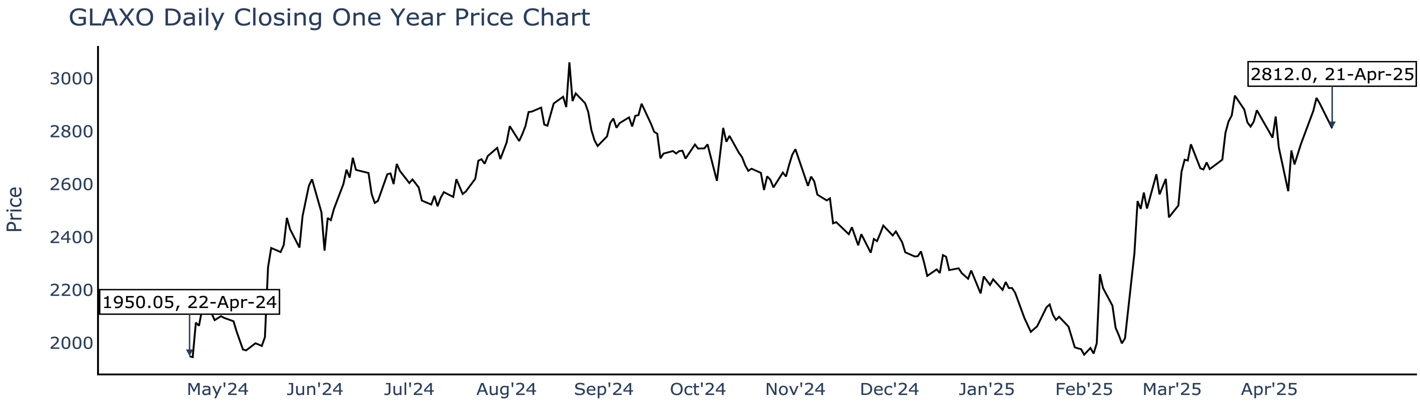
Company's Overview Based on Recent Concall and Performance:

In the recent earnings call, GlaxoSmithKline Pharmaceuticals Limited (GSK) outlined several new initiatives and strategies aimed at sustaining growth and expanding their market presence. The company emphasized its focus on delivering sustained performance in both top-line and EBITDA, with a particular emphasis on their specialty and oncology segments. GSK is leveraging its strong portfolio in general medicines, which has shown significant growth, particularly in the Bronco Inhalation space with brands like Trelegy and Nucala. These brands are critical to the company's performance, with Trelegy achieving a market share of 5.5% and Nucala operating in a significant portion of the asthma market. The company is also preparing to launch two new assets in gynecological malignancies, which are expected to drive growth in the coming quarters.

GSK's business strategies include a strong focus on digital acceleration and creating touchpoints beyond traditional face-to-face interactions with healthcare practitioners. This approach has been instrumental in driving volume-led growth, particularly in the general medicines segment. The company is also investing in building an adult vaccination ecosystem, a long-term strategy aimed at creating a new market category. This involves significant efforts in awareness campaigns, particularly for Shingles prevention, and the development of a bouquet of vaccines to cater to the adult population. The company is also exploring opportunities in oncology and specialty respiratory areas, with several global clinical trials underway in India.

Looking ahead, GSK is committed to maintaining its growth momentum by focusing on its core strengths and exploring new growth platforms. The company is optimistic about its future prospects, with plans to introduce innovative assets and expand its market presence. The management highlighted the importance of sustaining margins and improving operational efficiencies, with a focus on maintaining a strong cash position and being a debt-free company. The company's strategic choices in anti-infectives, dermatology, and pain management are expected to continue driving double-digit growth, supported by a robust pipeline of new products.

While GSK's performance has been strong, there are areas for improvement. The company faces challenges in creating a sustainable adult vaccination market, which requires significant investment and patience. Additionally, the volatility in quarterly growth due to external factors such as drug pricing controls and the impact of COVID-19 on vaccine footfalls needs to be managed effectively. GSK's ability to adapt to market changes and leverage its diversified portfolio will be crucial in navigating these challenges and achieving its growth ambitions. The company's focus on innovation and strategic investments in key growth areas positions it well for future success, but continuous efforts are needed to sustain this trajectory.



