# “GlaxoSmithKline Pharmaceuticals Limited

# Q1 FY 2027 Earnings Call”

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**Moderator:** Hi, good evening, everyone. This is Dorwin Dias, your moderator from Chorus Call. Welcome to the GlaxoSmithKline Pharmaceuticals Limited Q1 FY 2027 Earnings Call. From the management at GlaxoSmithKline Pharmaceuticals Limited, we have Mr. Bhushan Akshikar, Managing Director, GlaxoSmithKline Pharmaceuticals Limited; and Mr. Rononjit Biswas, Chief Financial Officer, GlaxoSmithKline Pharmaceuticals Limited.

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I now hand the conference over to Mr. Bhushan Akshikar. Thank you, and over to you, sir.

**Bhushan Akshikar:** Thank you very much, Dorwin. And as always, I once again thank each one of you for joining us on this call. Just over a month ago, we had our 101st AGM. And today, we've again got together as is, for the last few quarters, we've just finished our Q1 results. We had our board meeting, and here we are to share the updates with each one of you. In terms of the first slide, just to restate our priorities.

As many of you may have followed, GSK globally is further strengthening its resolve to evolve as a biopharmaceutical major, and in this pursuit, we have three clearly identified priorities for us, both as a global organization, but more importantly, as a locally listed entity here in India. And those remain anchored around growing our top line relentlessly, in terms of the focus on growing the top line growth.

The second one is accelerating our pipeline, how and how quickly can we launch our innovative assets in markets like India from the global pipeline. And third, but most important, simplification in terms of really using not only technology, but challenging some of the processes so that we are able to pull out more inefficiencies from the system. So those three remain the guiding stars for us in terms of our overall priorities.

With that, we'll get straight into how the external performance was. So externally, the first quarter for the industry grew at roughly about 13.5%, and after a long time, we've seen this kind of a sustained double-digit growth. What's more heartening is this growth, as you would see in the first table on the left-hand side chart, was fairly balanced between volume, price, and new introductions. After a long time, the pharma industry in India has seen almost a 2% volume growth as per the first quarter. I think what was also relevant is the mix between acute and chronic.

As many of you know, we have our portfolio heavily skewed towards the acute side. However, the forays that we've been making in the last three, four years in terms of really launching new assets which play out in the chronic segment have also played to our strength. So I think the balanced growth that we've seen externally in terms of both acute and chronic has played to our advantage.

In terms of the therapy areas, we all know the top therapy areas in the Indian pharmaceutical industry, now while they may be, we may be conspicuous by our absence in some of the big

therapy areas like cardiology or diabetes, however, the therapy areas where we have a significant presence including anti-infectives, pain, respiratory, nutritional supplements, vitamins, dermatologicals, as well as hormones and vaccines have all grown double digit. And I think that's, that's been a great start of the financial year.

In terms of our represented market, clearly where GSK operates across all the therapy areas as well as the sub-therapies, we've grown better than the external market. So all in all, it's been a balanced quarter and a great start for us in Q1. What's more important is this growth has been fairly balanced for us, both in terms of geographies. So our growth has been balanced both from the metros and the Tier 1 cities, as well as the Tier 2 and the rural markets where we have continued presence and in all the, all types of geographies.

And last but not the least is the balance from specialists, super specialists, and general practitioners. So I think all three have helped GSK sustain the momentum and grow better than the market for the first quarter. Can we move to the next slide? Specifically moving to the comparative performance for our three businesses.

As we all know, we are one of the most comprehensively diversified healthcare company, operating at both ends of the spectrum in terms of disease prevention with vaccines both in pediatric as well as adult segments, and then a large general medicines business which touches everything from the primary care setting with products like Calpol, right up to quasi-specialists like dermatology, and of course, the specialty area on the last which is really the unlocking that we are doing with the accelerated launches of products from the global pipeline.

So if you see all three pillars, we've had a comparative performance, strong comparative performance. So if you look at the syndicated market research done by IQVIA for Q1, all the brands we have in the Gen Med business have grown better than the market. Our EIs are 105, 106 across the board. And this just tells you the strength of the business, underlying business has been, quite robust. So that's the clear turnaround on the Gen Med side.

On the vaccines front, except for a couple of vaccines where we've had a phasing issue in terms of availability, which we will correct in the, in Q2. Overall, the vaccines business has held its market leadership in the private segment, and as far as the adult vaccine segment where all the hard work that we've been doing over the last two, three years in terms of building the adult vaccination ecosystem is now coming to roost.

We, we had a significant first quarter for Shingrix with not just the number of prescribers, but the brand growing by almost 60%-65% for the quarter alone. So that's the vaccines business for us. And the third, which is the newest growth platform over the last two, three years is the specialty. One end of the spectrum is the respiratory portfolio, both Nucala and Trelegy Ellipta, two innovative assets that we have from our global pipeline have continued to make significant impact in terms of new patient uptake.

