

Wyeth Ltd.

- ✦ Wyeth Limited, a 51.12% subsidiary of Wyeth Inc., USA has put up excellent performance for Q3 FY2009. Net Sales grew @ 12.6% to Rs.93.8 crore (Rs.83.3 crore) led by 11.2% growth in Pharma business to Rs.85.19 crore. Consumer Health Care business also grew @ 14.3% to Rs.8.85 crore (Rs.7.74 crore). OPM% improved to 27.7% (25.8%) as a result of operational efficiencies. Consequently, PBT was up by 20.3% to Rs.29.3 crore (Rs.24.4 crore) and PAT grew @ 18.5% to Rs.20.8 crore.
- ✦ For 9 months FY 2009, Net Sales grew @ 14 % to Rs.293.4 crore (Rs.257.3 crore) led by 14.4% growth in Pharma sales of Rs.264.81 crore. OPM% improved to 35.4% (34.7%) PBIT% of Pharma business was up to 38.5% (35.2%), while Loss Before Interest and Tax of Consumer Health Care business declined to 4.8% (9.8%). Consequently, PBT grew @ 15.5% to Rs.114.6 crore (Rs.99.3 crore) and PAT was up by 17.1% to Rs.81.2 crore (Rs.69.3 crore).
- ✦ Wyeth's focus therapeutic segments are Anti – infective, Oral Contraceptive, hormone replacement therapy, Vaccines and Antacids.
- ✦ Company has been introducing new products from parent's portfolio for past 3 years. New products like Enbrel, Prevenar (first and only pneumococcal conjugate vaccine) and Tygacil (hospital injectable antibiotic for life threatening infections such as complicated intra-abdominal infections, complicated skin & skin structure infections, etc.) are growing well. In 2008, company launched Premerin, 0.3 mg, low dose version of Hormone Replacement Therapy and user friendly, pre-filled syringe version of Enbrel, biologic therapy for rheumatoid arthritis and psoriasis.
- ✦ Over past few years, sales did not grow much as company has been rationalizing its product portfolio; However with continuous flow of new launches, company has grown in line with pharma industry growth and will continue to grow in line with pharma industry growth (expected to be 124%) in future.
- ✦ Company has increased its investment in Consumer Health Care business with line extensions and new advertising campaign.
- ✦ Company is also constantly looking at in-licensing opportunities and is open for brand acquisitions.
- ✦ There is now no conflict of interest between Wyeth Limited and the parent's 100% subsidiary. All the new products have been launched in Wyeth Limited, whereas the 100% subsidiary is mainly concentrating on R&D activity.
- ✦ Wyeth has surplus cash of ~ Rs. 227 crore, i.e. around Rs. 100/- per share.

Company is expected to post decent growth in top-line with improvement in its profitability. At CMP of Rs. 431/-, the share is trading at 10.1 times FY 2009 expected EPS of Rs. 42.7 and at 8.7 times estimated FY 2010 EPS of Rs. 49.4-. At CMP, Dividend (had declared 300% dividend for FY 2008) yield works out to be 7%. In view of good future prospects, we recommend to "BUY" the share at CMP.

Disclosures:

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