GSK Pharma

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	GLXO IN
Equity Shares (m)	169
M.Cap.(INRb)/(USDb)	426.9 / 4.5
52-Week Range (INR)	3121 / 2088
1, 6, 12 Rel. Per (%)	-16/9/1
12M Avg Val (INR M)	257

Financials & Valuations (INRb)

Y/E MARCH	FY26	FY27E	FY28E
Sales	38.2	44.4	51.1
EBITDA	13.2	15.0	17.5
Adj. PAT	10.3	11.7	13.6
EBIT Margin (%)	32.8	32.2	32.7
Cons. Adj. EPS (INR)	60.6	69.2	80.2
EPS Gr. (%)	12.4	14.2	15.9
BV/Sh. (INR)	133.8	174.6	227.2
Ratios			
Net D:E	-0.6	-0.4	-0.6
RoE (%)	45.3	39.7	35.3
RoCE (%)	48.8	44.4	40.0
Payout (%)	47.6	41.7	36.0
Valuations			
P/E (x)	41.8	36.6	31.6
EV/EBITDA (x)	33.9	29.9	25.2
Div. Yield (%)	0.9	0.9	0.9
FCF Yield (%)	2.0	0.6	2.9
EV/Sales (x)	11.7	10.1	8.6

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	75.0	75.0	75.0
DII	8.4	7.8	7.8
FII	4.8	4.8	4.8
Others	11.8	12.4	12.5

FII Includes depository receipts

CMP: INR2,520 TP: INR2,760 (+10%) Neutral

In-line show; niche products/marketing efforts drive earnings

Innovation portfolio share on a rise; base brands gain market share

- GLXO delivered revenue growth of 20.8% YoY in 2QFY27 (5% beat), driven by broad-based traction across General Medicines, Vaccines, and Specialty Medicines. EBITDA/PAT were in-line, while EBITDA margin missed estimates by 150bp.
- The innovation portfolio continues to increase its share in revenue on a QoQ basis, led by increasing traction in Oncology (Jemperli and Zejula), Adult Vaccines (Shingrix), and New Respiratory (Nucala and Trelegy).
- General Medicines sustained competitive performance, with key promoted brands such as Augmentin, Calpol, Ceftum, and T-Bact outperforming their respective markets. Established Vaccines maintained leadership in the private paediatric market, while Shingrix sales doubled YoY, supported by deeper HCP engagement.
- Respiratory portfolio continued to gain traction through expanding access pathways, with Nucala reaching over 4,000 patients with severe asthma. GLXO is also expanding into haemato-oncology with the launch of BLENREP, broadening its innovative portfolio.
- We reduce our FY27/FY28 earnings estimates by (0.8%/4.2%), respectively, factoring in the evolving investment requirements and profitability outlook. We expect GLXO to deliver a 15% earnings CAGR over FY26-28, supported by sustained growth across established brands and increasing contribution from innovative therapies.
- We value GLXO at 34x 12-month forward earnings to arrive at a TP of INR2,760. Given the limited upside from current levels, we reiterate a Neutral stance on the stock.

Operating leverage drives margins for the quarter

- Revenue increased 20.8% YoY to INR11.8b (beat by 5%).
- Gross margin (GM) contracted 130bp YoY to 62.4%.
- EBITDA margin contracted 30bp YoY to 34% (miss by 150bp).
- EBITDA grew 19.8% YoY to INR4b (in line).
- Other income for the quarter included income from income tax refund of INR421m.
- Adjusted for above, PAT grew 21% YoY to INR3.4b for the quarter (in line).
- For 1HFY27, Revenue/EBITDA/PAT grew 19%/19%/19% to INR21.2b/INR7b/INR5.5b.

Key highlights from the management commentary

- The company maintained its guidance of sustained double-digit topline growth.
- EBITDA margin is expected to remain at current levels going forward.
- The company aims to increase the contribution of its innovation portfolio to 15% over the long term, from 7% in 2QFY27.

