

Wyeth LimitedCMP Rs. 798.0
HOLDResult Update
Q4FY10

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Merger With Pfizer

Following the merger of the parent company - Wyeth Inc. with Pfizer Inc. US, Wyeth (India) Ltd. is now a subsidiary of Pfizer Inc. – the ultimate holding company.

To get in line with the ultimate parent company's reporting policies, Wyeth (India) Ltd. has changed its financial year from April – March to December – November from 2009. Thereby, the MNC pharmaceutical company has reported its quarterly result for three months ending Feb 2010.

Quarterly Results

This result update compares with Figures from 3 months ending March 09, due to the changes in accounting year The result update is of the Quarter from DEC 2009-FEB 2010. The Indian arm of the US pharma major saw its top-line rise to Rs 1065.2 Mn in comparison to Rs. 892.1 Mn in the Jan-March 2009 Quarter. Expense on Advertising and sales promotion decreased to Rs. 33.6 mn from Rs. 55.4 Mn in Jan -March 2009 Quarter. Profit From operations increased to Rs. 414.5 mn from Rs. 224.9 mn in the comparative quarter. The company paid a higher tax of Rs. 125 Mn and thus the Net profit rose to Rs. 304.1mn from 185.0 mn in the Jan – March 2009 Quarter. EPS stood at Rs. 13.38 vis-a-vis Rs 8.14 in the Jan -March 2009 Quarter.

Considering the Fact that the company has been focusing on the niche therapeutic segment of Womens' Healthcare & Nutritions, it faces very less competition from other players. Also the company currently has only two of its products under the Drug Price Control Order(DPCO). Also Wyeth has maintained strong financials over the years. The company is debt free with almost negligible debt component on its books. With minimal capex, the company generates huge amounts of cash flows which are available as dividends.

At the current CMP of Rs. 798 the company is trading at a PE (TTM) of 18.62 which mostly has factored in the qualitative advantages of the business. Considering the current rich valuations and good future prospects we recommend a hold.

Quarterly Financials >>

Quarterly Financials

Earnings Statement						
YE March (Rs. Mn.)	Feb 2010	Nov.2009	Sept.2009	Q-Q(%)	Dec.2009	Y-Y(%)
Net Revenues	1065.2	589.4	1,127.5	-47.7%	937.8	-37.2%
Cost of Materials	345.7	185.1	324.1	-42.9%	272.9	-32.2%
Gross Profit	719.5	404.3	803.4	-49.7%	664.9	-39.2%
Advertising & Sales Promotion	33.6	50.0	88.7	-43.6%	98.9	-49.4%
Employee Cost	114.1	135.4	116.0	16.7%	108.5	24.8%
Other Expenditure	142.8	156.3	262.7	-40.5%	198.1	-21.1%
Total Expenditure	290.5	341.7	467.4	-26.9%	405.5	-15.7%
Operating Profit	429.0	62.6	336.0	-81.4%	259.4	-75.9%
OPM (%)	40.27%	10.62%	29.80%	(1,917.9)	27.66%	(1,704.0)
Other Income	16.8	21.4	27.9	-23.3%	52.0	-58.8%
EBITDA	445.8	84.0	363.9	-76.9%	311.4	-73.0%
Depreciation	18.5	31.6	18.0	75.6%	17.4	81.6%
EBIT	427.3	52.4	345.9	-84.9%	294.0	-82.2%
Interest	1.1	(0.8)	2.6		0.6	
PBT	426.2	53.2	343.3	-84.5%	293.4	-81.9%
Tax	126.1	6.5	91.4	-92.9%	85.5	-92.4%
Current Tax	125.0	24.9	92.6	-73.1%	80.0	-68.9%
Fringe Benefit Tax	0.0	0.0	(3.0)		1.0	
Deferred tax	1.1	(18.4)	1.8		4.5	
PAT	300.1	46.7	251.9	-81.5%	207.9	-77.5%
Equity Capital	227.2	227.2	227.2		227.2	
EPS	13.21	2.06	11.09	-81.5%	9.15	-77.5%
Ratio Analysis						
Profitability						
YE March	Feb 2010	Nov.2009	Sept.2009	Q-Q(%)	Dec.2009	Y-Y(%)
OPM (%)	40.3%	10.6%	29.8%	(1,917.9)	27.7%	(1,704.0)
EBITDA (%)	41.9%	14.3%	32.3%	(1,802.3)	33.2%	(1,895.4)
EBIT (%)	40.1%	8.9%	30.7%	(2,178.8)	31.3%	(2,246.0)
PAT (%)	28.2%	7.9%	22.3%	(1,441.8)	22.2%	(1,424.6)
Operational Parameters						
YE March	Nov.2009	Sept.2009	Q-Q(%)	Dec.2009	Y-Y(%)	
RM Consumed	32.5%	31.4%	28.7%	266.0	29.1%	230.5
Advertising & Sales Promotion	3.2%	8.5%	7.9%	61.6	10.5%	(206.3)
Employee Cost	10.7%	23.0%	10.3%	1,268.4	11.6%	1,140.3
Other Expenditure	13.4%	26.5%	23.3%	321.9	21.1%	539.5
Effective Tax rate	29.6%	12.2%	26.6%	(1,440.6)	29.1%	(1,692.3)

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Disclosure of Interest Statement

1. Analyst Ownership of the scrip
2. PPFAS ownership of the scrip
3. PMS ownership of the scrip

Wyeth

NO
YES
YES

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