Haleon Pakistan (HALEON)

Consistent growth bolsters investment case

Monday, September 22, 2025

Initiating coverage with a BUY: We initiate coverage on HALEON Pakistan Limited (HALEON) with a **BUY** rating and a **Dec 2026 target price of PKR 1,318/share**, implying a **potential upside of 53%.** Our investment thesis is based on the following factors: 1) robust pipeline of product innovation and new launches, 2) ongoing capacity expansion at the Jamshoro plant, 3) significant export growth opportunities, 4) supportive regulatory environment and flexible pricing dynamics, and 5) established market leadership and strong brand equity.

Given HALEON's dominant brands, proven execution, and ongoing expansion, we see meaningful upside potential. Deregulation has already lifted margins, but with nearly 40% of the portfolio in non-essential drugs, further margin improvement remains likely. Combined with domestic growth and accelerating exports, our investment case is reinforced with a robust outlook on earnings momentum.

Margin expansion post-deregulation

The Feb 2024 deregulation of non-essential medicines has been transformative. With nearly 40% of HALEON's portfolio in this category, the company raised prices by an **average of 26%** between Mar 2024 and Jun 2025, lifting gross margins from 20% in CY23 to 40% in 1HCY25. Industry checks suggest further selective increases into Sep 2025. While partial reversal remains a regulatory risk, HALEON's pricing discipline and category leadership suggest margins can remain higher than pre-deregulation levels.

Upcoming launches

HALEON is not relying on pricing alone. The launch of **Panadol Menstrual Pain** and **Panadol Migraine** in 2025 will tap into underserved categories, creating new revenue streams in everyday healthcare. The menstrual pain segment alone, supported by a large demographic base of women, could deliver PKR 500mn in incremental revenues annually. This innovation-led approach strengthens Panadol's position as the go-to brand in everyday healthcare.

Centrum launch in Pakistan

HALEON has strategically entered Pakistan's multivitamin market with the launch of Centrum in Mar 2025. Competing against a fragmented landscape dominated by Surbex Z, Centrum is positioned as a comprehensive wellness solution rather than a simple deficiency supplement. Management estimates Centrum can capture 7–8% market share, adding PKR 1.7bn in revenues by CY26.

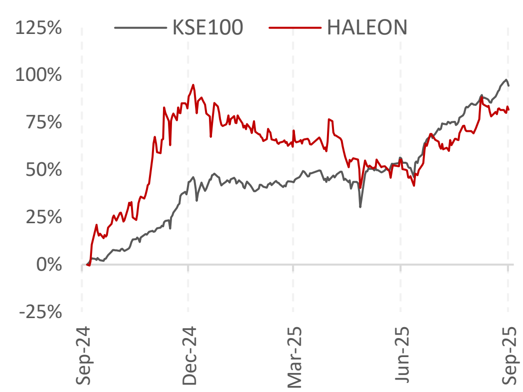
HALEON	CY22A	CY23A	CY24A	CY25E	CY26F	CY27F
EPS	2.8	8.5	39.1	48.3	62.6	78.3
EPS growth	-85%	207%	360%	24%	29%	25%
DPS	0	0	20.0	22.0	28.0	35.0
Div. yield	0%	0%	5%	2%	2%	2%
P/E (x)	81.9	17.6	10.3	18.0	13.9	11.1
ROE	5%	13%	46%	41%	39%	35%

Source: Company Accounts, BMA Research

HALEON investment overview	
KATS Code	HALEON
Bloomberg Code	HALEON PA
Market Price	PKR 862
Target Price	PKR 1,318
Upside	53%
1-Yr High/ Low	PKR 975/510
Free float	13.42%
Share outstanding (mn)	117.05