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- Innovation portfolio contributed 7% to total sales in the quarter, comprising oncology (Jemperli and Zejula), new respiratory (Nucala and Trelegy), and adult vaccines (Shingrix).
- Hibsago received USFDA, Canada, and Japan approvals, with an India launch planned in the near term.
- Gross margin was impacted by currency depreciation and higher input costs, partly offset by price increases.
- Strengthened the oncology and haematology field force through specialized key account managers, including a dedicated team of ~50 personnel focused on solid tumors and specialized haematology.

Quarterly Perf. (Consol.) **(INRm)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Chg.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	**8,052**	**9,799**	**10,413**	**9,953**	**9,384**	**11,836**	**11,749**	**11,479**	**38,217**	**44,449**	**11,275**	**5%**
YoY Change (%)	-1.2	-3.0	9.7	2.2	16.5	20.8	12.8	15.3	1.9	16.3	15.1	
Total Expenditure	5,541	6,442	6,581	6,444	6,429	7,815	7,543	7,622	25,008	29,410	7,273	
EBITDA	**2,511**	**3,357**	**3,832**	**3,509**	**2,955**	**4,021**	**4,206**	**3,857**	**13,209**	**15,039**	**4,003**	**0%**
YoY Change (%)	8.9	4.4	35.4	5.3	17.7	19.8	9.8	9.9	13.1	13.9	19.2	
Margins (%)	31.2	34.3	36.8	35.3	31.5	34.0	35.8	33.6	34.6	33.8	35.5	
Depreciation	155	174	203	132	158	150	204	199	664	712	199	
EBIT	**2,356**	**3,183**	**3,628**	**3,378**	**2,797**	**3,871**	**4,002**	**3,658**	**12,545**	**14,327**	**3,804**	
YoY Change (%)	10.0	4.4	37.4	6.1	18.7	21.6	10.3	8.3	13.9	14.2	19.5	
Margins (%)	29.3	32.5	34.8	33.9	29.8	32.7	34.1	31.9	32.8	32.2	33.7	
Interest	4	5	12	6	10	5	3	3	27	20	3	
Other Income	437	336	321	360	438	307	380	380	1,453	1,505	380	
PBT before EO Expense	**2,789**	**3,514**	**3,938**	**3,731**	**3,225**	**4,173**	**4,380**	**4,035**	**13,971**	**15,811**	**4,181**	
Tax	740	965	1,043	952	853	1,235	1,117	1,029	3,700	4,233	1,066	
Rate (%)	26.5	27.5	26.5	25.5	26.4	29.6	25.5	25.5	26.5	26.8	25.5	
Adjusted PAT	**2,049**	**2,549**	**2,895**	**2,779**	**2,372**	**3,088**	**3,263**	**3,006**	**10,271**	**11,728**	**3,115**	**-1%**
YoY Change (%)	12.4	2.9	31.1	5.7	15.7	21.2	12.7	8.2	12.4	14.2	22.2	
Margins (%)	25.5	26.0	27.8	27.9	25.3	26.1	27.8	26.2	26.9	26.4	27.6	
One-off Expense/(Income)	0	-26	-62	0	0	-421	0	0	-88	-421	0	
Reported PAT	**2,049**	**2,575**	**2,956**	**2,779**	**2,372**	**3,359**	**3,263**	**3,006**	**10,359**	**11,999**	**3,115**	

E: MOFSL Estimates:

Steady shift toward innovation-driven portfolio

Oncology, adult-vaccines, respiratory portfolios remain key growth drivers

- GLXO reported healthy 1HFY27 revenue growth of 18% YoY to INR21b, with 2QFY27 growth accelerating to 21%, driven by strong execution across portfolios, increasing contribution from innovative therapies and a favorable base effect.
- General Medicines sustained competitive performance, with key brands Augmentin, Calpol, Ceftum and T-Bact outperforming their respective markets (EI >100). The portfolio gained 2.1% in unit market share, supported by focused execution and lifecycle management initiatives.
- Established Vaccines maintained leadership in the private paediatric market, while Adult Vaccines gained traction, with Shingrix sales doubling YoY in 2QFY27, supported by deeper HCP engagement and increasing awareness of adult immunization.
- Respiratory portfolio continued to gain momentum, with Nucala and Trelegy Ellipta benefiting from expanding access pathways. Nucala has reached over 4,000 patients with severe asthma.