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
P & G Health Ltd	8670.66	35.32	33.46%	-1.16%	-0.06%	10.41%	26.13%
Abbott India	65694.38	49.24	34.88%	-1.13%	12.33%	0.61%	16.01%
Glaxosmi. Pharma	47840.27	56.46	36.83%	-5.37%	17.56%	-6.84%	28.79%
Astrazeneca Phar	21828.88	130.20	22.92%	7.91%	43.98%	42.28%	246.08%
Pfizer	19173.11	31.16	16.10%	-8.60%	-0.37%	-19.42%	2.81%

Aspect	Commentary
Revenue	The company experienced a notable increase in annual revenue, reflecting strong market demand and effective sales strategies. However, a slight decline in quarterly revenue suggests potential seasonal fluctuations or market challenges that need addressing to sustain growth momentum.
Profit & Loss	Annual operating profit and PAT indicate robust financial health, driven by efficient cost management and revenue growth. Quarterly figures show a slight dip, highlighting the need for strategic adjustments to maintain profitability amidst market dynamics.
Profitability Matrix	Strong operating and net profit margins underscore the company's efficient operations and cost control. High EPS reflects shareholder value creation, though maintaining these margins will be crucial as market conditions evolve.
Valuation Matrix	The company's high P/E and PEG ratios suggest market optimism about future growth, though they also indicate potential overvaluation risks. The EV/EBITDA and P/B ratios further highlight the need for careful valuation assessment.
Growth (YoY)	Year-over-year growth in sales, PAT, and EPS demonstrates the company's successful expansion and market penetration strategies. Dividend yield, though modest, adds to shareholder returns, reinforcing investor confidence.
Growth (QoQ)	Quarterly growth figures reveal a mixed performance, with declines in sales and PAT suggesting short-term challenges. However, strong QYoY growth indicates underlying strength and potential for recovery with strategic focus.
Capital Allocation	Impressive RoE, RoA, RoCE, and RoIC ratios reflect effective capital utilization and strategic investments. These metrics highlight the company's ability to generate returns and sustain growth through prudent financial management.
Holdings	Promoter holding at 75% indicates strong confidence in the company's prospects. Institutional and public holdings provide a balanced ownership structure, supporting market stability and investor trust.
Leverage	Minimal debt and a strong market cap position the company favorably for future growth opportunities. The low debt/equity ratio underscores financial prudence, enabling flexibility in strategic investments and risk management.

Analyst viewpoint: GlaxoSmithKline Pharmaceuticals Limited presents a compelling investment opportunity in the pharmaceutical industry, displaying resilience and adaptability despite short-term challenges. The company's robust growth quarter over quarter, particularly in its core specialty and oncology segments, reflects a well-executed strategy bolstered by its strong general medicines portfolio. Emphasizing digital expansion and focusing on adult vaccination and oncology initiatives, GSK aims to drive sustainable growth and market presence enhancement. The company's financial health is underscored by impressive valuation metrics, such as a strong trailing P/E ratio, and effective capital allocation evidenced by high ROE and minimal debt. This strategic capital management supports aggressive market strategies, positioning GSK favorably against peers like AstraZeneca and Abbott India.

Nonetheless, it's prudent to note potential headwinds, such as market volatility affecting quarterly performance metrics. While GSK has implemented comprehensive strategies to mitigate these fluctuations, external factors such as regulatory changes in drug pricing and pandemic-related vaccine footfall disruptions could pose challenges. The company remains committed to aligning with industry advancements and maintaining operational efficiency, looking ahead optimistically with innovative product launches on the horizon. Despite these considerations, GSK's strategic priorities align well with mid-term growth perspectives, affirming its potential for sustained investor value creation.

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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Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony

Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

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