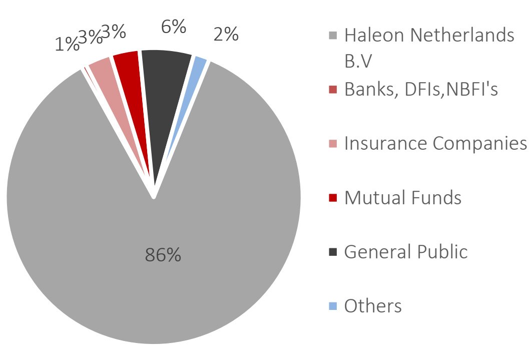
Source: PSX, BMA Research

KSE100 Index vs HALEON



Source: PSX, BMA Research

HALEON Shareholding



Source: Company Accounts, BMA Research

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Scaling capacity

HALEON is executing a **USD 12mn expansion** at its Jamshoro facility to strengthen supply and meet accelerating domestic demand. The project will lift Panadol's annual production from 6bn to 8bn tablets and upgrade the CAC-1000 Plus line, representing a near 50% increase in output. Beyond supporting existing demand, the added capacity will provide headroom for upcoming launches such as Panadol Menstrual Pain and Centrum, ensuring consistent availability across retail and pharmacy channels. This investment reflects management's confidence in the durability of category growth and reinforces HALEON's ability to defend and expand its market leadership in the years ahead.

Strong financial statement

With a debt-free balance sheet, resilient cash flows, and pricing power, HALEON is well placed to fund growth while returning value to shareholders.

Exports as the next growth lever

HALEON has begun to lay the foundation for a meaningful export franchise, with initial Centrum shipments dispatched to Kenya and existing flows of Voltral Emulgel and CaC-1000 Plus into Vietnam and the Philippines. Although exports currently account for only 1% of revenues, management's roadmap targets entry into 19 markets over the next 12–18 months. This expansion not only diversifies revenue streams but also strengthens HALEON's positioning as a regional hub for consumer healthcare, creating a structural growth driver beyond the domestic market.

Relative Stock Performance

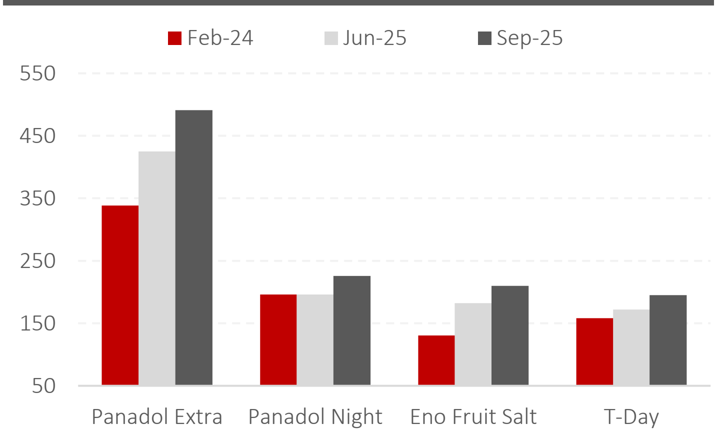
Despite delivering an impressive 80% return over the past 12 months, HALEON has underperformed the market and pharma sector by approximately 16%. We believe this underperformance to be unwarranted given the company's strong growth outlook, margin expansion, and robust pipeline. At current levels, the stock looks well-positioned for future upside.

Valuation

Using a blended valuation approach **(50% DCF, 50% P/E)**, we value HALEON at **PKR 1,318/share by Dec 2026, implying a 53% upside**. Our DCF model is based on a 12% risk-free rate, 6% equity risk premium, beta of 1.0, and a 5% terminal growth rate. For the P/E method, we apply a 16.5x multiple, in line with HALEON's 5-year historical median.

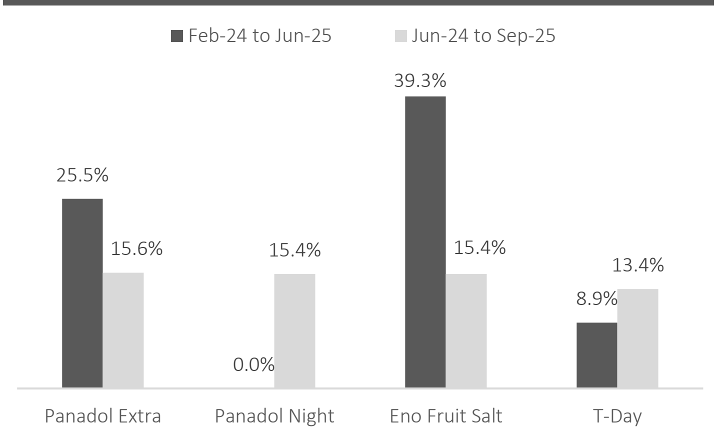
The stock is currently trading at CY26F PE of 13.9x and CY27F PE of 11.1x , as compared to its 5-year median PE of 16.5x, representing a discount of 16% and 33%, respectively.