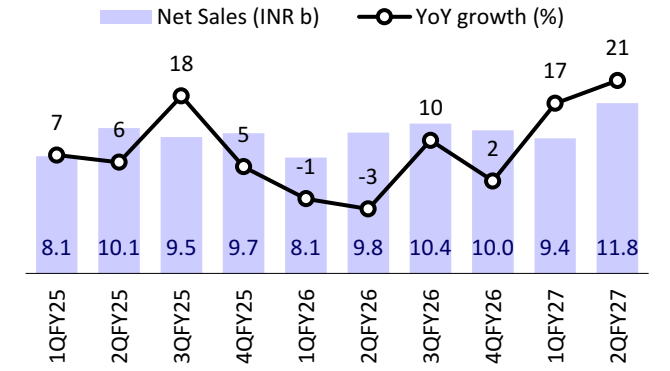
- Oncology portfolio gained traction, with Jemperli and Zejula benefiting from a full year of commercialization. GLXO is expanding into haemato-oncology with the launch of BLENREP for relapsed/refractory multiple myeloma.
- Innovation portfolio, comprising Oncology, New Respiratory, and Adult Vaccines, contributed 7% of 2QFY27, reflecting increasing traction from innovative therapies.
- Going ahead, we expect revenue to deliver a CAGR of 16% over FY26-28, driven by sustained General Medicines performance, increasing contribution from Oncology, Adult Vaccines and Respiratory therapies, and upcoming innovative launches.

Reiterate Neutral

- We cut our FY27/FY28 earnings estimates by 0.8%/4.2%, respectively, factoring in the evolving investment requirements and profitability outlook. We expect GLXO to deliver a 15% earnings CAGR over FY26-28, supported by sustained growth across established brands and increasing contribution from innovative therapies.
- We value GLXO at 34x 12-month forward earnings to arrive at a TP of INR2,760. Given the limited upside from current levels, we maintain a Neutral stance on the stock.

