



PHILIP MORRIS
(PAKISTAN) LIMITED

March 18, 2021

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Road
Stock Exchange Building
Karachi.

Board Meeting Results For the Financial Year Ended December 31, 2020

Dear Sir,

We wish to inform you that the Board of Directors of Philip Morris (Pakistan) Limited (“the Company”) at its meeting held on March 18, 2021 has approved the audited Financial Statements of the Company for the year ended December 31, 2020. We are pleased to announce the results which are attached herewith as Annexure A. The overview of the financial results is as follows:

Performance Overview:

During the year ended, the Company’s volume declined by 20% mainly reflecting the pressure faced by the legally compliant tax paying cigarette sector from the expanding illicit one, which now accounts for approx. 37% of the total market for the year 2020 versus 33.1% for the year 2019 (Retail Audit). The Company’s contribution to the National Exchequer, for the year ended December 31, 2020, in the form of excise duty, sales tax and other government levies, stood at PKR 22,110 million, a decrease of 6%, compared to the preceding year.

This is mainly attributable to the excessive excise duty increases of 93% (Value Tier) during Federal Budgets of September 2018 and June 2019 that stretched the price gap between duty evaded and duty paid cigarettes which are selling at lower prices than the minimum price prescribed under tax regime with respect to levy and collection of federal excise duty i.e. PKR 63/ per pack. In March 2020, the government issued a Statutory Regulatory Order No. 72(I)/2020 further restricting advertising, promotion and sponsorship of tobacco and tobacco products leading to a lack of a level playing field for law abiding corporates.

During the period ended December 31st, 2020 the Company's domestic net turnover stood at PKR 13,983 million resulting in an increase of 7% driven by the excise led price increase in June 2019 coupled with price increase in February 2020, both were essential to offset the adverse impact of severe volume decline of 20% versus 2019. During the same time, the Company’s exports turnover stood at PKR 2,613 million (US\$ 16.3 million) showing a significant increase as compared to last year shows the Company’s commitment to support Pakistan’s goals of increasing exports and earn foreign exchange for the Country.

Philip Morris (Pakistan) Limited

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The Company recorded profit after tax of PKR 1,765 million for the year ended December 31, 2020 compared to loss after tax of PKR 1,980 million for the year ended 2019. The increase in operating profit before tax compared to last year is mainly due to significant decrease in “Other Expenses” by PKR 2,732 million. This decrease in Other Expenses is primarily attributable to one off impairment and employee separation cost charged on account of closure of our factory in Kotri during 2019.

Annual General Meeting:

The Annual General Meeting (“AGM”) of the Company will be held on April 21, 2021 at 11:00 am virtually via video link (as permitted by the Securities and Exchange Commission of Pakistan). The Shares Transfer Books of the Company will remain closed from April 15, 2021 to April 21, 2021 (both days inclusive). Transfers received in order at the Office of the Company’s Share Registrar, Central Depository Company at CDC House, 99-B, Block B, S.M.C. H.S. Main Shahrah-e-Faisal, Karachi, at the close of business on April 14, 2021 will be considered in time to be eligible to attend the meeting.

The Annual Report of the Company will be transmitted through PUCARS at least 21 days before holding of AGM.

Yours faithfully,

For PHILIP MORRIS (PAKISTAN) LIMITED

Yours Sincerely,

Sana Enait Hashmi
Company Secretary



Annexure A

	2020	2019
	(Rupees in thousand)	
Turnover - net	16,596,036	13,334,498
Cost of sales	10,138,881	9,144,670
Gross profit	<u>6,457,155</u>	<u>4,189,828</u>
Distribution and marketing expenses	2,601,318	2,663,662
Administrative expenses	1,621,438	1,512,611
Other expenses	435,635	3,168,345
Other income	(843,664)	(710,607)
	<u>3,814,727</u>	<u>6,634,011</u>
Operating profit / (loss)	<u>2,642,428</u>	<u>(2,444,183)</u>
Finance cost and bank charges	88,036	48,807
Profit / (loss) before taxation	<u>2,554,392</u>	<u>(2,492,990)</u>
Taxation	789,544	(512,991)
Profit / (loss) after taxation	<u>1,764,848</u>	<u>(1,979,999)</u>
Other comprehensive income for the year - net of tax		
<i>Item that will not be reclassified to profit or loss</i>		
Remeasurement (loss) / gain relating to staff retirement benefits	(654)	20,224
- Impact of current tax	190	(5,865)
	<u>(464)</u>	<u>14,359</u>
Total comprehensive income / (loss) for the year	<u><u>1,764,384</u></u>	<u><u>(1,965,640)</u></u>
	Rupees	
Earnings / (Loss) per share - basic and diluted (after adjustment of preference dividend)	<u>16.76</u>	<u>(32.15)</u>