

CMP: Rs 2098

Outlook: Positive

Stock Info

NSE	ASTRAZEN
Bloomberg	ASTR IN
Sector	Pharmaceuticals
Face Value (Rs)	2
Equity Capital (Rs Mn)	50
Market Cap (Rs Mn)	51,563
52w H/L (Rs)	2398/1307

Shareholding Pattern

	%
(As on June, 2019)	
Promoters	75.0
DII	4.3
FII	2.2
Public & Others	18.5

Source: NSE, Arihant Research

Stock Performance (%)	3m	6m	12m
ASTRAZENECA	7.5	4.3	19.5
SENSEX	-0.3	2.4	6.1

Source: ACE Equity, Arihant Research

ASTRAZENECA v/s SENSEX



Source: ACE Equity, Arihant Research

Key Earnings Estimates

in mn	FY19A	FY20E	FY21E
Revenue	7069	8303	9299
% Growth	27%	17%	12%
PAT	545	634	713
% Growth	110%	16%	12%
EPS	21.8	25.3	28.5
% Growth	110%	16%	13%
P/E	96.3	82.8	73.6

Source: Bloomberg

AstraZeneca Pharma India (AZPIL) was established in 1979, and its headquartered at Bengaluru and Karnataka. It is a global biopharmaceutical company, engaged in the business of development and commercialization of innovative medicines for important areas of Healthcare. It has a workforce of over +1400 employees across the country. AZPIL is subsidiary of AstraZeneca Pharmaceuticals AB, Sweden, which is an indirect subsidiary of AstraZeneca PLC, UK.

Company Outlook

- AstraZeneca will continue to priorities its investments in FY20 and its focus areas in-line with its global growth platforms. Accelerating new products remains a key priority and it is committed to maintaining timelines of key regulatory milestones to align with the global pipeline.
- All the therapeutic areas in which the company is currently active has recorded above average market growth during FY19. These comprise of the therapeutic areas of Anti- diabetic (39%), Inhaled Respiratory (2%), Cardiovascular (45%), and Oncology (15%) **[Figures in brackets are % of the Sales]**.
- The Company's respiratory business has presence in two key indications: asthma and COPD.
- The company's current Oncology portfolio is active in the areas of women's cancer, prostate, and lung cancer. The recent launch of Lynparza- the first, and only therapy of its kind, approved in maintenance of the pertinent Indication, will further strengthen the Company's Oncology portfolio.

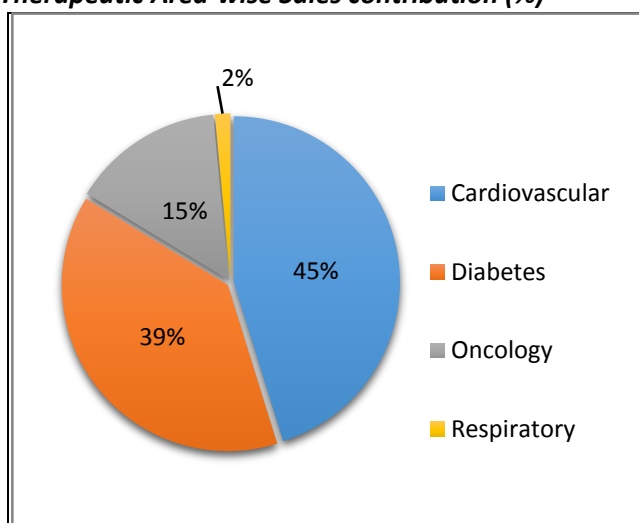
Key Extracts from Annual Report:

- The Healthcare sector comprises of healthcare delivery, pharmaceuticals, medical devices, clinical trials, and health insurance segments. The industry is expected to grow at 22% annually, to reach towards \$ 372bn by 2022.
- Out of pocket, expenditure accounts major share of healthcare expenditure; around 65% of national healthcare costs are paid directly from the patient's pocket, according to the WHO figures.
- Indian Pharmaceutical industry grew by 10.5% in FY19 and reach upto \$18.98 bn. In FY19, Domestic Indian companies accounts for ~80% share in Indian pharmaceutical market and registered a value growth of 10.8%, while the MNCs grew at 9.4%. While the Indian companies registered a volume growth of 3.4 % in FY19 against 3.7% in FY18, the MNCs experienced 3.1% decline in volumes.
- All the therapeutic areas in which AstraZeneca India is actively operating had recorded higher growth than the market. These comprises of therapeutic areas of Anti-diabetic, Inhaled Respiratory, Cardiovascular, and Oncology, all of which have registered higher growth.
- **Pharmaceutical Business Outlook:** India Pharmaceutical market is expected to grow at 10.2% CAGR, over 2018-23 to reach towards Rs 225,550cr by 2023. Associated new drug launches, expansion of healthcare infrastructure and increased proliferation of e-pharmacies these are the some key factors which will drive the growth.
- According to statistics by International Diabetes Foundation (IDF) around 72 mn people in the country are afflicted with diabetes and that is expected to rise to 151 mn by 2045. The company with its strong anti-diabetic offerings would continue to help in alleviating the high burden of illness imposed by the disease.