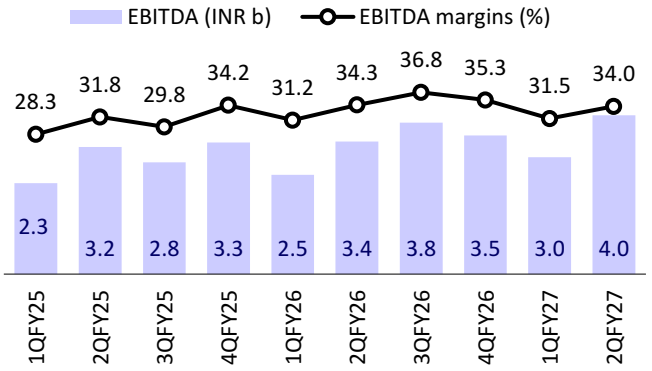
Story in charts

Exhibit 1: Sales grew 21% YoY in 2QFY27



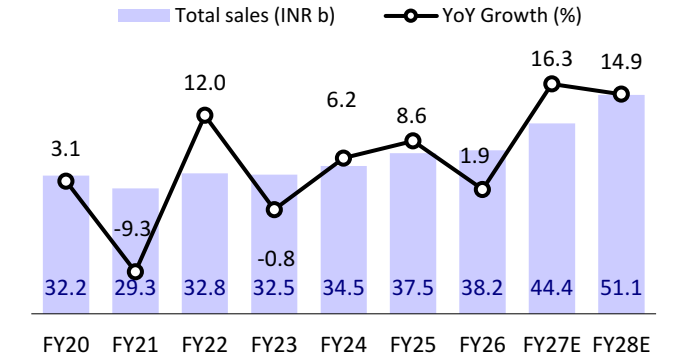
Source: Company, MOFSL

Exhibit 2: EBITDA margin contracted 30bp YoY in 2QFY27



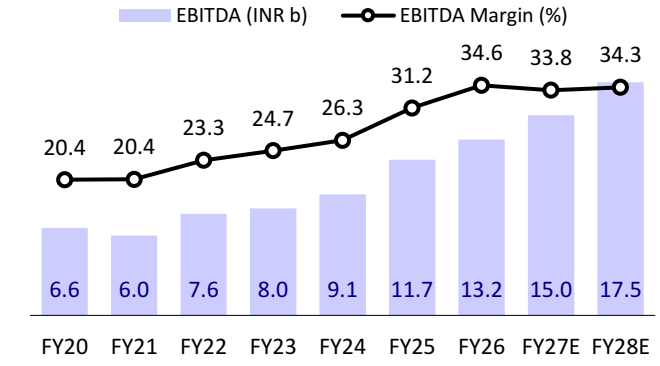
Source: Company, MOFSL

Exhibit 3: Revenue CAGR of ~16% estimated over FY26-28



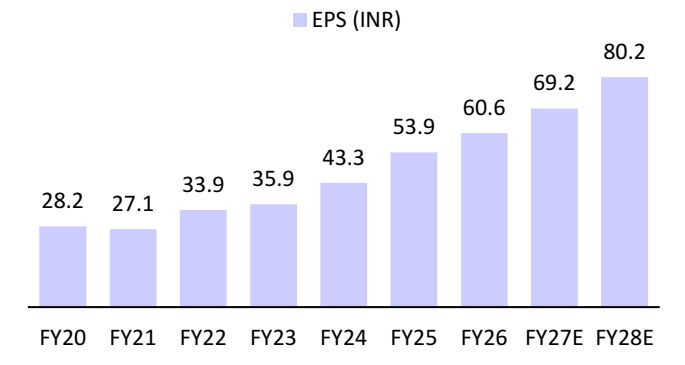
Source: Company, MOFSL

Exhibit 4: Expect margins to remain stable over FY26-28



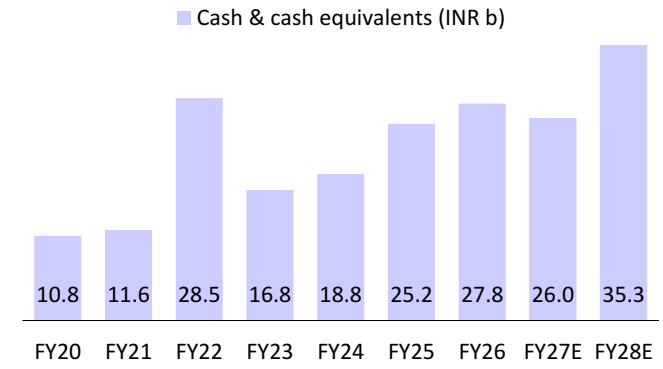
Source: Company, MOFSL

Exhibit 5: Earnings CAGR of ~15% estimated over FY26-28



Source: Company, MOFSL

Exhibit 6: Cash and cash equivalents witness a healthy uptick



Source: Company, MOFSL

Financials and valuations

Income Statement

(INR m)

