Pharmaceuticals

CPHL: 1HFY26 Management Call Takeaways

- Citi Pharma Limited (CPHL) held an investor briefing session to discuss the 1HFY26 financial results and provide key insights on the future outlook.
- In 1HFY26, Citi Pharma reported strong financial results, with revenue rising +14% y/y to PKR 7.7Bn. Gross margins improved by 5ppts supported by operational efficiency and improved product mix. Finance Cost went up by 53% y/y due to increased borrowings, while PAT surged +33% y/y to PKR 608Mn (EPS: PKR 2.66/share).
- CPHL's portfolio has seen remarkable growth, expanding from just 5–6 molecules to 24, while its registered molecule approvals have surged from 12–14 to an impressive 60–70. The Company has also introduced five new APIs Esomeprazole, Omeprazole, Duloxetine, Itraconazole, and Dexlansoprazole pellets.
- In a move to diversify beyond pharmaceuticals, CPHL is also entering Pakistan's real estate market by establishing Citi REIT Management Company (CRMC). Having already secured name approval from SECP, formal incorporation is anticipated within the next six months.

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CPHL reported earnings of PKR 608mn (EPS: PKR 2.66) during 1HFY26

In 1HFY26, CPHL reported strong financial results, with revenue rising +14% y/y to PKR 7.7Bn. Gross margins improved by 5ppts to 19% supported by operational efficiency and improved product mix. Finance Cost went up by 53% y/y due to increased borrowings, while PAT surged +33% y/y to PKR 608Mn (EPS: PKR 2.66/share).

Key highlights from management conference call

- CPHL's portfolio has seen remarkable growth, expanding from just 5–6 molecules to 24, while its registered molecule approvals have surged from 12–14 to an impressive 60–70. The Company has also introduced five new APIs Esomeprazole, Omeprazole, Duloxetine, Itraconazole, and Dexlansoprazole pellets — reinforcing its commitment to building a high-quality, cost-effective API lineup and strengthening supply chain reliability while cutting down on import dependence.

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- On the revenue side, the formulation segment currently accounts for 20% of total revenue, with management projecting this to rise to 22% by FY26. Looking ahead, CPHL plans to file 24 new molecules with DRAP for approval, a step that is expected to meaningfully reduce Pakistan's import bill.

- To support this growth trajectory, the Company, which currently runs 12 active plants, intends to set up 3–4 additional plants and subsidiaries over the coming years.

- CPHL is venturing into Pakistan's animal health and livestock sector through the launch of Citi Veterinary Limited. Toll manufacturing is already underway, with products set to hit the market by March 1, 2026 — well ahead of the manufacturing plant, currently under construction, becoming fully operational. The Company is targeting the PKR 345–400Bn poultry and livestock market, with revenue projections of PKR 1.5Bn in the first year, scaling to PKR 15Bn within 4–5 years. Commercialization from trading poultry and livestock products is expected to begin from FY26, with full local manufacturing eventually reducing import reliance.

- In a move to diversify beyond pharmaceuticals, CPHL is also entering Pakistan's real estate market by establishing Citi REIT Management Company (CRMC). Having already secured name approval from SECP, formal incorporation is anticipated within the next six months. CRMC will develop regulated REIT products, unlocking new recurring income streams. The project carries an estimated cost of PKR 2–3Bn, with a portion of assets earmarked for sale and the remainder retained for rental income. Properties from the Company's own landholdings in Lahore and Islamabad, valued at approximately PKR 8Bn, will be transferred into the REIT structure.

- Meanwhile, the Company is making a bold strategic bet on biologics through its state-of-the-art Biotech Plant, with regulatory inspection slated for April 2026. The plant will focus on high-value segments — insulin and oncology, including Semaglutide — targeting a market potential of USD 1Bn. Management noted that stage 1 cancer drugs are predominantly imported into Pakistan, presenting a significant untapped opportunity. With the institutional and commercial segments carrying a combined market size of PKR 28–40Bn, CPHL aims to bolster self-reliance in insulin production by developing human recombinant insulin and insulin analogs, directly addressing the country's growing diabetes burden while curbing import dependence.

- Adding to its infrastructure ambitions, CPHL is establishing a Bioequivalence Center in Pakistan, equipped with advanced laboratories, an NIH-compliant animal research facility, and a 100-bed affiliated hospital. This initiative, backed by partnerships with American companies, is designed to reduce reliance on foreign CROs and position Pakistan as a stronger regional pharmaceutical hub.

- The management shared that the supply chain for 2HFY26 is already locked in, with revenue anticipated to grow by 14% during the period. On the nutraceutical front, the Company is actively pushing into export markets and has already started shipping to the US, where early customer feedback and results have been highly encouraging.

- Looking at the bigger picture, CPHL is undertaking a strategic shift from conventional to innovative manufacturing, with a long-term vision centered on developing innovational products over the next 25 years. Currently, the Company primarily caters to Government clients, while its recently launched commercial project is operating at breakeven and steadily gaining ground.

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