

Novo phase-out a near-term blip; outlook healthy

Reco/View: **BUY**

CMP: **Rs. 26,425**

Price Target: **Rs. 30,715**



Abbott

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Pharmaceuticals

COMPANY DETAILS

Market cap:	Rs. 59,689 cr
52-week high/low:	Rs. 37000/26210
NSE volume: (No of shares)	0.1 lakh
BSE code:	500488
NSE code:	ABBOTINDIA
Free float: (No of shares)	0.5 cr

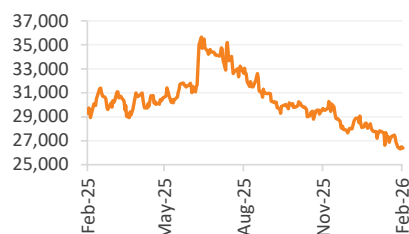
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	75.0
FII	0.2
DII	9.0
Others	15.8

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-3.5	-11.1	-17.7	-10.7
Relative to Sensex	-4.3	-7.8	-19.5	-20.1

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- Faster phase-out of Novo portfolio to hit near-term revenues. Margins to not be impacted much.
- Company plans to launch of 75+ products over the next few fiscals.
- We expect topline growth to be at ~ 8% in FY27E and FY28E, margins expected to improve on account of new launches.
- We roll forward our valuation to FY28E and value stock at 37x on FY28E EPS of Rs. 889.1, arriving at a PT of Rs. 30,715.

Result overview

- Q3FY26 revenue grew 6.8% y-o-y to Rs.1,724.04 crore. While power brands continued to do well, the rapid phase-out of Novo's low-margin products affected topline. Standalone net profit rose 4.21% y-o-y to Rs.375.96 crore.
- For 9MFY26, standalone net sales grew 8.7% y-o-y to Rs. 5,220 crore, PAT rose 7.7% y-o-y to Rs.1,157 crore. Balance sheet remains net cash positive with a strong ROE of 37.6%.
- **Novo phase-out:** Global pen shortages for GLP-1 drugs (Ozempic/Wegovy) led to premium products being prioritised over legacy human insulins. Vial volumes were slashed as Novo exits low-margin segments faster than anticipated. While the phase-out could impact the first brand of diabetes products from the Abbott portfolio, the bottomline would see a limited impact as distribution margins are significantly lower.
- **High-margin brands in spotlight:** Abbott India plans to offset the Novo-Nordisk revenue loss primarily through faster growth in owned high-margin brands and portfolio mix improvements. Brands like Thyronorm, Udiliv, and Duphaston were significant topline growth drivers in Q3FY26. Going forward, market expects 75+ launches over 5 years in high-growth areas like biosimilars, biologics, specialty drugs, and medtech.

Our Call

Despite the accelerated exit of the Novo portfolio, revenue growth of ~8% over 9M FY26 gives us comfort regarding earnings visibility in the medium term. However, we will continue to monitor the impact of the same in the coming quarters. The stock is currently valued near at the lower end of the past 5 years valuation. We roll forward our valuation to FY28E and value the stock at 37x on FY28E EPS of Rs. 889.1, arriving at a PT of Rs. 30,715.

Key Risks

- Impact of substitution from cheaper priced generic Aushadi or trade generics.
- Inclusion of drugs under NLEM can impact overall profitability.
- Further decline in Novo's portfolio from Abbott's revenue mix.

Valuation

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net sales	5848.9	6409.2	7018.0	7586.5	8178.2
EBITDA	1453.1	1694.6	1919.4	2139.4	2289.9
EBITDA (%)	24.8	26.4	27.4	28.2	28.0
PAT	1201.2	1414.4	1588.9	1764.1	1889.4
EPS (Rs)	565.3	665.6	747.7	830.1	889.1
PER (x)	47.3	45.9	35.4	31.9	29.7
EV/Ebitda (x)	32.2	-2835.5	24.5	22.0	20.4
ROCE (%)	41.6	43.8	44.5	44.7	43.5
RONW (%)	32.5	34.5	35.0	35.0	34.0

Source: Company; Mirae Asset Sharekhan estimates

Results

Particulars	Rs cr				
	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Net revenues	1724.0	1614.3	6.8	1757.2	(1.9)
Total operating expenditure	1260.6	1178.2	7.0	1255.0	0.4
EBITDA	463.5	436.1	6.3	502.2	(7.7)
Depreciation	18.8	18.0	4.3	18.6	0.7
EBIT	444.7	418.1	6.4	483.5	(8.0)
Other Income	69.8	71.8	(2.8)	70.0	(0.3)
Interest	5.5	2.3	142.5	7.6	(27.4)
PBT	509.0	487.6	4.4	545.9	(6.8)
Tax Expense	133.0	126.8	4.9	130.7	1.8
PAT	376.0	360.8	4.2	415.3	(9.5)
Margins			BPS		BPS
EBITDA (%)	26.9	27.0	-13	28.6	-170
PAT Margins (%)	21.8	22.3	-54	23.6	-183
Tax rate (%)	26.1	26.0	13	23.9	220

Source: Company; Mirae Asset Sharekhan Research

Additional Data
Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Abbott Capital India Ltd	50.44
2	ABBOTT HEALTH PRODS LTD	17.62
3	British Colloids Ltd	6.92
4	SBI Funds Management Ltd	2.34
5	Canara Robeco Asset Management Co	1.07
6	Nippon Life India Asset Management	0.97
7	Axis Asset Management Co Ltd/India	0.77
8	PGIM India Asset Management Pvt Lt	0.36
9	Tata Asset Management Pvt Ltd.	0.29
10	Franklin Resources Inc	0.25

Source: Bloomberg

Key management personnel

Name	Designation
Kartik Rajendran	Managing Director
Maithilee Mistry	CFO

Source: Company Website

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