Y/E December	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	**32,780**	**32,517**	**34,537**	**37,491**	**38,217**	**44,449**	**51,084**
Change (%)	12.0	-0.8	6.2	8.6	1.9	16.3	14.9
Personnel Expenses	6,102	5,950	6,244	5,887	5,955	6,856	7,394
Other Expenses	5,477	5,676	5,861	6,763	6,306	7,507	9,046
Total Expenditure	25,142	24,474	25,450	25,809	25,008	29,410	33,582
EBITDA	**7,639**	**8,043**	**9,087**	**11,682**	**13,209**	**15,039**	**17,501**
Change (%)	27.7	5.3	13.0	28.6	13.1	13.9	16.4
Margin (%)	23.3	24.7	26.3	31.2	34.6	33.8	34.3
Depreciation	682	658	697	668	664	712	814
EBIT	**6,957**	**7,385**	**8,390**	**11,014**	**12,545**	**14,327**	**16,687**
Int. and Fin. Charges	20	18	18	13	27	20	11
Other Income - Rec.	758	1,007	1,226	1,459	1,453	1,505	1,570
PBT	**7,695**	**8,374**	**9,598**	**12,461**	**13,971**	**15,811**	**18,246**
Tax	1,953	2,288	2,262	3,323	3,700	4,233	4,653
Tax Rate (%)	25.4	27.3	23.6	26.7	26.5	26.8	25.5
Adj PAT	**5,739**	**6,086**	**7,336**	**9,138**	**10,271**	**11,728**	**13,593**
Change (%)	24.9	6.0	20.5	24.6	12.4	14.2	15.9
One-off income (net of tax)	116	10	-1,436	-137	-88	-421	0
Reported PAT Before Disc. Operations	**5,858**	**6,096**	**5,900**	**9,275**	**10,359**	**12,149**	**13,593**
Change (%)	103.9	4.1	-3.2	57.2	11.7	17.3	11.9
Margin (%)	17.9	18.7	17.1	24.7	27.1	27.3	26.6
Reported PAT incl Disc operations	**17,360**	**17,578**	**5,900**	**9,185**	**10,271**	**11,578**	**13,593**

Balance Sheet

(INR m)

Y/E December	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	1,694	1,694	1,694	1,694	1,694	1,694	1,694
Reserves	24,919	16,923	16,065	17,802	20,963	27,866	36,784
Capital Reserve	17	17	17	17	17	17	17
Net Worth	**26,630**	**18,634**	**17,776**	**19,513**	**22,674**	**29,577**	**38,495**
Loans	0	0	0	0	0	0	0
Capital Employed	**26,630**	**18,634**	**17,777**	**19,513**	**22,674**	**29,577**	**38,495**
Gross Block	7,740	8,740	8,131	8,631	9,060	9,560	10,060
Less: Accum. Deprn.	3,573	4,230	4,927	5,595	6,259	6,971	7,785
Net Fixed Assets	**3,294**	**4,510**	**3,204**	**3,036**	**2,801**	**2,589**	**2,275**
Capital WIP	305	203	139	143	329	329	329
Investments	3,668	5,194	8,141	11,190	13,925	13,925	13,925
Curr. Assets	**37,934**	**23,245**	**22,619**	**25,510**	**24,845**	**31,702**	**43,965**
Inventory	5,347	4,600	5,251	4,817	4,576	7,201	8,276
Account Receivables	2,052	1,924	2,221	2,926	2,731	3,334	3,831
Cash & Bank Balance	24,845	11,559	10,632	14,035	13,910	12,055	21,386
Others	5,689	5,162	4,516	3,732	3,629	9,112	10,472
Curr. Liability & Prov.	**19,703**	**15,853**	**17,789**	**21,775**	**20,565**	**20,306**	**23,337**
Account Payables	13,801	9,127	11,379	14,913	13,772	11,112	12,771
Provisions	5,902	6,726	6,410	6,862	6,792	9,194	10,566
Net Current Assets	**18,231**	**7,392**	**4,830**	**3,735**	**4,281**	**11,396**	**20,628**
Deferred Tax Assets	1132	1336	1462	1409	1339	1339	1339
Appl. of Funds	**26,630**	**18,634**	**17,776**	**19,513**	**22,674**	**29,577**	**38,495**