And, and that's really helped us galvanize the support from respiratory physicians. The last one, almost a year ago, we launched, last year's in Q2 we launched around September we launched our oncology portfolio. And very happy to share the progress that we've made with our oncology

portfolio month after month. For the quarter alone, with the two products that we have in our portfolio, namely Zejula for ovarian cancer and Jemperli for endometrial cancer have done well.

And more importantly, they've been able to touch the lives of more than 260, 270 patients, thereby creating a new paradigm of patient care for not only those patients but also the caregivers and the families who, who get impacted with, with these types of cancers. So that's on the business front. I think what's heartening and you will see in the financials, the innovation portfolio or the freshness index that we keep talking of, in terms of the new products that we have launched have contributed almost 7%, 7.5% for the overall top line.

So these products didn't exist three years ago and that's really the story. It's the base business coupled with the growth platforms that have created this trajectory for us. On top of all of this, we continue to work relentlessly on the omni-channel side. So whether it is supplementing and complementing our frontline reps with digital ways of working, we've continued to have touch points with HCPs, healthcare practitioners, apart from the face-to-face detailing.

We've invested significantly in this quarter in, in activities, including some path-breaking initiatives especially in the areas of oncology, adult vaccination, as well as pediatric vaccine. So all in all, a quarter of investment so that we are able to front-end this financial year and continue and sustain the growth momentum.

I'll hand over to Ron for the financials and we'll open it up for questions. Next slide, please.

**Rononjit Biswas:** Thanks, Bhushan. So hi, good evening, everyone. I'll be talking to the standalone results for the first quarter ended June. So the overall theme for the quarter is we're delivering strong growth, profitable growth, and we saw continued portfolio transformation, moving us towards specialty and innovation. So sales for the quarter was at INR924 crores, up 15% versus the same quarter last year.

EBITDA growth was running slightly ahead of sales, so two percentage points ahead of sales and it grew 17%. EBITDA margins also improved by 50 bps versus the last year. Our profit after tax for the first quarter was at INR253 crores growing 24% with good margin expansion, 200 basis points taking our PAT margins to 27.6%.

So our overall sales growth, as Bhushan mentioned, reflects continued strong execution on all elements of our strategy driving the expected portfolio transformation. So not only are we building scale on innovation but we're also holding ground on our established products, our general medicines business, which remains material to us and this portion also grew well.

So just to call out, we do have a favorable base effect from last year as a result of the CMO disruptions where we saw some supply issues at this time last year. So that soft, softer base did improve our headline growth by roughly 4%-5%. So on a comparable basis, our sustainable growth was about 9% to 10% for the quarter.

Now moving on to our drivers of growth. I'll first talk about the innovation portfolio, Bhushan already alluded. So these are our, when we say innovation portfolio, these are our intellectual

property, IP protected assets, and in this quarter, innovation sales reached 7% of our total revenues.

As a comparator, this same portfolio last year was about 4% of our overall sales. So that's almost a doubling of contribution. In fact, this is now materially contributing to growth, so about four percentage points of our headline growth came from these innovation products as we continue to build momentum with, with oncology, new respiratory, and our adult vaccines portfolio.

Moving over to our general medicines business, which is so, previous slide please. So the also talking to about our general medicines business, that remains the lion's share of our business, that also grew well in double digit. In pediatric vaccines, we continue to be the leaders in the private pediatric market, and finally in Shingrix, in the adult vaccine segment, we actually delivered 65% growth for the asset driven by HCP engagements and our efforts to shape the category.

Moving over to the EBITDA, the driver for our margin improvement this quarter was basically gross margin improvement and this was helped by pricing and product mix. So our gross margins improved by about 150 bps. We did see some hardening of costs on our imported purchases as the rupee depreciated but net-net there was, it was -- we did improve our margin profile.

This was also a quarter you'll see which we were heavy on investment, and our spend to sales ratio was up about a percentage point. Now all of this investment is product-focused investment, direct marketing spends behind our new launches but also behind our base business and our core brands in Gen Med.

And finally to touch on our bottom line, our PAT improved 200 bps. Important to call out, there is a one-off item which is in the here in the standalone, we had a dividend payout from our 100% subsidiary, Biddle Sawyer, which improved to the parent, which improved our PAT growth and that's driving the growth to 24%. If you exclude that one-off, PAT growth would have been about 17%.

Earnings per share for the quarter was at INR14.95. We maintain our strong cash position and as we continue to focus further on optimizing our balance sheet. Next slide, please. So we've been showing this slide for several quarters now. It captures quite well the execution of our strategy and, you know, the track record for the management team.

So the first block to the left is our portfolio transformation, to be towards a more innovative, a more specialty-led business. As you know, these are IP protected, higher ground, higher growth, higher quality of sales assets, strongly differentiated and these launches remain on track. You can see upcoming launches, Blenrep, Ojjaara, Arexvy, which will come through in the next, potentially in the next 18 to 24 months.

And importantly, we're doing this portfolio transformation profitably, maintaining our current margin profile. The top right chart shows how we are consistently growing our EBITDA margins.