Product Price Trends (Feb-24 to Sep-25)



Source: IQVIA, BMA Research

Increase in Product Prices (%)



Source: IQVIA, BMA Research

Product innovation and new launches:

Expanding the Panadol portfolio: HALEON is set to expand its Panadol portfolio with the launch of Panadol Menstrual Pain and Panadol Migraine, entering two of the most underserved segments in the local market. While these may appear to be niche extensions, the underlying demand for targeted relief, particularly for menstrual pain, is both significant and largely unmet. Existing options remain limited, creating a clear opportunity for Panadol to capture incremental share and reinforce its positioning as the most trusted household brand in everyday healthcare.

Market gap and accessibility: Panadol Period Pain is already visible in Pakistan, but only through imported or specialty channels at premium prices (PKR 2,700–4,000 per 14-tablet pack), which places it out of reach for most consumers. HALEON's planned local rollout and manufacturing in 2025 should materially improve affordability and access, enabling meaningful category expansion. Importantly, there are no direct competitors in the market positioned specifically for menstrual pain. The closest substitutes are doctor-prescribed treatments such as Buscopan Plus (antispasmodic + analgesic) and Ponstan (mefenamic acid), which are primarily viewed as prescription options rather than everyday OTC solutions. This creates a structural advantage for Panadol, allowing it to define and dominate the category as the first widely available, branded, consumer-friendly choice for menstrual pain relief.

Demographic opportunity and revenue potential: The market potential is underpinned by Pakistan's demographics: of an estimated total population of 255.2mn in 2025, females account for 125.9mn (49.3%), with an estimated 65.1mn women in the key reproductive age bracket of 12–40. Even if Panadol Menstrual Pain were to capture just 2–5% of this base, it would translate into 1.3–3.3mn consumers. At a normalized local price of PKR 125 – 180 per 10-tablet pack, this implies an annual revenue opportunity of PKR 160mn – 594mn, with significant upside as adoption and frequency of use increase.

Leading Brands

	Sales			Volumes		
(PKR mn)	CY23	CY24	Change (%)	CY23	CY24	Change (%)
Panadol	15,756	19,522	24%	71.97	74.46	3%
CaC 1000 Plus	5,070	7,302	44%	24.88	27.50	11%
Sensodyne	1,865	1,842	-1%	12.38	12.46	1%
Hydrozole	1,016	1,118	10%	5.03	5.53	10%
Eno Fruit Salt	689	1,002	45%	4.94	4.53	-8%
T-Day	637	751	18%	4.77	4.38	-8%
Qalsium-D	656	712	9%	4.11	3.25	-21%
Voltral	574	661	15%	2.95	2.83	-4%

Source: IQVIA, BMA Research

Strong balance sheet position

HALEON operates with a debt-free balance sheet, providing the company with strong financial flexibility and lower risk exposure. The absence of leverage not only strengthens its resilience in a volatile macroeconomic environment but also enables greater capacity to reinvest in growth opportunities and return value to shareholders.

Strategic entry into Pakistan's multivitamin market:

Underserved multivitamin landscape: HALEON launched Centrum in Pakistan in Mar 2025, entering a multivitamin market that remains significantly underserved. With more than 70% of households lacking essential micronutrients and nearly three-quarters of women facing deficiencies. Within Pakistan's fragmented multivitamin segment, Surbex Z (ABOT) is currently the most entrenched player, backed by doctor prescriptions and low pricing. However, its formulation is limited to a handful of vitamins and zinc, positioning it more as a deficiency supplement than a comprehensive wellness product. This creates an opportunity for Centrum to differentiate as a broader, preventive health solution targeted directly at consumers.

