

Pharmaceuticals

HALEON: CY25 Management Call Takeaways

- HALEON Pakistan Limited (HALEON) held a corporate briefing session to provide key insights on the financial performance and future outlook for the Company.
- Total Revenue reached 43.1 billion which reflected a YoY increase of 16.1%. This growth was primarily driven by a 9.1% price growth and a 7% volume increase.
- Gross Profits stand at 16.9 billion, representing a 31.5% increase. The gross profit margin improved by 4.6% due to price increases, favourable commodity prices, and site level cost efficiency projects.

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Key highlights from Corporate Briefing

- **Strong Growth Trends:** The Company has maintained a Compound Annual Growth Rate (CAGR) of 16% from 2018 onwards incorporating a positive trajectory in the following years.
- Total Revenue reached 43.1 billion which reflected a YoY increase of 16.1%. This growth was primarily driven by a 9.1% price growth and a 7% volume increase.
- Gross Profits stand at 16.9 billion, representing a 31.5% increase. The gross profit margin improved by 4.6% due to price increases, favorable commodity prices, and site level cost efficiency projects.
- The Company reported EPS of PKR 54.5 in CY25 and announced a final dividend of PKR 13/share, with a 55% payout ratio.
- Profit before tax was reported at PKR 10.7bn in CY25, showing a significant 39.2%y/y increase, with the PBT margin rising by 4.1%.
- Selling, Marketing, Distribution and Admin Expenses increased by 9.1%y/y. The company maintains strong discipline on cost control while increasing marketing spend by 8% to drive consumption and new product sales.

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- **Key Business Risks and Mitigation Plans:** Following points highlights specific strategies to handle current economic challenges as addressed by the Company:
- **Managing Consumption Pressure:** With inflation rising from 4.9% to 7.3%, the strategy is to continue driving consumption through targeted marketing and trade investments.
- **Addressing Rising Fuel and Logistics Costs:** To counter a 48% increase in fuel prices and war surcharges, management plans to:
 1. Negotiate bulk shipping rates.
 2. Optimize shipment consolidation.
 3. Proactively address inflationary pressures affecting workforce mobility.
- **Combating Raw Material Inflation:** To manage rising material costs, the company is focusing on:
 1. Improving cost efficiency in production.
 2. Implementing **Just in Time** Inventory Systems.
 3. Maintaining buffer inventory for critical materials to prevent supply chain disruptions.
- **Portfolio Wise Sales Distribution:** The break-up of sales across different segments provides insight to the company's market footprint:
 1. FMCG: 38.1%
 2. OTC: 16%
 3. Exports: 24.7%
 4. Tolling – NVS: 54%

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