

# Pharmaceutical Sector Update

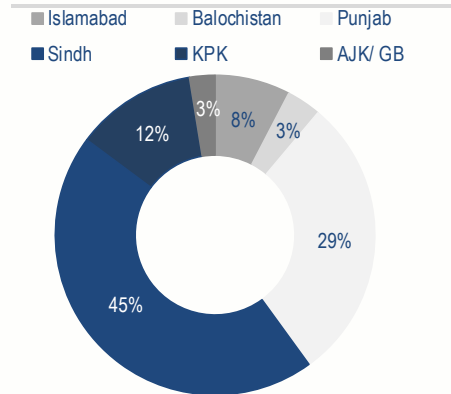
Insight: Pharmaceutical Sector Update

Tuesday, January 26, 2021

## Vaccines, Trials and Promising Results

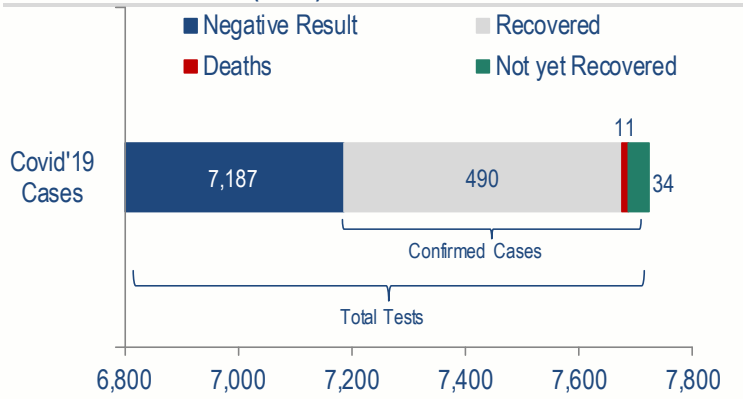
- › Pakistan has had 535,914 reported cases of coronavirus to date of which 490,126 recovered. Even though the recovery rate of 98% is higher than global recovery rate of 97%, nonetheless Pakistan needs to take adequate measures for the availability and distribution of Covid'19 vaccines.
- › As per a statement issued by Dr Faisal, Special Assistant to Prime Minister, Pakistan plans to inoculate 70% of the population which means that roughly 150Mn doses or more are required, depending on the number of doses.
- › Several pharmaceuticals and research institutes worldwide are undergoing clinical trials to develop a vaccine for Covid'19 of which few have cleared phase 3 trials including vaccines developed by Pfizer, Moderna, AstraZeneca and others.

Confirmed Cases



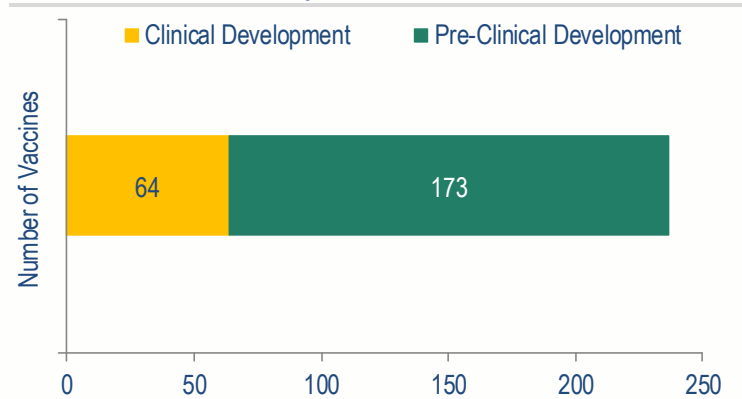
Source: Covid.Gov & TSL Research

Covid'19 Test Results (000's)



Source: Covid.Gov & TSL Research

Worldwide Vaccine Development



Source: WHO & TSL Research

- › Currently there are no vaccines available in Pakistan. However, DRAP has authorized three vaccines to be used; Sinopharm, AstraZeneca and Sputnik V.
- › **Sinopharm:** China has agreed to donate Sinopharm to Pakistan, of which 0.5 Mn doses are expected to reach by the end of January while another 1Mn doses are expected to reach by February.
- › **AstraZeneca:** Sindh Medical Stores (SMS) has offered discounted rates of the vaccine if bought in bulk to the Government and institutes. However AstraZeneca is unlikely to be available in Pakistan anytime soon. The vaccine has already been pre booked and paid in advance by most countries.
- › According to news sources AstraZeneca is to be manufactured in the Serum Institute of India. The drug is to fulfill India's demand foremost before reaching out to Pakistan.

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## Pharmaceutical Sector Update

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- › **Sputnik V:** The vaccine has been developed with the backing of Russian Development Investment Fund (RDIF) and is currently being provided to Hungary and UAE. AGP Limited has been given approval to import the vaccine and distribute it. However, the price is to be fixed by DRAP which is expected to be less than USD 10 per dose. The first shipment is expected to arrive by the end of January, comprising of approximately 50,000 doses.
- › We expect AGP to have an impact of PKR 0.08/share on its EPS for every 100,000 doses of vaccine sold.

Covid-19 Vaccines Approved in Pakistan			
<b>Vaccine Name</b>	Sinopharm	AZD1222	Sputnik V
<b>Manufacturer</b>	 Sinopharm / BIBP <sup>2</sup>	 AstraZeneca / OXFORD	 THE GAMALEYA NATIONAL CENTER OF EPIDEMIOLOGY AND MICROBIOLOGY
<b>Efficacy Rate</b>	79%-86%	70.40%	91%
<b>Storage Requirement</b>	Refrigerate (2-8°C)	Refrigerate (2-8°C)	Refrigerate (2-8°C)
<b>No. of Doses</b>	2	2	2
<b>Procurer</b>	Donated by China	Sindh Medical Stores (SMS)	AGP
<b>Expected Price</b>	N/A	PKR1,000-2000 (Government) PKR 2,000-2,500 (Institutes)	<USD 10 per dose

Source : Company Websites & TSL Research

- › **Ad5-nCoV:** National Institute of Health and Shifa International hospital are conducting trials of Ad5-nCov, a vaccine developed by CanSino, China. So far, the drug has had promising results and is undergoing follow ups after the trial phases. However, the vaccine has not yet been approved by DRAP.
- › Moreover, going forward the two countries may work towards producing and manufacturing the Chinese vaccine in Pakistan.

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## Valuation Methodology

To arrive at our period end target prices, TSL uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: <https://jamapunji.pk/>

## Frequently Used Acronyms

<b>TP</b>	Target Price	<b>DCF</b>	Discounted Cash Flows	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DDM</b>	Dividend Discount Model
<b>SOTP</b>	Sum of the Parts	<b>P/E</b>	Price to Earnings ratio	<b>P/Bv</b>	Price to Book ratio
<b>P/S</b>	Price to Sales	<b>EVA</b>	Economic Valued Added	<b>BVPS</b>	Book Value per Share
<b>EPS</b>	Earnings per Share	<b>DPS</b>	Dividend per Share	<b>DY</b>	Dividend Yield
<b>ROE</b>	Return on Equity	<b>ROA</b>	Return on Assets	<b>JPB</b>	Justified Price to Book