

December 14, 2023

Sector**PHARMACEUTICALS**Chase Researchresearch@chasesecurities.com
+92-21-35293054-60Symbol: **GLAXO**Current Price: **PKR 89.17**Market Cap (PKR bn): **28.40**Total Shares (mn): **318.47**Free Float (mn): **63.69**52 Week Low: **PKR 68.00**52 Week High: **PKR 97.99****GlaxoSmithKline
Limited (GLAXO)****Pakistan**

In 3QCY23, GlaxoSmithKline Pakistan Limited reported a net loss of PKR 69.79 million (LPS: PKR 0.22), compared to the net profit of PKR 148.66 million (EPS: PKR 0.47) in the corresponding period of the previous year.

The net revenue exhibited an 15% YoY growth, reaching PKR 13.77 billion in 3QCY23, compared to PKR 11.93 billion in the corresponding period last year. The 25% growth in revenue was attributed to volumetric growth, and 75% to price increases.

Simultaneously, the gross profit witnessed a 37% YoY decrease, reaching PKR 1.03 billion in 3QCY23, down from PKR 1.62 billion in the same period last year.

Cost of sales experienced a 24% YoY surge, reaching PKR 12.74 billion in 3QCY23, compared to PKR 10.30 billion in the corresponding period last year. Similarly, finance costs significantly decreased to PKR 11.73 million, while operating loss was reported at PKR 83.71 million in 3QCY23 as compared to operating profit of PKR 712.70 million last year.

GLAXO successfully reduced inventory and receivable days to 103 days and 8 days from 116 days and 17 days, respectively, in 3QCY23. Likewise, the payable days reduced to 46 days in 3QCY23 from 70 days in SPLY.

The percentage of essential items is 60%, and that of non-essential items is 40%. The management stresses incentivizing the production of essential items to make them more affordable and margin-friendly for pharma companies.

To increase exports, the management highlighted the need to create a favorable environment for intellectual property rights, regulatory environment, certain certifications, and a fair price mechanism.

Going forward, the pharma company intends to launch new products and is actively exploring the PLC of these products. Regarding dividends, the GLAXO management indicated a decision would be made after the current financial year concludes.

Financial Highlights			
PKR million	3QCY23	3QCY22	YoY Change
Net Revenue	13,775	11,926	15%
Cost of Services	12,742	10,305	24%
Gross Profit	1,028	1,621	-37%
Selling, Marketing & Distribution Expenses	1,167	986	18%
Administrative & General Expenses	622	593	5%
Other Operating Income/Expenses	5	(18)	-128%
Other Income	673	688	-2%
Operating Profit/(Loss)	84	713	-88%
Financial Charges	12	430	-97%
Profit / (loss) Before taxation	95	282	-66%
Net Taxation	26	(134)	-119%
Loss/Profit After Taxation	(70)	149	-147%
(Loss)/Earnings per share - basic and diluted (Rupees)	(0.22)	0.47	
*Source: GlaxoSmithKline Pakistan Limited, PSX			

Important Disclosures**Disclaimer:**

This report has been prepared by Chase Securities Pakistan (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation or any offer to buy. While reasonable care has been taken to ensure that the information contained in this report is not untrue or misleading at the time of its publication, Chase Securities makes no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Chase Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. Chase Securities as a firm may have business relationships, including investment banking relationships with the companies referred to in this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report and Chase Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. At the same time, it should be noted that investments in capital markets are also subject to market risks. This report may not be reproduced, distributed or published by any recipient for any purpose.