



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Q1FY21 Result Update@ Dalal & Broacha

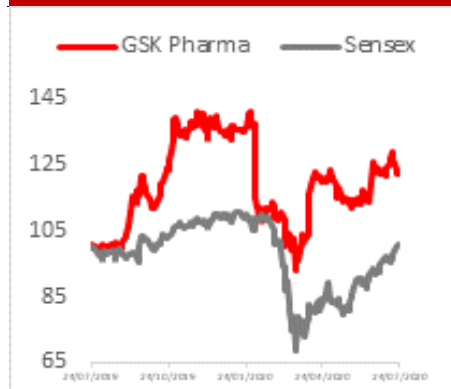
ACCUMALATE

Current Price	1482
Target Price	1554
Upside/Downside	5%
52 Week Range	1745/1046

Key Share Data

Market Cap (Rs.bn)	245.83
Market Cap (US\$ mn)	3288.26
No of o/s shares (mn)	169.41
Face Value	10
Monthly Avg.vol (BSE+NSE) Nos'000	34.36
BSE Code	500660
NSE Code	GLAXO
Bloomberg	GLXO:IN

Price performance



GlaxoSmithKline Pharmaceuticals (GLAXO) declared poor results in Q1FY21, due to lower off take of national lockdown impacting number of prescriptions.

Lower off take due to Impact of lockdown

- Sales -18% yoy/ -16% qoq to Rs 6486 mn, due to lower number of prescriptions due to the lockdown. Further, 23% of GLAXO revenues are from vaccines, which are dependent on clinics or hospitals.
- EBITDA -29% yoy/-34% qoq to Rs 1143 mn.
- EBITDA margins lower at 17.6%, (-270 bps yoy/-480 bps qoq).
- Other Income +89% yoy to Rs 577.9 mn, due to Income Tax refund.
- PBT -12% yoy/-10% qoq to Rs 1492.4. PAT +3% yoy/ -12% qoq to Rs 1109.1.

1 Approved, 4 in pipeline for Indian market

GLAXO received CDSCO approval for the pediatric and adult use of its quadrivalent inactivated influenza vaccine (**Fluarix tetra**).

New products in pipeline include:

1. A **new fixed dose combination** of Fluticasone Furoate, Umeclidinium and Vilanterol powder for inhalation **for the treatment of chronic obstructive pulmonary disease (COPD)**.
2. New strength of Augmentin Oral suspension – Augmentin ES.
3. Ready to use liquid formulation of Rotavirus vaccine (Rotarix).
4. Extension for NUCALA (Mepolizumab powder for Injection) for pediatric use for the treatment of eosinophilic asthma.
5. **Comments from Mr. Sridhar Venkatesh, Managing Director at AGM**

- Will continue to focus on key brands for future growth.
- GLAXO's focus in India will be on Dermatology, vaccines, respiratory and anti infectives.
- Plans to launch patented products from its parent, in the Indian market. Will update once the products receive approvals.

We believe GLAXO will benefit from lower costs due to the lockdown, thus improving profitability. At CMP, GLAXO trades at 39x FY22E EPS of Rs 37.1. We revise our rating from HOLD to ACCUMALATE.

% Shareholding

	Jun-20	Mar-20
Promoters	75.00	75.00
FII	0.23	0.30
DII	12.12	11.37
Others	12.66	13.33
Total	100	100

Key Financials

Year	Sales	% Growth	EBIDTA	OPM (%)	PAT excl EI	% Growth	Adj. PAT	% Growth	EPS	PE (x)	RoE (%)	RoCE (%)
FY18	28,956	(3.5)	5,058	17.5	3,331	4.2	3,509.1	4.2	39.3	37.0	17.1	22.7
FY19	31,281	8.0	6,008	19.2	4,167	25.1	4,215.9	20.1	24.6	59.2	19.7	25.8
FY20	32,244	3.1	6,561	20.3	4,336	4.1	920.9	(78.2)	25.6	56.9	5.1	31.5
FY21E	32,566	1.0	7,893	24.2	5,758	32.8	5,757.5	525.2	34.0	42.8	29.2	35.5
FY22E	34,846	7.0	8,678	24.9	6,278	9.0	6,278.2	9.0	37.1	39.3	28.8	35.3



