

Square Pharmaceuticals Limited (DSE: SQRPHARMA)

Current Price (November 19, 2015)	248.7
Total Number of Share (Mn)	623.6
Free Float (%)	46.5%
Annualized PE – SQRPHARMA*	20.4x
Trailing PE – SQRPHARMA*	19.8x
Annualized PE – Pharmaceuticals	22.8x

* Based on annualized earnings of the latest declared quarter

Financials (BDT Mn)**	2014	2015	6M, 2016 (unaudited)
Net Revenue	23,268	26,685	15,409
Gross Profit	10,308	11,785	7,424
Operating Profit	5,968	7,050	4,634
Net Profit After Tax	4,946	5,982	3,800
Total Assets	31,046	35,191	38,712
Total Equity	26,740	31,093	33,282

Growth (%)	2014	2015	6M, 2016
Net Revenue	15.2%	14.7%	12.5%
Net Profit After Tax	17.4%	20.9%	41.2%

Per share (BDT)	2014	2015	6M, 2016
Restated EPS	7.9	9.6	6.1
Restated BVPS	42.9	49.9	53.4

Others	2014	2015	6M, 2016
Gross Profit Margin	44.3%	44.2%	48.2%
Operating Profit Margin	25.6%	26.4%	30.1%
Net Profit Margin	21.3%	22.4%	22.1%
ROA	16.9%	18.1%	-
ROE	20.1%	20.7%	-
Stock Dividend	15.0%	12.5%	-
Cash Dividend	30.0%	30.0%	-

** Accounting year April-March

3 Years' CAGR	Peers			
	SQRPHARMA	BXPBARMA	RENATA	ACI
Net Revenue	10.5%	12.4%	19.3%	13.9%
NPAT	18.2%	8.4%	16.6%	37.1%

Source: Financial Statements of SQRPHARMA, BXPBARMA, RENATA and ACI; Research, IDLC Investments Limited.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Annualized PE: Based on Annualized Earnings of the latest declared quarter

Trailing PE: Based on Latest 12 Months Earnings

Company Profile

Square Pharmaceuticals Limited (DSE: SQRPHARMA) was established back in 1958 as a partnership business, focused in manufacturing of pharmaceuticals products. In 1964, it was converted to private limited company. Later in 1991, the company became a public limited company and was consequently listed in stock exchange in 1995. Currently, sponsor and directors are holding 53.5% of total shares of the company. With a staggering 19.2% market share, SQRPHARMA is market leader in the pharmaceuticals sector of the country.

Square also has several subsidiaries and associates diversified in pharmaceuticals, textile and healthcare sectors. Among these, Square Cephalosporins Ltd., Square Formulations Ltd., Square Textiles Ltd., Square Hospitals Ltd. and Square Fashions Ltd. are mentionable.

Key Revenue Drivers & Company Insight

SQRPHARMA generates majority of its revenue from pharmaceutical products. During 2014, the company underwent an amalgamation with Square Cephalosporins while it began generating revenue from its fairly new subsidiary, Square Formulations from 2014-15. During the same year, the company recorded a major thrust in its export volume. Total exports, to over 30 countries, amplified by 34.5% YoY to BDT 1,138.0 Mn. The company is also waiting on approval from the USFDA which would allow it to expand its export operations, even further.

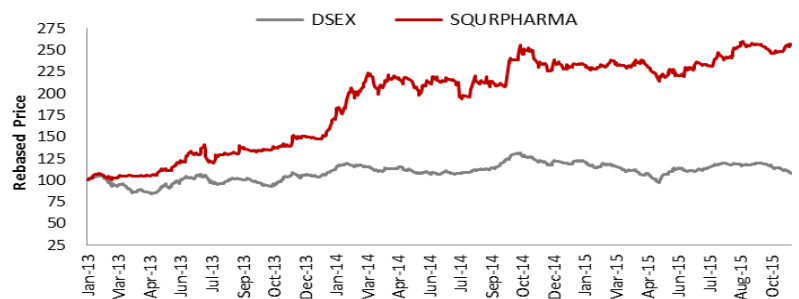
According to IMS Report 2014, pharmaceuticals industry registered a growth of 11.4% whereas SQRPHARMA posted a growth of 25.4% (standalone basis) in the same period. Strong growth in both domestic and export market served as the key driver to its success.

Financial Performance

2014-15 was a good year for Square Pharmaceuticals as Net Revenue increased by 14.7% YoY. Although, Gross Profit Margin (GPM) remained almost flat, Operating Profit Margin (OPM) improved to 26.4%. Hence, NPAT Margin (NPM) became 22.4% from that of 21.3% in 2013-14. Accordingly, NPAT grew by 20.9% YoY to BDT 5,981.6 Mn.

During HY 2015-16, the company demonstrated significant improvement in margins. GPM, OPM and NPM became 48.2%, 30.1% and 22.1%, respectively. Accordingly, NPAT grew robust of 41.2% YoY to BDT 3,799.5 Mn.

Recently, the company has reported consolidated NPAT (excluding non-controlling interests) of BDT 3,799.6 Mn with consolidated EPS of BDT 6.09 for the period of six months (Apr'15 to Sept'15) as against BDT 2,692.7 Mn and BDT 4.32, respectively for the same period of the previous year.



Source : DSE; Research, IDLC Investments Limited

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