And finally on the bottom right, it shows how we continue, this is our market shares on our general medicines business and this shows how we continue to protect the cash engines of today. So, our general medicines business, which is a significant proportion of our sales, which continues to grow and gain market share where we're investing.

So to sum up, in combination, the market share gains, the portfolio transformation plus the profitability gains puts us in quite a strong position as we enter the next quarter of the year. Thank you.

**Bhushan Akshikar:** Thank you, sir. So Dorwin, that's about it. That's the end of our presentation but more than happy to start the Q&A.

**Moderator:** Thank you. We will now begin the question-and-answer session. Our first question comes from Gokul Maheshwari from Awriga Capital Advisors LLP. Gokul has a text question for us. Sir, we have three questions from him. Would you like all three at the same time?

**Bhushan Akshikar:** Sure.

**Moderator:** Your parent has announced a restructuring with a strong focus on specialty segment. Does this hamper your growth and ability to invest in India given we have a general medicines heavy portfolio?

The second question is, you were impacted for the supply of Calpol due to the issues at your CMO end. Can you indicate how much of lost sales we have recouped? Is winning lost market share difficult now?

And the third one is, some of your peers are taking services of firms like GoApptiv to deepen their reach in Tier 3 or Tier 4 towns or tying up with domestic Indian firms to distribute them. How are you ensuring you that your brands reach deep within India and get their right share from the market?

**Bhushan Akshikar:** Thank you very much, Dorwin. First of all, Mr. Maheshwari, thank you very much for asking, as always, brilliant questions. Yes, we had our Q2 results for the global PLC announced last week. But I think the more important part in that announcement was almost 60 plus clinical trials for assets which will really unlock value for us as an organization up to 2030, restating and reaffirming our commitment to cross that 41 billion pound top-line forecast for GSK plc.

I think as a part of that program, we announced a program in terms of unlocking inefficiencies, improving some of the ways of working. And that cuts across functions, cuts across geographies. So we'll see how that will play out. Now clearly, your question around will that affect us because given the fact that we are heavily Gen Med dependent. I think we're one of the few markets where we still have double-digit growth for our general medicines business.

As we all know, our products are still relevant, they still create tremendous value for patients at large and they are not only brands here, as I always say, they are trust marks in terms of the value that they bring in. So we'll see how that plays out. I think for me the most important thing is the fact that in a matter of the last 18, 24 months, we've been able to get many global clinical

trials into India and therefore reduce the lag for the drug launch timelines in India is a true reflection of the alignment with that strategy.

To give an example, we're going to launch our antibody drug conjugate for second-line refractory relapse multiple myeloma very soon in the next few months. And that's a significant unmet need in terms of the progression-free survival rates. If you see the impact that it will have on almost 19,000-20,000 new patients who come into multiple myeloma as a disease, as a type of hematological malignancy, it's a significant area.

So, I think that's exactly how we see this aligning more. Last point on the first question was we already gone through several restructuring programs on our own in the last few years. So right now, I think we are, we are suitably structured is the way I would put it.

Your second question around supply chain, yeah, I think it's safe to say that the worst is behind us. I think we learned, we've used those learnings from the unfortunate incident that we had at one CMO to stress-test the entire supply chain.

So yeah, I think that's one of the reasons you heard from Ron, even the underlying adjusted growth would be still double digit which is what the intent has been for us for the last 2 or 3 years. So I think that's on the supply chain front. We continue to strengthen our business continuity plans so that we are able to cater to the unmet needs and serve patients in the coming quarters as well.

The last one was around new operating models, new go-to-market models. And I think you may be aware that we also have an arrangement where the partner that you mentioned does work as a super distributor for our tail-end products. So we have some part of our portfolio which is managed through a super distributor, namely the one that you mentioned.

That allows us to gain access to the mofussil interiors and ensure that many of these brands which are iconic as well as well-known continue to be available and be accessible in the interiors. So I think that's where we are on all three questions. Thanks always for asking these three. Back to you, Dorwin.

**Moderator:** Thank you. Our next question is a text question from Ronak Chheda with Awriga Capital. Q2 quarter is the main season for the acute in the last two years. The acute drug season has been weak. What are the trends for the current season?

**Bhushan Akshikar:** You're absolutely right, Mr. Chheda. Typically, we always see Q2, so which means July to September, is a peak season for the pharma industry. Just as a frame of reference, you must have seen on my slide as well, even today, as much as the chronic segments are significantly growing, acute segment still contributes 60% of the overall pharma market in India, where we primarily have some significant presence.

Going by what we've seen right from the month of June, the trends have been tracking well in line with our expectations. Given the broad nature of the seasonal upswing that we've seen at least in the last four to six weeks, we have every reason to believe that Q2 this year will be pretty

much in line with the expectations. I think some data points that we've seen for the month of June, July are clearly indicative of that direction. So that's how I would answer it.