Market size and share potential: Management estimates the regulated Vitamin and Mineral Supplement market at PKR 24bn, excluding the sizeable grey channel. HALEON already accounts for approximately PKR 7.5bn of this market through established brands CAC-1000 Plus and Qalsium-D. The addition of Centrum is expected to capture 7–8% of the remaining market, equivalent to around PKR 1.7bn, representing a meaningful share gain at launch.

Phased rollout strategy: The launch is being executed through a phased, long-term growth plan:

Phase 1 (Completed): Imported Halal-certified Adult and Silver variants in affordable, smaller packs to replace grey market alternatives, ensuring quality, efficacy, and cold-chain integrity.

Phase 2 (In progress): The company is actively working on launching gender-specific variants tailored for Men and Women to meet more personalized nutritional needs.

Phase 3 (In progress): Local manufacturing of targeted nutritional solutions like calcium, folic acid, zinc, and iron, serving domestic needs and preparing for export.

Phase 4 (Initiated): Building export capacity, with first shipments of Centrum Immunity and Centrum Mobility sent to Kenya.

While the launch occurred mid-25, the full-year financial impact will be reflected in CY26, expected to contribute PKR 1.7bn (PKR 14.52 per share) to HALEON's revenue.

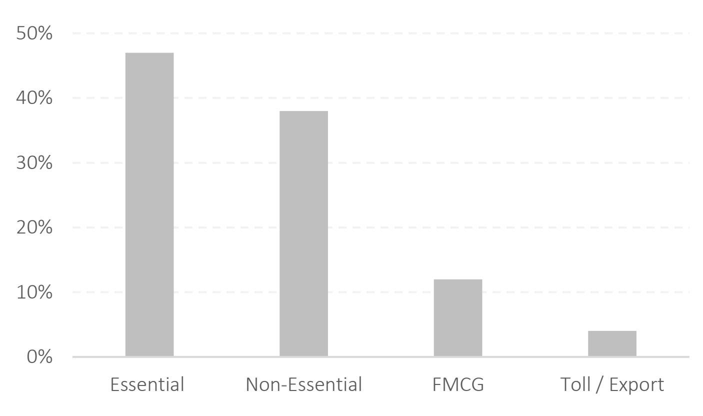
Deregulation of non-essential drugs:

The deregulation of non-essential drugs in Feb 2024 has been a game changer for the pharmaceutical sector. With nearly 40% of HALEON's portfolio in this category, the company implemented selective price increases of 26% between Mar 2024 and Jun 2025, which helped lift gross margins from 20% in CY23 to 36% in CY24 and further to 40% in 1HCY25, reflecting the tangible profitability unlocked through pricing flexibility.

Price increases in non-essential drugs

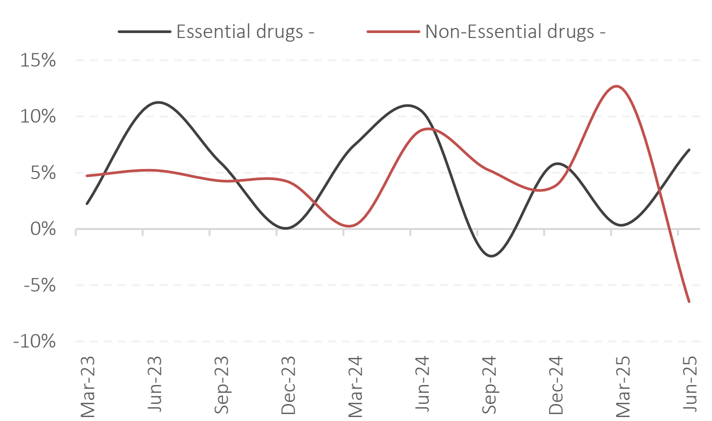
Following the deregulation of non-essential medicines, HALEON adjusted prices selectively across key brands. IQVIA data shows that between Feb 2024 and Jun 2025, Panadol Extra rose by 25.5%, Eno Fruit Salt by 39.3%, and T-Day by 8.9%, while Panadol Night remained flat, resulting in an average portfolio increase of around 26%. Industry checks suggest the upward trend continued into Sep 2025, with Panadol Extra reaching PKR 491 per 100 tabs (15.6%), Panadol Night PKR 226 (15.4%), Eno Fruit Salt PKR 15 per sachet (15.4%), and T-Day PKR 195 (13.4%).