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Particulars	Q1FY21	Q4FY20	Q1FY20	% YOY	% QOQ	FY20	FY19	% change
Net Sales	6486.0	7758.0	7880.2	-18%	-16%	32243.8	31281.2	3%
Total income	6486.0	7758.0	7880.2	-18%	-16%	32243.8	31281.2	3%
Raw Material Consumed	(2573)	(2795)	(3308)			(13090)	(13580)	
Employee Expenses	(1519)	(1716)	(1482)			(6286)	(5372)	
Other Expenses	(1251)	(1508)	(1489)			(6307)	(6321)	
Total Exp	(5343)	(6018)	(6279)	-15%	-11%	(25682)	(25273)	2%
PBDIT	1143.0	1740.0	1600.8	-29%	-34%	6561.4	6007.9	9%
OPM (%)	17.6%	22.4%	20.3%			20.3%	19.2%	
Other Income	577.9	151.6	305.4			790.1	1023.2	
Interest	(10.8)	(15.1)	(9.3)			(63.4)	(5.5)	
Depreciation	(217.7)	(225.9)	(190.6)			(826.8)	(485.9)	
Profit before tax	1503.2	1650.6	1706.3	-12%	-9%	6461.3	6539.7	24%
Tax - normal	(383.3)	(384.7)	(625.7)			(2125.5)	(2372.7)	
Adjusted PAT	1119.9	1265.9	1080.6	4%	-12%	4335.8	4167.0	30%
Exceptional Items*	0.0	112.7	0.0			(3414.9)	48.9	
Tax on exceptional	0.0	0.0				0.0	0.0	
PAT incl. exceptional	1119.9	1378.6	1080.6	4%	-19%	920.9	4215.9	-73%
NPM (%)	17.3%	16.3%	13.7%			13.4%	13.3%	
Number of shares	169.41	169.41	169.40			169.41	169.40	
EPS (Rs)	6.61	8.14	6.38			5.44	24.89	
Adj EPS (Rs)	6.61	7.47	6.38			25.59	24.60	