**Moderator:** Thank you. The next question is a text question from Vishal Manchanda with Systematix. Can you talk about our key innovative assets Shingrix, Nucala in terms of year-on-year growth and can you also call out the number of doses of Shingrix, sorry, Shingrix that we have been able to sell in Q1 FY27?

**Bhushan Akshikar:** Sure, Mr. Manchanda. Thank you very much. Yeah, I think three years ago we said one of our principal strategies was to create new arrowheads for our growth and that was in the form of launch of innovative assets like Shingrix. So with every passing quarter, we've only been gaining not in terms of -- not only in terms of our confidence, but this whole setup of an adult vaccination ecosystem.

So be it the practitioners' clinics, be it hospitals, you will find clearly that unmet need of adults asking seeking opinion and therefore getting vaccinated only improving with every passing month. Shingrix had a very good quarter. It grew by 65% for the quarter in isolation. We're selling upwards of 45,000, 50,000 doses now on a quarterly basis. And that goes back to what we had said a couple of years back.

Given India's demographic, given the large number of 50 plus adults and underlying -- with underlying comorbidities especially cardiovascular, comorbidities including areas like diabetes mellitus. I think we see an incredible future in the coming months only to build on this trend. So that's the first part around Shingrix. We certainly see the forthcoming quarters adding to that.

The second question was around Nucala and Trelegy Ellipta, some of these innovative assets. So month after month again we've been doing extremely well. So just to give you a frame of reference, we were touching about 50, 60 new patients every month exactly the same quarter last year. This year for Q1, that number has doubled. So we touched almost 100, 120 patients every single month.

So you can imagine the impact that we are making with an innovative treatment like a monoclonal antibody, Mepolizumab for patients who suffer from severe eosinophilic asthma. So that's the second one. And I think again the next two quarters will be important for us to sustain that momentum.

Trelegy Ellipta in spite of the generic launches of the Umeclidinium molecule, the Ellipta device per se continues to be an innovation and I think that's where we are putting all our energy. We still continue to grow not only in terms of units. We still hold at 10,000-12,000 units on a monthly basis. So -- and we still have a significant market share in spite of the 10, 12 generics that have got launched.

So all in all, I think that's where we are on the innovative assets that are already on the market. Where we are going to see the next wave of clear upswing is the oncology business. So we have Jemperli and Zejula already launched. As I said, in the next eight weeks latest we should have our molecule Belantamab Mafodotin for the treatment of refractory relapse multiple myeloma.

Second line indication, so I think that's a big one for us followed by we already got the marketing authorization for Arexvy, which will be the first adult vaccine for preventing respiratory syncytial virus. So clearly we have a line new innovative assets lined up in the coming two to three months.

**Moderator:** Thank you. Vishal also has a follow-up question. Is Shingrix an INR100 crores plus brand for GSK currently?

**Bhushan Akshikar:** Answer is yes. On a MAT basis, we've crossed that number.

**Moderator:** Thank you. The next question is from Yash Doshi of Unifi Capital Private Limited. Is the investment in opex a one-off or will this run rate continue for the rest of the year as a percentage of turnover?

**Rononjit Biswas:** So the simple answer is there is a concentration, very conscious and deliberate concentration of investment in this quarter. So the ratios are, investment ratios are higher this quarter, but we expect them to moderate and go back to our historical trends in the following quarters. So just as a, just to elaborate, we did a lot of focused activity.

We had some targeted HCPs nearly 3,800 HCP events, international speaker meets, all deliberately concentrated in this quarter which is just before our biggest quarter of the year, which is the September quarter, which is why the -- there's a bit of a spike in investment. Just to reiterate, this is all good investment which will, which is more of a phasing than pulling, deliberate front-ending of investment for this year.

**Moderator:** Thank you. The next question is from Yash Doshi again of Unifi Capital Private Limited. What is the status on commercialization of Belantamab and Bepirovirsen whether it will be commercialized in FY27-'28? What is the status on commercialization of other trial products?

And the second question is, what is the current medical representative MR productivity and given the company's field force of around 2,000 MRs, which therapy areas does management intend to strengthen through incremental hiring?

**Bhushan Akshikar:** Sorry, Dorwin, I didn't understand the last part of the question. But I think I'll start answering the question. So first of all, Mr. Yash Doshi, thank you very much for asking this. I think I answered part of your first question on Belantamab. So we've got the marketing authorization, we've got the approval from the CDSCO. So the DCGI's office has approved the launch of Belantamab.

And I think the most significant news is that our approval is for early lines, which is second line refractory relapse cases. As I said, when you look at the incidence, which is the number of new cases that come into the multiple myeloma segment, almost 19,000 new patients come into multiple myeloma. And a rough cut of that, if you see the number of patients for second line are roughly anywhere between 7,000 to 8,000.

So obviously it's a massive opportunity for us. We already have our team in place, undergoing training, undergoing everything that's required to really launch this product and make it the best-

in-class launch. So I think as I said, we'd really see Blenrep as a -- as an arrowhead of our oncology strategy. And that's something that will happen definitely in the next two months, two to three months latest.