Financials and valuations

Ratios

Y/E December	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**33.9**	**35.9**	**43.3**	**53.9**	**60.6**	**69.2**	**80.2**
Cash EPS	37.9	39.8	47.4	57.9	64.5	73.4	85.0
BV/Share	157.2	110.0	104.9	115.2	133.8	174.6	227.2
DPS	30.0	20.0	22.0	24.0	24.0	24.0	24.0
Payout (%)	106.6	67.0	61.1	53.6	47.6	41.7	36.0
Valuation							
P/E	74.7	70.5	58.5	46.9	41.8	36.6	31.6
Cash P/E	66.8	63.6	53.4	43.7	39.2	34.5	29.8
P/BV	16.1	23.0	24.1	22.0	18.9	14.5	11.1
EV/Sales	13.6	14.1	13.2	12.0	11.7	10.1	8.6
EV/EBITDA	58.6	57.1	50.3	38.6	33.9	29.9	25.2
Dividend Yield (%)	1.2	0.8	0.9	0.9	0.9	0.9	0.9
Return Ratios (%)							
RoE	21.6	32.7	41.3	46.8	45.3	39.7	35.3
RoCE	27.7	26.9	40.4	49.1	48.8	44.4	40.0
Working Capital Ratios							
Fixed Asset Turnover (x)	9.2	8.3	9.0	12.0	13.1	16.5	21.0
Debtor (Days)	23	22	23	28	26	27	27
Inventory (Days)	60	52	55	47	44	59	59
Creditor days	154	102	120	145	132	91	91
Leverage Ratio							
Debt/Equity	-0.9	-0.6	-0.6	-0.7	-0.6	-0.4	-0.6

Cash Flow Statement (INR m)

Y/E December	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Oper. Profit/(Loss) bef. Tax	24,757	8,415	9,598	12,552	13,209	15,039	17,501
Interest/Div. Recd.	-692	-676	-657	-708	1,453	1,505	1,570
Direct Taxes Paid	-1,483	-2,715	-3,937	-817	-3,630	-4,233	-4,653
(Inc)/Dec in WC	1,199	-457	610	1,848	-671	-8,970	98
CF from Operations	**8,107**	**4,842**	**5,820**	**12,899**	**10,362**	**3,341**	**14,517**
CF frm Op. incl EO exp.	**8,107**	**4,842**	**5,820**	**12,899**	**10,362**	**3,341**	**14,517**
(inc)/dec in FA	15,279	-426	-285	-220	-615	-500	-500
Free Cash Flow	**23,387**	**4,417**	**5,536**	**12,679**	**9,747**	**2,841**	**14,017**
(Pur)/Sale of Investments	-3,653	-1,219	-2,668	-2,829	-2,735	0	0
Others	-15,682	9,724	3,040	2,590			
CF from investments	**-4,055**	**8,079**	**87**	**-458**	**-3,350**	**-500**	**-500**
Inc/(Dec) in Debt	-312	-337	-363	0	0	0	0
Interest Paid	-20	-10	-18	-13	-27	-20	-11
Others	156	169	181	-187			
Dividend Paid	-5,066	-15,255	-5,416	-7,494	-4,894	-4,894	-4,894
CF from Fin. Activity	**-5,242**	**-15,433**	**-5,615**	**-7,694**	**-7,227**	**-5,268**	**-4,689**
Inc/Dec of Cash	**-1,190**	**-2,513**	**292**	**4,747**	**-215**	**-2,428**	**9,328**
Add: Beginning Balance	4,052	2,862	349	642	5,388	5,173	2,746
Closing Balance	**2,862**	**349**	**642**	**5,388**	**5,173**	**2,746**	**12,074**
Bank balances other than cash	21,983	11,210	9,991	8,647	8,647	8,647	8,647
Closing Balance	**24,845**	**11,559**	**10,632**	**14,035**	**13,910**	**12,055**	**21,386**

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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