

## Orion Pharma Limited (OPL)

IPO Offer Price: Tk. 60.00 (Including Tk. 50.00 as Premium)

Last Update: 01/03/2013

### Company Snapshots

Sector	: Pharmaceuticals (Company), Power (Group)
Sector Market Capitalization	: 143,644.90 Million
Paid Up Capital	: Tk. 1550 Million (Pre IPO)
Paid Up Capital	: Tk. 1950 Million (Post IPO)
Reserve & Surplus	: Tk. 1424 Million (W/o Revaluation & Premium)
EPS (Pre IPO)	: Tk. 5.56
NAV	: Tk. 76.87
NAV (Without asset revaluation)	: Tk. 61.43
Sectoral P/E	: 17.22 Times
P/E (Pre IPO)	: 10.79 Times
Shareholding Composition	: 32% Sponsors, 16% Inst, 52% Public (Post IPO)

### **Company Insight (Single Concern):**

1. Orion Pharma Ltd, earlier known as Orion Laboratories Limited (OPL), was incorporated in 21 of June 1965.
2. The company was converted into a public limited company on 24<sup>th</sup> of July 2010.
3. In 2011 the company extended its share holding to eight (8) Orion concerns whereby holding more than two thirds share of its subsidiaries while securing a 22% stake in Orion Infusion Ltd.
4. The company, meantime, improved its current facility where it has installed a fully automatic liquid filling line replacing the previous manual liquidity production facilities which doubles the current capacity.
5. The Company also going to install a high speed tablet compression machine and a high capacity tablet coating machine. Moreover the company has segregated space for cephalosporin, anti cancer and injectable product facility according to CGMP standards.
6. For the design and construction of proposed pharma park the Company has engaged Tebodin Netherlands BV, an independent and multi disciplinary consultancy and engineering firm having work experience in Europe, Middle East, Asia and Africa.

**Orion Pharma Ltd (Group Concern):**

1. The Company incorporated eight subsidiaries in addition to an associate company-Orion Infusion Ltd.
2. We observe consolidated revenue was heavily (75%) contributed by two of its power generating subsidiaries while remaining others were largely inoperative during 2011. Since both the power companies operation is quick rental basis which ensures the supply of fuel and the sale of power at a preset price they, largely, got their major risks shifted to the Government bodies.
3. We also observe the power companies operating since June of 2011 with no major breakdown which helps derive an understanding of smooth preservation of capacity and thus the receipt of capacity payment which is sufficient to ensure handsome return on investment
4. OPL's other subsidiaries along with its associate are supposed to give the company an emerging growth surrounded by Pharmaceuticals and healthcare products.
5. However these two relevant subsidiaries (Orion Natural Care Ltd and Orion Biocare Ltd) are still at their initial stage of operation leaving their success on the right planning and funding by the Group. Orion Capital Ltd along with two other investing subsidiaries (Orion Holding Ltd and Integral Energy Ltd) is also dependent on the Group decision to grasp the future growth opportunities.

**Before IPO Financial Changes:**

1. The consolidated account of Orion Pharma Limited was prepared for the year of 2010 and 2011.
2. The revenue of 2010 included only the revenue of Orion Pharma Limited while the accounts of 2011 incorporated the financial position of eight subsidiaries. Thus the basic change in 2011 was enhancement of revenue, profit, asset as well as liabilities.
3. The company made 30% gross profit margin with the help of a strong contribution from power generation. Besides this the pharmaceutical reported 58% gross margin and 30% net profit margin at the same period.
4. The profit from the core business with income from investments helped the company reported 14% consolidated net profit after tax in 2011.

**Important Factors Affecting Company's Performance:**

1. We anticipate the consolidated financial position of the company to be largely influenced by the performance of the two power generating companies and any change of their future performance will sharply affect the total picture.
2. If the current shortfall of fuel supply by BPC remains unimproved, will continue to limit the cash inflows forecasted earlier.
3. Moreover the expiry of rental contracts will also see a major downturn in consolidated revenue once the five year contract period is over.