Revenue Mix (CY24)



Source: Company accounts and BMA Research

Price Trend



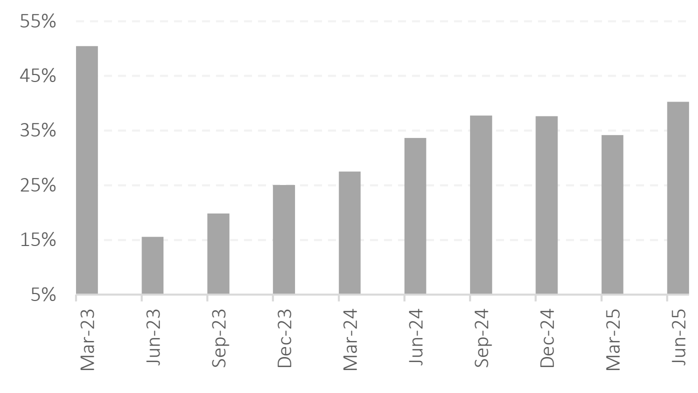
Source: IQVIA, BMA Research

Capacity expansion

HALEON is undertaking a major capacity expansion at its Jamshoro facility, marking one of the most significant investments in its local operations. The company has allocated over USD 10mn (PKR 2.8bn) to raise Panadol's annual production from 6bn to 8bn tablets, ensuring uninterrupted supply of its flagship brand as domestic demand continues to grow. In parallel, an additional USD 2mn (PKR 560mn) is being invested to modernize and scale up the CaC-1000 Plus line, reinforcing its leadership in the calcium supplement category. Together, these projects represent nearly a 50% uplift in overall capacity.

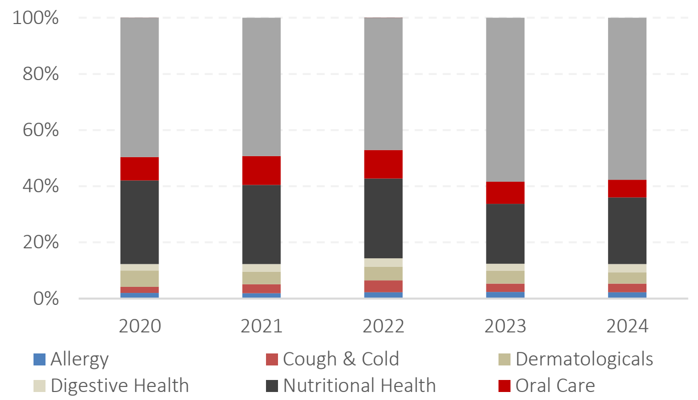
This expansion is designed not only to meet current consumption trends but also to create headroom for sustained volume growth in the coming years. By strengthening supply security and improving operational efficiency, HALEON is positioning itself to capture incremental market share while maintaining the dominance of its core brands. The projects are expected to be completed by the end of CY26.

Gross Margins



Source: Company accounts and BMA Research

Category-wise sales



Source: IQVIA, BMA Research

Expanding global reach: HALEON's export ambitions

The Company is actively working with its affiliates to grow its international footprint. It is already exporting Voltral Emulgel and CaC 1000 Plus to Vietnam and Philippines, while the first shipment of Centrum has been sent to Kenya. Current exports remain in the low single digits, contributing just around 1% of revenues, but the company plans to increase this share to 10% soon. With plans underway to expand exports to 19 markets from the current 4 markets over the next 12 to 18 months, this aggressive push into global distribution reflects HALEON's commitment to scaling its portfolio beyond domestic borders and unlocking new revenue streams through strategic partnerships and targeted product offerings.