So, yes, the answer is it will happen in this financial year. Most probably in Q2 if not Q2, Q3. Our plans around Hibsago which is Bepirovirsen, the first potential functional cure for hepatitis B, chronic hepatitis B infection is also under way. So as you may be aware, we are launching this asset in some markets globally.

Fortunately, India was a part of the global clinical trial called B-Well, B-W-E-L-L and the results were presented at the European Association of the Society of Liver, the EASL, and the first read-out clearly spelled out the kind of impact that this molecule can potentially make.

So yes, we are, we are on that road map, we are on that pathway to see how and when we can launch. If all goes well, we should have this product launched in India in the next three quarters latest. So that's on both the assets Blenrep and Bepy.

Third question you asked was around the productivity. So, I think you know if you, if you look at the blended obviously when you have a small team like Oncology already doing INR10 crores a month it's a completely different productivity. But I think if you, given the nature of that treatment, given the cost of treatment.

But when you look at the blended average between GenMeds, pediatric vaccines or established vaccines, Shingrix and our, roughly we have a, we have an average productivity in the range of INR15 lakhs to INR16 lakhs per rep. So, I think that's where we are currently. Productivity has only improved 5% to 6% this quarter as well. So, I think that's the question on productivity. I didn't hear the last part of your question, Dorwin. I couldn't hear what he asked.

**Moderator:** Yes, I will repeat that for you, sir. Which therapy areas does management intend to strengthen through incremental hiring?

**Bhushan Akshikar:** So, I think as I said we are getting into so I think we have when I was going through some of those data points, we continue to be a broadly diversified healthcare company. And I think that the advantage of really having a strong foundation in general medicines and established vaccines is really a place of strength for us. We do believe that the 2,000 people that we have on the ground in GenMeds as well as the 200 people that we have in established vaccines are the right numbers.

So, as and when there is the need we will definitely look at improving that. The new head count and the recruitment will happen largely in areas where we have little or no presence. We did that with medical oncology for solid tumors last year. We've just done that with hematology a few weeks ago. And I think moving forward, areas like liver disease will, certainly be important for us to keep investing. So, I think that's the way I see us evolving.

**Moderator:** Thank you. Our next question is from Pranav Chawla with JM Asset Management Company. Sir, can you help us understand, does GSK stand to benefit for India-EU FTA? Do you plan to manufacture in India in the future?

**Bhushan Akshikar:** Mr. Chawla, just to re-commit, we already have our manufacturing setup in Nashik. And so, if you look at the roughly INR4,000 crores that we delivered last year in the last financial year, clearly, bulk of our general medicines business is locally manufactured, both in our own factory in Nashik, in MIDC Nashik, as well as 20 contract manufacturers who, manufacture for us for the rest of the portfolio.

So, everything in GenMeds is manufactured locally. I think the, the EU FTA or even the UK doesn't have an immediate bearing for us, because we've always had a local-for-local model. I think as an appropriate measure as and when the future is, there are opportunities for us to see opportunities the local global supply chain we'll keep looking at opportunities, but as of now, I don't see us locally manufacturing anything beyond what we already have in our portfolio.

**Moderator:** Thank you. The next question is from Rajat Srivastava with Tata Asset Management. We have guided for INR8,000 crores of top line in four to five years. That means we should be growing at least 13% to 14% CAGR. Do you think this will be achieved from the current portfolio or is it dependent on more innovative products coming to India from the parent?

**Bhushan Akshikar:** Thanks a lot, Mr. Rajat Srivastava, for that question. If you, if you recall seeing the slide that was presented by Ronojit with the transformation graph that we had in terms of how for us, I think the fact that we play at both ends of the spectrum, we have a large established business of general medicines and vaccines, that will still continue to be relevant, that will still be continuing to be creating value for us.

And in that part of the business, we'll still need to continue to grow anywhere between 8% to 10%. I think the, as I said in the beginning, the arrowhead of this 13% growth as you rightly picked up would be the would be the new launches. Many of the assets that we are launching operate in high-growth, high-value segments.

As you may be aware for Q1 alone, the Indian pharma industry had oncology as the fastest-growing segment, growing by 27% when you look at the industry average of 12% and 13%. That's where the bulk of the growth came from for Q1 at least. And that's exactly how we will unlock. So, the idea is clearly bolt-on on this strong foundation that we have established medicines and vaccines, bolt-on all the growth platforms and really make three or four of these assets the arrowheads of our growth strategy. So that's how the 2x vision still remains intact and undiluted.

**Moderator:** Thank you. Our next question is from Vamsi Krishna Hota of ASK Investment Managers. The first of two is basis your assessment, can you please provide details around incidence or number of patients annually being diagnosed with the indications to be treated by Jemperli, Zejula, Ojjaara, and Arexvy specifically for the line of treatment they are indicated to treat?