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GLAXOSMITHKLINE PHARMACEUTICALS FINANCIALS											
P&L (Rs mn)	FY18	FY19	FY20	FY21E	FY22E	Cash Flow St. (Rs. mn)	FY18	FY19	FY20	FY21E	FY22E
Income from Operations	28,956	31,281	32,244	32,566	34,846	Net Profit	3,509	4,216	921	5,758	6,278
						Add: Dep. & Amort.	380	486	827	875	995
Raw materials	(12,413)	(13,580)	(13,090)	(13,026)	(13,938)	Cash profits	3,889	4,702	1,748	6,633	7,273
Employee costs	(5,234)	(5,372)	(6,286)	(6,097)	(6,402)	(Inc)/Dec in					
Other Expenses	(6,251)	(6,321)	(6,307)	(5,550)	(5,828)	-Sundry debtors	238	265	207	(114)	(78)
Cost of sales	(23,898)	(25,273)	(25,682)	(24,674)	(26,168)	-Inventories	(744)	137	35	(66)	(343)
Operating Profit	5,058	6,008	6,561	7,893	8,678	-Loans/advances	418	(287)	603	(42)	(46)
Depreciation	(380)	(486)	(827)	(875)	(995)	-Sundry creditors	2,269	(1,000)	(482)	528	287
PBIT	4,678	5,522	5,735	7,017	7,683	-Others	5,632	238	(3,896)	1,062	1,199
Other income	545	1,023	790	830	871	Change in working capital	7,815	(648)	(3,534)	1,369	1,020
Interest Income	-	(6)	(63)	(67)	(70)	CF from Oper. activities	11,704	4,054	(1,786)	8,002	8,293
Profit before tax	5,224	6,540	6,461	7,780	8,484	CF from Inv. activities	(2,371)	(2,286)	350	(2,026)	(826)
Provision for tax	(1,893)	(2,373)	(2,126)	(2,023)	(2,206)	CF from Fin. activities	(4,638)	(3,089)	(4,567)	(4,508)	(4,526)
Reported PAT	3,331	4,167	4,336	5,758	6,278	Cash generated/(utilised)	4,695	(1,321)	(6,003)	1,467	2,941
Extraordinary Items	178	49	(3,415)	-	-	Cash at start of the year	8,996	12,964	11,714	5,871	7,338
Adjusted PAT	3,509	4,216	921	5,758	6,278	Cash at end of the year	12,964	11,714	5,871	7,338	10,279
Balance Sheet	FY18	FY19	FY20	FY21E	FY22E	Ratios	FY18	FY19	FY20	FY21E	FY22E
Equity capital	847	1,694	1,694	1,694	1,694	OPM	17.5	19.2	20.3	24.2	24.9
Reserves	19,726	19,704	16,512	18,034	20,077	NPM	11.9	13.1	2.8	17.2	17.6
Net worth	20,573	21,398	18,206	19,728	21,771	Tax rate	(36.2)	(36.3)	(32.9)	(26.0)	(26.0)
Secured loans	-	-	-	-	-	Growth Ratios (%)					
Unsecured loans	6	2	0	0	0	Net Sales	(3.5)	8.0	3.1	1.0	7.0
Total debt	6	2	0	0	0	Operating Profit	20.7	18.8	9.2	20.3	10.0
Other non curr liab	23	22	21	21	21	PAT	4.2	20.1	(78.2)	525.2	9.0
CAPITAL EMPLOYED	20,602	21,422	18,227	19,749	21,792	Per Share (Rs.)					
Gross block	3,293	4,799	13,586	15,586	17,586	Net Earnings (EPS)	39.33	24.60	25.59	34.0	37.1
Accumulated depreciatio	(792)	(1,154)	(1,981)	(2,856)	(3,851)	Cash Earnings (CPS)	45.9	27.8	10.3	39.2	42.9
Net block	2,501	3,645	11,605	12,729	13,734	Dividend	50.0	50.0	50.0	50.0	50.0
Capital WIP	9,229	10,026	1,201	1,201	-	Book Value	242.9	126.3	107.5	116.5	128.5
Total fixed assets	11,730	13,671	12,806	13,931	13,734	Free Cash Flow	110.2	10.4	(8.5)	35.3	44.1
Intangible assets	727	655	496	496	496	Valuation Ratios					
Investments	18	16	15	15	15	P/E(x)	37.0	59.2	56.9	42.8	39.3
Inventories	5,002	4,865	4,830	4,896	5,239	P/B(x)	6.0	11.5	13.5	12.5	11.3
Sundry debtors	1,470	1,205	998	1,112	1,190	EV/EBIDTA(x)	21.8	39.1	36.7	30.3	27.2
Cash & bank	12,964	11,714	5,871	7,338	10,279	EV/SALES(x)	3.8	7.5	7.5	7.3	6.8
Loans & advances	731	1,018	415	457	502	Div. Yield(%)	3.4	3.4	3.4	3.4	3.4
Other current assets	1,798	1,378	778	816	857	FCF Yield(%)	7.6	0.7	(0.6)	2.4	3.0
Sundry creditors	(5,059)	(4,058)	(3,576)	(4,104)	(4,392)	Return Ratios (%)					
Acceptances	(9,964)	(9,561)	(3,750)	(4,313)	(4,960)	ROE	17.1	19.7	5.1	29.2	28.8
Provisions	(3,850)	(4,071)	(5,386)	(5,924)	(6,517)	ROCE	22.7	25.8	31.5	35.5	35.3
Working capital	3,091	2,489	180	278	2,199						
Deferred Tax Assets	4,058	3,752	4,203	4,476	4,767						
Other non current assets	977	838	528	553	580						
CAPITAL DEPLOYED	20,602	21,422	18,227	19,749	21,792						



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