Valuation

We have used blended valuation methodology (50% discounted cash flows and 50% P/E) to calculate the fair value of the company. For discounted cash flows method, we have assumed a risk-free rate of 12%, and an equity risk premium of 6% and a beta of 1. Using a terminal growth rate of 5.0%, our **Dec 2026 target** price arrives at **PKR 1,318/share, offering an upside of 53%.**

The stock is currently trading at CY26F PE of 13.9x and CY27F PE of 11.1x , as compared to its 5-year median PE of 16.5x, representing a discount of 16% and 33%, respectively.

Key risks:

Reversal in deregulation policy: DRAP has recently initiated a review of non-essential medicine prices following post-deregulation increases. While this creates a possibility of partial policy reversal if prices move out of reach for ordinary consumers. Any regulatory adjustment may temper some of the recent margin expansion but given HALEON’s diversified product base and strong demand for its core brands, the overall investment case remains intact.

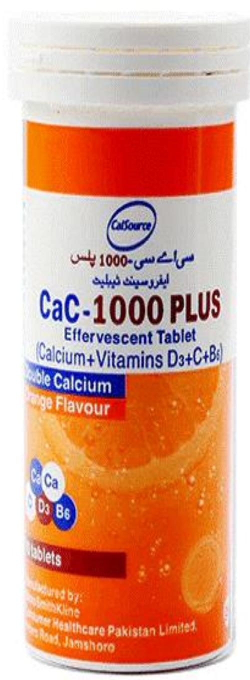
More than expected PKR depreciation: HALEON's profitability is heavily influenced by exchange rates due to its reliance on imported raw materials. If the currency becomes more unstable than expected, it can raise costs and hurt earnings. This makes the company vulnerable to sudden shifts in the market.

Geopolitical tensions: HALEON depends on imported raw materials for its production. Any international disruptions can delay supplies and impact the company’s ability to meet market demand.

Counterfeit drugs are crippling the market: Counterfeit / black-market products are putting pressure on pharmaceutical companies in Pakistan. They’re cheap, unsafe, and steal market share; damaging both public trust and the pharma sector’s reputation.

Company Introduction

HALEON Pakistan, a subsidiary of HALEON Netherlands B.V., is a leading consumer healthcare company engaged in the manufacturing, marketing, and distribution of over-the-counter (OTC) products. The business was originally established in 2015 as GlaxoSmithKline Consumer Healthcare following the demerger of GSK’s consumer arm and was rebranded to HALEON Pakistan Limited in 2022.



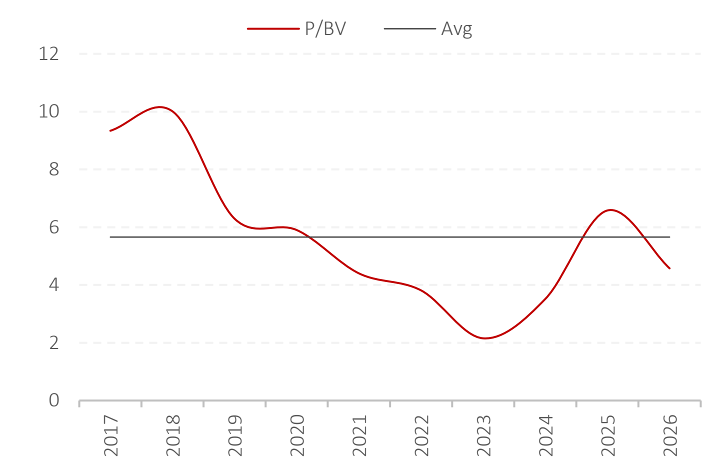
Globally, HALEON was formed through the consolidation of the OTC portfolios of GlaxoSmithKline, Novartis, and Pfizer, bringing together some of the world’s most trusted self-care brands. GSK contributed flagship names such as Panadol, Sensodyne, Iodex, and Eno; Novartis added CAC-1000 Plus and Voltarol; while Pfizer brought global brands like Centrum, Advil, and Caltrate. The company has a long history of developing well-known brands with a strong legacy, including Panadol, CAC-1000 Plus, and Sensodyne. With its advanced production facility, the company has consistently expanded its market presence across various categories in which it operates.