**Financial Information:**

The statement of operating results of the company is as follow:					
Comprehensive Income	31.12.2011		31.12.2010		31.12.2009
	Consolidated	Company	Consolidated	Company	
<b>Revenue (Turnover) From Net Sales</b>					
Revenue from Net Sales	7,026,328,683	1,762,593,863	1,412,002,352	1,412,002,352	967,263,054
Cost of Goods Sold	(742,176,261)	(742,176,261)	(612,523,007)	(612,523,007)	(458,332,252)
Cost of Power generation	(4,198,366,496)	-	-	-	-
<b>Gross Profit</b>	<b>2,085,785,926</b>	<b>1,020,417,602</b>	<b>799,479,345</b>	<b>799,479,345</b>	<b>508,930,802</b>
<b>Operating Expenses :</b>	<b>(618,798,427)</b>	<b>(554,026,969)</b>	<b>(442,457,677)</b>	<b>(442,457,677)</b>	<b>(358,118,743)</b>
General & Administrative Expenses	(185,254,826)	(120,483,368)	(88,483,964)	(88,483,964)	(67,490,535)
Selling & Distribution Expenses	(433,543,601)	(433,543,601)	(353,973,713)	(353,973,713)	(290,628,208)
<b>Operating Profit</b>	<b>1,466,987,499</b>	<b>466,390,633</b>	<b>357,021,668</b>	<b>357,021,668</b>	<b>150,812,059</b>
Pre Operating Expenses	(7,484,107)	-	(828,495)	-	-
Financial Expenses	(575,586,133)	(29,300,758)	(30,045,225)	(30,045,225)	(43,395,963)
Interest & Other Income	443,847,578	443,511,407	143,504,348	140,704,348	9,287,500
<b>Net Profit from Operation</b>	<b>1,327,764,837</b>	<b>880,601,282</b>	<b>469,652,296</b>	<b>467,680,791</b>	<b>116,703,596</b>
Workers Profit Participation Fund	(42,665,576)	(42,665,576)	(9,762,417)	(9,762,417)	-
<b>Net Profit before Tax</b>	<b>1,285,099,261</b>	<b>837,935,706</b>	<b>459,889,879</b>	<b>457,918,374</b>	<b>116,703,596</b>
Current Tax Expenses	(311,866,367)	(311,266,367)	(145,560,000)	(145,000,000)	(30,000,000)
Deferred Tax Expenses	(6,284,152)	(6,284,152)	3,896,917	3,896,917	-
<b>Net Profit after Tax</b>	<b>966,948,743</b>	<b>520,385,188</b>	<b>318,226,796</b>	<b>316,815,291</b>	<b>86,703,596</b>
Share of Profit from Associate	8,302,385	5,727,120	-	-	-
<b>Net Profit</b>	<b>975,251,128</b>	<b>526,112,308</b>	<b>318,226,796</b>	<b>316,815,291</b>	<b>86,703,596</b>
Non Controlling Interest	(55,167,414)	-	77,410	-	-
Pre Acquisition Profit	(57,110,620)	-	-	-	-
<b>Net Profit after Tax</b>	<b>862,973,094</b>	<b>526,112,308</b>	<b>318,304,206</b>	<b>316,815,291</b>	<b>86,703,596</b>
<b>Add: Other Comprehensive Income</b>	<b>2,279,035,106</b>	<b>1,431,316,747</b>	<b>7,326,693</b>	<b>7,326,693</b>	<b>164,610,000</b>
Revaluation Surplus on Fixed Asset	2,149,613,683	1,273,839,501	-	-	-
Fair Value adjustment of Marketable Securities	(50,037,987)	(50,037,987)	7,326,693	7,326,693	164,610,000
Unrealized Foreign Exchange Gain	96,034,781	-	-	-	-
Fair Value adjustment of investment in Associates	300,836,030	207,515,233	-	-	-
Less: Non Controlling Interest	(217,411,401)				
<b>Total Comprehensive Income attribute to</b>	<b>3,142,008,200</b>	<b>1,957,429,055</b>	<b>325,630,899</b>	<b>324,141,984</b>	<b>251,313,596</b>

**Ratios:**

<b>Selected ratios and Earnings Per Share</b>					
<b>Particulars</b>	<b>31.12.2011</b>		<b>31.12.2010</b>		<b>31.12.2009</b>
	<b>Consolidated</b>	<b>Company</b>	<b>Consolidated</b>	<b>Company</b>	
<b>Liquidity ratios :</b>					
Current ratio (Times)	0.85	2.48	6.68	7.12	1.90
Quick (Acid Test) ratio (Times)	0.74	2.22	6.16	6.57	1.50
Times Interest earned ratio (Times)	3.31	31.05	16.63	16.57	3.69
Debt to equity ratio (Times)	0.84	0.13	0.07	0.06	0.84
<b>Operating ratios :</b>					
Average collection period (days)*	10.12	17.29	17.74	17.74	11.77
Inventory turnover ratio*	15.98	2.60	2.97	2.97	2.90
Asset turnover ratio*	0.43	0.16	0.26	0.26	0.74
<b>Profitability ratios :</b>					
Gross Margin Ratio	29.69%	57.89%	56.62%	56.62%	52.62%
Operating Income Ratio	18.90%	49.96%	33.26%	33.12%	12.07%
Net Income Ratio	13.76%	29.52%	22.54%	22.44%	8.96%
Return on Assets (ROA)	5.88%	4.82%	5.82%	5.75%	6.61%
Return on Equity (ROE)	9.32%	5.29%	6.59%	6.49%	14.07%
Earnings Per Share on operational	5.57	3.40	5.96	5.93	86.70