Additionally, any indication of launch timelines of the assets which haven't been discussed yet. And his second question is, how many Onco or Respi or vaccine MRs do we have? How long do you anticipate for these MRs productivity to ramp up and reach core level?

**Bhushan Akshikar:** Those are very questions, but I'll try to go one by one. Thank you very much, Mr. Vamsi Krishna, for asking those questions. I think first and foremost as I said the indications that we currently have for Zejula is, is maintenance in ovarian, first-line maintenance in ovarian.

The indication approval that we have for Jemperli is first-line endometrial cancer. We are pursuing the rectal cancer indication but as of now this is off-limits because we still don't have the approvals, the trials are ongoing. So, for Zejula and Jemperli right now it is these two indications, namely ovarian maintenance first line as well as endometrial first line.

When you look at the incidence of endometrial cancer specifically, it's, again in the range of 40,000 new patients -- 40,000 patients undergoing treatment at any point of time. And anywhere between 17,000 to 19,000 new patients coming into the basket, in terms of diagno, getting diagnosed for endometrial cancer.

So that's the market available for us. I think what's important is when you distinguish in endometrial cancer between proficient MMR and deficient MMR, I think that's where the pivot lies for us and I think the next couple of quarters you will see clearly GSK building from strength to strength in endometrial cancer.

Arexvy is a, is an adult vaccine to prevent respiratory syncytial virus. Like the Shingles vaccine which is indicated for anyone who's more than 50 years with comorbidities, if you look at the sheer universe available to us in India, if you look at surrogate markers there are more than 10 to 12 million adults who are 50 plus who have the relevant disposable income who can potentially be a benefit from adult vaccination. So that, that's the kind of market that's available for adult vaccine. Again, it's a new category creation.

So given the fact that this is also a respiratory illness, we'll have to build the category, we'll have to work extra hard to really gain some amount of fundamental understanding around what RSV is. I wouldn't hazard a guess and say that all 12 million suddenly queue up to take the RSV vaccine. But the opportunity is massive. So that's how I would see the Arexvy.

I think those were the three four products that you mentioned. But again, as I said, each of these growth platforms will follow a different curve. You asked a question around the number of people that we already recruited. So, we have roughly about 40 people already up and running in our oncology business, 40, 45 people to be precise. Both medical oncology and hematology. And in a matter of less than 11 months, the team is right up, right up there in terms of productivity.

So I think in oncology it's never about the money, it's never about the value. It's about how many patients you are impacting because as I said in the beginning, we touch the lives of 263 patients for Q1. So, it's not just these patients, it's these families who get impacted, the entire caregiver ecosystem that gets sucked in you know to treat difficult cases like endometrial cancer or ovarian cancer.

So I think that's the ambition for us, how can we have more and more patients who can benefit in terms of the immunotherapy that we have which is Dostarlimab, which offers both

progression-free survival as well as overall survival benefits as the only immunotherapy approved for first-line endometrial cancer. That's the way I would see things evolving.

**Moderator:** Thank you. Our next question comes from the line of Vishal Manchanda. Vishal, please accept the prompt on your screen, unmute your audio and video and proceed with your question.

**Vishal Manchanda:** Yeah, hi, good evening and thanks for the follow-up. On Bepirovirsen, wanted to get your views on how patients who so there are patients who would get cured and there are patients who might not get cured because it doesn't offer a 100% cure. So for those who don't get cured, would they need to kind of take the therapy lifelong?

**Bhushan Akshikar:** So it's a great question, Mr. Manchanda and as I said if you if you just go and take a look at the read-out that happened at the European Association for the Study of Liver, which is called the EASL Congress, this, the Bepirovirsen was really touted as one of the big breakthroughs because the concept of functional cure is almost non-existent in chronic hepatitis B.

Now when you look at a country like ours apart from some other countries in Asia, the burden of disease is the highest here. I mean we have more than 40 million patients who have chronic hepatitis B. Now again, as we speak, we are still putting together the road map and the patient funnels in terms of clearly articulating at which point is the maximum benefit that the patient will get.

So I think I would give you more details in the coming months because we are currently undergo -- we are doing some fundamental work at our end so that we have the best-in-class launch not just from a commercial success but really working closely with diverse stakeholders including government agencies, to see how we can unlock significant value in this area.

So just watch this space. We will definitely share more in the subsequent quarter. It'll still be about three to four quarters away at least for us in terms of launch. So I think as we share the results on Q2, I will definitely answer this question in more detail.

**Vishal Manchanda:** Is it right to assume it would become a chronic therapy for those who don't get cured and for those who get cured it might be an acute therapy?

**Bhushan Akshikar:** Fundamentally, yes, but that's what we want to test that hypothesis in a country like ours.

**Vishal Manchanda:** Okay. And then commercials would be challenging because for those who get cured the clinical benefit is higher but they really would pay only for the short term while those who don't get cured the clinical benefit is lower but they would pay for life for the therapy.

