



## GLAXO PAKISTAN

GlaxoSmithKline Pakistan Limited was created January 1st, 2001 through the merger of SmithKline and French of Pakistan Limited, Beecham Pakistan (Private) Limited and Glaxo welcome (Pakistan) Limited- standing today as the largest pharmaceutical company in Pakistan.

### PERFORMANCE DURING THE YEAR

Net sales of the company for the half year were recorded at Rs12.7 billion. Increasing by Rs 908 million 7.8% from the last year. The consumer health care business continued to grow with Rs 1.8 billion increasing by 39% over the corresponding half year. The prime focus of the company is on healthcare brands like horlicks, sensodyne and panadol due to positive demand and growth. The export sales of the company increased by 120 million 35% from last year showing a good performance in regional markets. With the increase in utility cost packing and raw material cost currency devaluation company able to maintain gross margin 27.5% through product rationalization and consolidation of manufacturing facilities. Company make strong investment on promotion and marketing administrative expense of Rs 460 million up by Rs 49 million reflecting the impact of inflation company continued to take cost containment measures and restricting initiative in non core areas . other income improved by Rs 324 million, increasing by Rs 195 million was mainly contributed by the company's animal health portfolio. Net profit after tax Rs 714 million was marginally lower than last year due to the country over all situations.

### FUTURE OUTLOOK

Pakistan's current economic environment continuous face challenges like currency devaluation, law and order, rising raw material and utility cost. The pharma industry is unreasonably forced to internalized all these cost pressure in the absence of adequate price adjustment now drug regulatory authority has been functional for several months the drug pricing policy developed by the former ministry of health but the formulation of transparent and balanced pricing policy still remains unresolved. The industry is hopeful that new Govt will play its role in the concern of pharmaceutical industry.

Despite such significant challenges company is endeavoring to deliver optimum value by focusing on the best product mix strategy as of legacy as well as new products, simplifying operational process and developing new innovative and improved products in line with our strategic priorities. Company also continuous invests in the consumer health care business and developing consumer brand with the growth diversification strategy.

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**KATS Code: GLAXO**  
**Sector: Pharmaceutical**  
**Year End: Dec**

**Current Price : Rs.109.50**

**Target price till Dec: Rs.112.77**

**Paid Up Capital 2895.2 million.**

**Avg Volume 52 weeks: 40,070,500**

**52 weeks High/low 152.12 / 69.01**

Earning per share				
2010	2011	2012	2013(HY)	2013(FY)
5.38	4.77	5.02	2.47	5.37
Annual payout				
2010	2011	2012	2013(HY)	2013(FY)
-	40% D 10% B	40% D 10% B	-	40% D 10% B

Key Executives	Designation
Salman Burney	CEO
Rafique Dawood	Director
Husain Lawai	Director
Erum Shakir Rahim	Director

### RECOMMENDATION (BUY)

In view of the strong future outlook we maintained over "BUY" stance on the stock based on our target price of Rs.112.77 till year ended Dec.

Average buying rate Rs. 98.00