In Pakistan, HALEON’s portfolio comprises trusted brands such as Panadol, CAC-1000 Plus, Sensodyne, Eno, Voltral, and Hydrozole. Among these, the top three brands; Panadol, CAC-1000 Plus, and Sensodyne, account for nearly 80% of total revenues, reflecting their dominant market positions. Each serves as a category leader, with Panadol in pain care, CAC-1000 Plus in calcium supplements, and Sensodyne in the sensitivity toothpaste segment. The company’s manufacturing operations are anchored at its Jamshoro plant, which supports both local production and future export growth.

Trading at CY25E P/E of 13.8x vs 9-Year average P/E of 20.5x

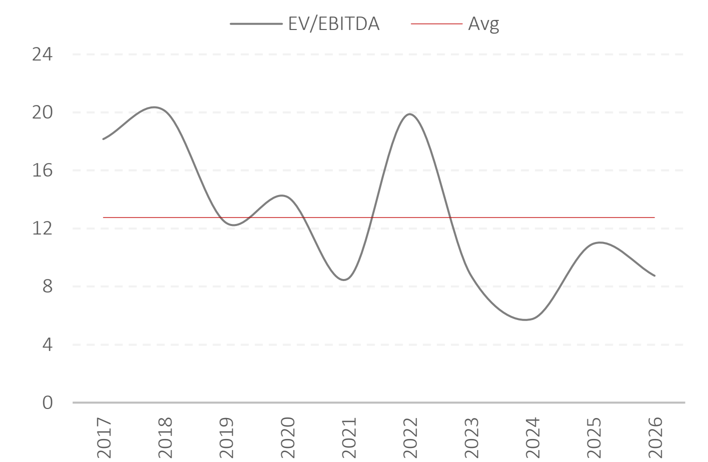
Trading at CY25E P/ S of 2.3x vs 9-Year average P/E of 1.7x

Trading at CY25E P/ V of 6.6x vs 9-Year average P/E of 5.7x



Source: PSX, BMA Research

Trading at CY25E EV/EBITDA of 10.9x vs 9-Year average P/E of 12.8x



Source: BMA Research

Haleon Pakistan Limited (HALEON) - Financial Projections

Income Statement	CY22A	CY23A	CY24A	CY25E	CY26F	CY27F
Sales	27,507	31,610	37,206	43,594	50,260	61,639
Gross Profit	4,785	6,449	12,819	15,823	19,449	23,445
Administration expense	462	636	796	806	1,057	1,381
Selling & Distribution expenses	3,261	4,182	4,741	6,237	7,309	7,911
Finance cost	307	236	75	88	126	154
Profit before tax	991	1,846	7,640	8,841	10,920	13,733
Tax	667	851	3,061	3,181	3,593	4,573
Profit after tax	324	995	4,579	5,659	7,328	9,160
EPS	2.8	8.5	39.1	48.3	62.6	78.3
DPS	0.00	0.00	20.00	21.8	28.2	35.2
Balance Sheet						
Non-Current Assets	4,152	5,595	8,010	8,762	10,447	7,218
Current Assets	10,908	12,650	13,791	18,323	25,473	40,260
Total Assets	15,060	18,245	21,801	27,085	35,920	47,479
Equity	7,042	8,023	11,989	15,338	22,062	30,788
Non-Current Liabilities	359	666	851	843	843	843
Current Liabilities	7,659	9,556	8,961	10,904	13,015	15,848
Total Equity & Liabilities	**15,060**	**18,245**	**21,801**	**27,085**	**35,920**	**47,479**
Ratio						
Gross Margin	17%	20%	34%	36%	39%	38%
Net Margin	1%	3%	12%	13%	15%	15%
ROE	5%	13%	46%	41%	39%	35%
P/E	81.9	17.6	10.3	18.0	13.9	11.1
P/S	1.0	0.6	1.3	2.3	2.0	1.7

Source: Company Accounts, PSX, BMA Research

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Old rating system

Valuation Methodology

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

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