**Bhushan Akshikar:** Absolutely. So that's why I said please hold this question for sure I will answer it in more detail in Q2.

**Vishal Manchanda:** Got it. And just if you would have numbers as to how many hepatitis B would be currently treated with a drug in India, like, would you have a number as to how many get treated?

**Bhushan Akshikar:** That's what I said: the burden of disease is 40 million. Now, again, when you split that between adults, children, so that you can take a lot of, you can slice and dice that data in many ways. This

area is still nascent in terms of because there's never been any functional cure to begin with. So that's why I'm not wanting not to answer you, but just that I want to be absolutely sure that we've done our bit before I come back and answer the specifics to you in the next quarter.

**Vishal Manchanda:** Got it sir. And just on the pneumococcal vaccine, the 24-valent pneumococcal vaccine, will that be an FY29 launch?

**Bhushan Akshikar:** So, if you saw the announcement that we made in terms of the pneumococcal vaccine, I mean, the vaccine portfolio, we talked about having a flu mRNA in the industry meeting that happened globally. Right now, I don't see that as one of the key priorities for us, at least in the Indian market.

**Vishal Manchanda:** You mean the pneumococcal vaccine?

**Bhushan Akshikar:** Yeah, we don't have any, so we're not a part of the global trials as well. So as of now, I think the focus is clearly on the ones that I mentioned.

**Vishal Manchanda:** Okay, but I could see a trial for the pneumococcal vaccine going on in India, the 24-valent one.

**Bhushan Akshikar:** I don't know which company, maybe you need to double check.

**Vishal Manchanda:** GSK only.

**Bhushan Akshikar:** Definitely, sorry, are you still waiting for my answer?

**Vishal Manchanda:** No, I just thought, I said I saw a trial going on in India for the pneumococcal vaccine, 24-valent vaccine going on in India.

**Bhushan Akshikar:** As I said, for me, for us right now, the key priorities remain clearly around those two or three antigens that we spelt out. I think we've just talked about even the mRNA platform for flu, so I think those are some of the bigger opportunities for us that we would go after.

**Vishal Manchanda:** Got it, sir. Got it. Thank you very much.

**Moderator:** Thank you. Our next question is a text question from Gokul Maheshwari with Awriga Capital Advisors LLP. Can you help break up the growth in pricing and volume for Q1? Post West Asia war, are we facing any pressure on RMs? How do you plan to offset this pressure, if any, on our margins?

**Bhushan Akshikar:** So, on the first question, Mr. Gokul Maheshwari, clearly you asked two elements to the question, Dorwin. So, the second one was, I'll take the second one first and I'll come to the first one. In terms of, you heard from Ronojit that some of the -- we've seen some of the costs hardening. But I think given that we have well-embedded supply chains globally, we don't see any of that translating at least in the immediate here and now. So I think whether it is the raw material, packaging material, I think there's been enough work done, so we don't see any of the external externalities impacting us in the immediate here and now.

**Bhushan Akshikar:** The first question was on -- Dorwin, can you repeat the first question?

**Moderator:** The first question is, can you help break up the growth in pricing and volume for Q1?

**Bhushan Akshikar:** Thanks a lot. I just lost track. So, yeah, our volume growth was about 3%, 3.5% for the quarter and that's a blended across the entire business. We did have so we baked in all the price hikes where possible. As you may be aware, our GenMeds portfolio, almost 44%, 45% of our GenMeds portfolio is under price control.

So obviously, whatever is possible there, but otherwise it's a, it's a good blend. For the first time, we also have new introductions. So you just heard me and Ron talk about 7% of our contribution now coming from the innovation portfolio. And to give you a sense, Oncology didn't even exist there a year ago.

Shingrix was has grown by 65% -- so that should tell you it's been a good blend of both price, volume and so it's value, volume and new introductions for us. All three levers have ticked in well. 3%, 3.5% on volumes, about 6% on price; the balance is all new introductions.

**Moderator:** Thank you. The next question is a text question from Yash Doshi of Unifi Capital Private Limited. Yash has three questions. Shall I give you all three questions, sir?

**Bhushan Akshikar:** Sure.

**Moderator:** Could management provide an update on scale-up of Jemperli and Zejula? Qualitatively how has the response from oncologists been since launch and approximately how many patients have been initiated on these therapies to date? The second question is why has there been a sudden rise in opex by 36% year-on-year? What is the nature of investment in new products and existing brands?

And the third question is considering newer drugs are expected to achieve higher growth rate with our target of increasing mix of innovative portfolio, how should we look at EBITDA margins? Are they sustainable considering that these drugs are imported at comparative lower margin contribution vis-a-vis legacy brands produced locally?

**Bhushan Akshikar:** All great questions, Mr. Yash Doshi. I think I'll go sequentially. The first question was on Zejula, Jemperli. Every month we have success stories in terms of patients being in complete remission. So now we have examples where there are patients who are on 12 and 13 cycles of Jemperli, which is Dostarlimab. Patients who are in stage 4 endometrial cancer and who have been prescribed.

