

August 9, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
AstraZeneca Pharma Ltd.	Pharmaceuticals	1910	BUY	2130	10%

Key Stock Data

BSE Script Code	ASTRAZEN
NSE Script Code	ASTRAZEN
No. of shares	25
FV (Rs.)	2
MCAP (Rs.)	4,763 Crs
MCAP (\$)	67 Crs
52 Week High	Rs.2398
52 week Low	Rs. 1306
Time Frame	6 months

AstraZeneca India Ltd. (ASTRAZEN) was established in 1979, is headquartered at Bengaluru, Karnataka. ASTRAZEN has a key contribution to make through the discovery, development and commercialisation of innovative medicines for important areas of healthcare, including cardiovascular/metabolic disease, cancer and respiratory, inflammatory and autoimmune disease. ASTRAZEN's Indian manufacturing facility has a sophisticated production facility designed to meet the most stringent international standard.

Investments Rationale**1. Stupendous set of earnings on every count.**

ASTRAZEN reported stupendous set of earnings in 1QFY20 on every count where the PAT zoomed 267% on a YoY basis to Rs. 34 Crs in 1QFY20 as against Rs. 9 Crs in 1QFY19 on a top-line growth of 26% YoY to Rs. 207 Crs in 1QFY20 as against Rs. 164 Crs in 1QFY19. Margins too increase by good 1160 bps on a yearly basis to 18.6% in 1QFY20 as against 7% in 1QFY19.

2. Well diversified oncology business

ASTRAZEN has a well-diversified oncology business which enjoys a leadership position. It specializes in cancer ailments like Lung cancer, blood cancer and other multiple cancer treatments. Tagrisso, which is used for lung cancer, is presently at no. 1 position of the ASTRAZEN group. It has received world-wide approval from 83 countries.

Outlook & Valuations

ASTRAZEN's sales continue to grow ahead of the long-term ambition of mid to high single-digit growth. The company continues to report stellar set of numbers on all count both on a sequential as well as on a yearly basis. The company also has good leadership position in its lung cancer medicines, which infuses confidence in the stock. The stock is trading at 45.93x on FY21E PE chiefly due to the leadership position the drug enjoys and on account of its constant good performance, we would like to allot a PE multiple of 50x on FY21E to arrive at a target price of 2130.

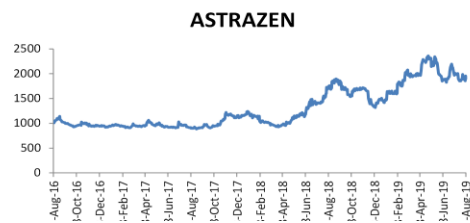
Key Financial

Particulars	FY17 A	FY18 A	FY19 A	Amt in Crs	
				FY20 E	FY21 E
Revenue	546	572	728	946	1183
EBITDA	38	46	71	114	165
PAT	20	25	54	75	106
EPS	8	10.4	21.8	30.28	42.58
PE	244.50	192.90	89.72	64.59	45.93

Source : BSE Website and company research

Shareholding Pattern

Promoters	75%
DII's	3.66%
FII's	2.17%
Others	19.17%

3 years Price Chart

Source: All above data from BSE Website and Capital Line

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Analyst Stock Rating	
Ratings	Expected absolute returns over 6 months
BUY	>10%
HOLD	5-10%
SELL	<5%

Note: Our target price is within 6 months perspective. Returns stated in the rating scale are our internal benchmark.

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