Quarterly Result (in mn)

Particulars	Q1FY20	Q1FY19	Q4FY19	YoY (%)	QoQ (%)
Net Sales	2046	1614	1903	27%	7%
Expenditure	1690	1522	1839	11%	-8%
PBIDT	356	93	64	283%	458%
PAT	215	64	98	237%	119%
PBIDTM%	17.4	5.8	3.4	+1163 bps	+1403 bps
PATM%	10.5	4.0	5.2	+656 bps	+536 bps
EPS(Rs)	8.6	2.6	3.9	236%	119%

Therapeutic Area-wise Sales contribution (%)



Financial Performance of the Company

Rs Mn	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Revenue; Adj	3,903	4,737	4,690	5,265	5,305	5,566	7,069
EBITDA	-683	-130	-114	167	375	466	713
PAT	-941	-22	-208	52	204	259	545
Margins (%)							
EBITDA Margin	-17.5	-2.7	-2.4	3.2	7.0	8.4	10.1
Operating Margin	-20.7	-4.9	-5.7	-0.1	4.0	5.7	8.0
Pretax Margin	-18.0	0.0	-4.4	1.1	6.7	7.9	10.3
Net Income Margin	-22.9	-0.1	-4.4	1.0	3.8	4.7	7.7
Per Share							
EPS	-37.6	-0.9	-8.3	2.1	8.1	10.4	21.8
Book Value Per Share	39.9	68.6	60.3	62.4	88.5	97.9	119.5
Free Cash Flow per Share	-14.0	2.3	-24.8	22.3	12.0	0.1	24.2
Valuation							
P/E	NA	NA	NA	1002.5	257.7	202.4	96.3
P/BV	52.6	30.6	34.8	33.6	23.7	21.4	17.6
Performance Ratios (%)							
RoE	-62.0	-0.4	-12.9	3.4	10.6	11.0	19.9
RoA	-27.5	-0.1	-5.0	1.3	4.9	5.9	10.7
ROCE	-48.6	0.0	-12.9	3.8	18.7	18.7	26.5
Total Debt/Equity(x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Ratio	0.8	1.1	1.0	1.1	1.3	1.6	1.6

Drugs**Cardiovascular**

Brilinta® (Ticagrelor Tablets 90mg, 60mg)

Betaloc® (Metoprolol Tartrate Tablets IP 25mg, 50mg & 100mg)

Seloken XL® (Metoprolol Succinate Extended Release Tablets IP 25mg, 50mg & 100mg)

Imdur® (Prolonged Release Isosorbide-5-Mononitrate Tablets BP 30mg & 60mg)

Crestor® (Rosuvastatin film coated Tablets IP 5mg, 10mg, 20mg & 40mg)

Diabetes

Forxiga® (Dapagliflozin Tablets 5mg & 10mg)

Onglyza® (Saxagliptin Tablets 2.5mg & 5mg)

Kombiglyze XR™ (Saxagliptin & Metformin HCl (Extended Release) Tablets 5/500mg & 5/1000mg)

Xigduo® XR (Dapagliflozin + Metformin HCl (Extended Release) 5/1000mg & 10/1000mg)

Respiratory

Symbicort® (Budesonide/Formoterol Inhalation Powder 80/4.5mcg/dose, 160/4.5mcg/dose & 320/9mcg/dose)

Oncology

Arimidex® (Anastrozole Tablets IP 1mg)

Iressa™ (Gefitinib Tablets IP 250mg)

Zoladex® (Goserelin Acetate Depot Injection 3.6mg & Goserelin Acetate Depot Injection 10.8mg)

Casodex® (Bicalutamide Tablets IP 50mg)

Faslodex™ (Fulvestrant Injection 250mg)

Tagrisso™ (Osimertinib Tablets 40mg & 80mg)

Technical Chart

Technical Outlook: The stock is trading in a channel and for third consecutive week the stock is moving higher with higher volumes this suggests further upside momentum. We are of the opinion that this stock is likely to head higher and test 2250 – 2400 to outer extend of 2700 level, which is the upper trendline of the channel in 12 – 18 months.

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Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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