They have several examples where, again, I'm quoting from the examples that we've seen from healthcare practitioners where patients are not only in complete remission but they -- that's eventually the whole goal of having minimal residual disease, which is MRD zero, and that's the end goal for us. I think again it plays out with the fact that Dostarlimab is the only approved immunotherapy, which targets both overall survival, progression-free survival in first-line endometrial cancer.

I think that's where Jemperli is really playing out. As I said, currently we have the approval only in endometrial cancer for Jemperli. We have concurrent trials going on in several other

indications like a rectal cancer and I think that's all further down the road. I think in the next two or three months, hopefully within this financial year or the first quarter of next year, we should hear more on that.

On Zejula, in a very fragmented market where you have PARP inhibitors, Zejula is already among the top five PARP inhibitors in terms of the impact that it's had. So if you add up both the brands, we're touching almost 600-700 patients for the first six months of this calendar year, almost 250-300 patients on a quarterly basis.

So I think that gives us the conviction that we are on the right path. I think the confidence of healthcare practitioners, the confidence of patients and the caregivers and families in terms of reaching the end goals that the physicians and the patients both have in mind. So I think that's where Jemperli and Zejula evolving.

Your question -- second question was around the 36% hike in the opex. You heard Ronojit talk about it that there was a clear intentional strategy of front-loading activities. So we've had a lot of incredibly differentiated activities including getting some top-notch medical oncologists coming to the country doing speaker programs.

I think it's all about evidence generation, it's all about dissemination of science and knowledge. So that's where we've invested. We do see a measured next few quarters, it won't be this kind of a spike as we see it in the next few quarters. The last question you asked was about new launches and therefore, as you would expect, many of these are completely innovative, differentiated assets.

I think that's where the balance between our established portfolio and the new assets in terms of driving both the growth and the bottom line will play out. And eventually, our focus is not only on EBITDA. I think EBITDA is an outcome, our focus is to deliver that top-line growth. I think that's the single-minded focus that we have; the double-digit growth that I've talked about for the last few years is the single-minded objective we have. And in doing so, obviously we'll remain focused on hopefully sustaining these margins. So that's how I would put it.

**Ronojit Biswas:** Just to add on and just to add some color and I think we talked about the opex growth being a bit of a blip. But two additional comments which might help, one is that while the opex investment and all of this is direct promotional and marketing -- direct marketing investment was deliberate.

We're also managing our P&L responsibly, so you will see that despite this, EBITDA growth was faster than sales growth. So EBITDA grew 17% versus sales growth of 15%. EBITDA margins expanded. The other comment which is just to put it in context for your modeling, is that we expect our S&A ratios to normalize to historical as you move through the year and EBITDA margins to be roughly what we were at last year in 34% kind of range.

So both these taken into account should kind of help us land to a responsible P&L. As Bhushan said, our primary objective now is to drive growth maintaining our current levels of profitability and we've got a number of levers at play to help us to do that.

**Moderator:** Thank you. The next question comes from the line of Vishal Manchanda. Vishal, please accept the prompt on your screen to unmute your audio and video and proceed with your question.

**Vishal Manchanda:** Thanks for the follow-up. On Nucala, can you share how many patients you would have active on the therapy?

**Bhushan Akshikar:** So, as you would imagine, patients who suffer from severe eosinophilic asthma are the ones where we have the indication for Nucala. As I said in the earlier part, we are almost tripling our number of patients from the last year. So as we speak, we have at least 600 patients at any given point of time who are on active treatment. I think that's the base that we've created for Nucala.

**Vishal Manchanda:** Okay. And this is so the base is much larger than the previous year base you would have on active treatment?

**Bhushan Akshikar:** Significant. Significant. I mean we are almost doubling the business for Nucala as the way I would see it.

**Vishal Manchanda:** Okay. Okay. Thank you. Thank you.

**Moderator:** Thank you. Our next question is from Yash Doshi of Unifi Capital Private Limited. What is sustainable growth rate on top line considering base was small for this quarter? Should we expect low double digits or aspire to achieve low to mid-teens growth considering our target of INR8,000 crores in the next four to five years?

**Bhushan Akshikar:** So Mr. Yash, as I always say, we don't -- I don't generally give forward-looking guidance. But having said that, it's our intent and our objective, not only to create value for our shareholders but to grow this business and take it to its next level. As a company that's already completing 102 years in India, our endeavor is to ensure that we're able to unlock value with all these innovative assets and make them the arrowheads of our growth strategy. So I think that's the primary objective for us. How do you sustain this double-digit momentum in the coming quarters will be the only overriding objective.

**Moderator:** Thank you. We have no further questions, ladies and gentlemen. On behalf of GlaxoSmithKline Pharmaceuticals Limited, we conclude this conference. Thank you for joining us, and you may now disconnect.

**Bhushan Akshikar:** Thank you very much to everyone. Thank you for joining us.

**Moderator:** Thank you.