

# Analyst Briefing 2024

November 29<sup>th</sup>, 2024



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Who we are?  
*PURPOSE*



How are we doing it?  
*ACTIONS*



Where we are?  
*RESULTS*

1



Who we are?  
*PURPOSE*



How are we doing it?  
*ACTIONS*



Where we are?  
*RESULTS*

# Pakistan's market size and changing consumer trends are a positive base for businesses

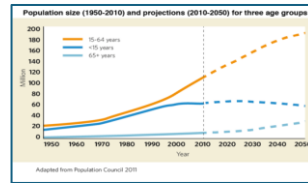
## Large Populous Country



**240m**

*Sixth largest country in the world in terms of population*

## Growing Youth Population



**53%**

*Of the population is below the age of 24 years presenting a large demographic dividend*

## Untapped Rural Market



**40%**

*population is urban presenting large potential of future urbanization*

## Rising Mobile & Digital Penetration



**110m**

*Unique Mobile Connections*

**87m**

*Internet Users*

## Upgrading Lifestyle Choices



*Young population spending more on Lifestyle categories such as Clothing, Electronics, F&B*



# While milk is an integral part of the Pakistani diet



**100%**

*Household penetration*

*Usage in multiple formats with  
Drinking, Tea, Desserts,  
Milkshakes, Cream, Yogurt etc.*

**40%**

*Of household spend is on  
food & Beverages*

**23%**

*Of food spend is on milk and  
related products*

# Most of the Dairy sold and consumed is in the unorganized informal sector



More than 90% of milk consumed in the country is unprocessed. That is around 24bn liters a year\*.



Loose milk supply chain is littered with hygiene problems. There are hardly any temperature controls and adulteration leads to high aflatoxin and microbial load



Milk shops also deal in loose yogurt, milk beverages and desserts – all of them being several billions rupee categories.



**Packaged industry has a smaller share in not just milk but all dairy categories**



# Which shows huge market potential for FCEPL



**\$14bn**

**24bn**  
liters/year

**100%**

*Household penetration  
Usage in multiple  
applications with Drinking,  
Tea, Desserts, etc.*

**60%**

*Breakfast is the  
biggest occasion for  
milk*

**1.9Ltrs**

*Of household food  
expense is on Milk*

**PACKAGED MILK**  
**8%**



**LOOSE MILK**  
**92%**





## OUR PURPOSE

**“We will transform the health and wellbeing of Pakistanis now and for generations to come, by nourishing them through unlocking the goodness of milk from grass to glass, as well as by enhancing the livelihood of farmers.”**

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Who we are?  
*PURPOSE*



How are we doing it?  
*ACTIONS*



Where we are?  
*RESULTS*

# Engagement with Government is Key

## Stakeholders' Engagement

Strategically engage with the key stakeholders



## Communication

Amplify our message across media to keep issue alive





# Along with driving category perception campaigns



## 2018-19

### Unbranded Public Service Campaign



- Public Service Messages from Pakistan Medical Association
- Anti-loose milk & pro-packaged milk education

## 2020-21

### Advocacy and Amplification from News Channels & Anchor



- Public Service Campaign with leading News Channels & Celebrity Anchors
- Talk Shows to address myths & barriers

## 2022

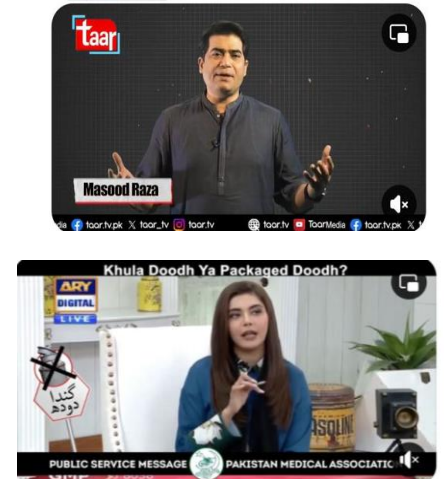
### Promos & animated content with Geo TV



- Thought-provoking & engaging content with Pakistan's biggest news channel
- Talk Shows to address myths & barriers

## 2023 – H1'24

### Highest ever spending



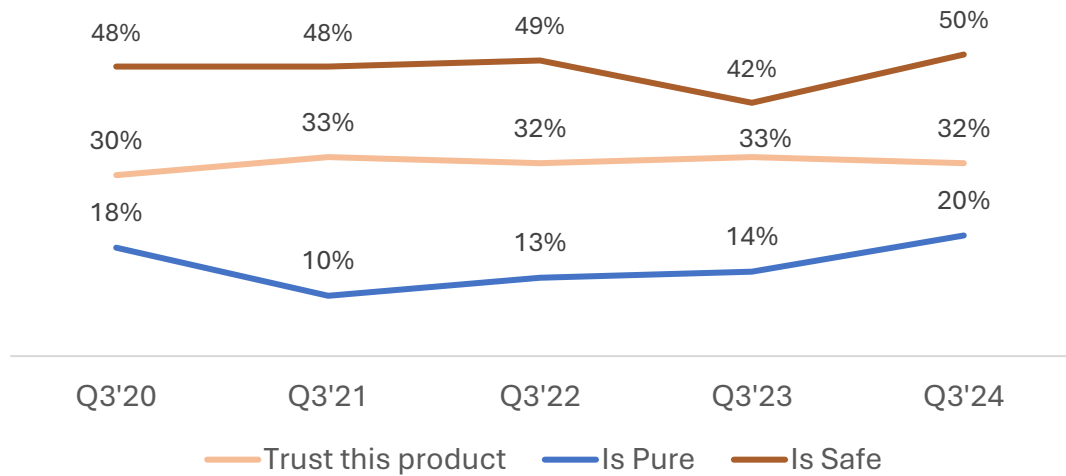
- Massive communication across multiple channels and renowned individuals



# This has resulted in improvement of Packaged milk perception over the years



## Packaged Milk Scores



“ There is no doubt that packaged milk is clean and pure

Females, Karachi

“ Packaged milk is processed in a clean and hygienic manner

Females, Lahore

“ Packaged milk has 6–7 layers of packaging that protect and preserve the milk

Females, Karachi

# Leading Dairy Development – To improve farmers' livelihood

## Training for Farmers



41,000+ Dairy Farmer trained on good dairy farming practices & Animal welfare

## Women Empowerment



1,000+ Female Farmers trained on good dairy farm practices

## Education Scholarship



Scholarships awarded to children of dairy farmers.

## Renewable energy at Dairy Farms



Solar systems installed at 64 Dairy Farms





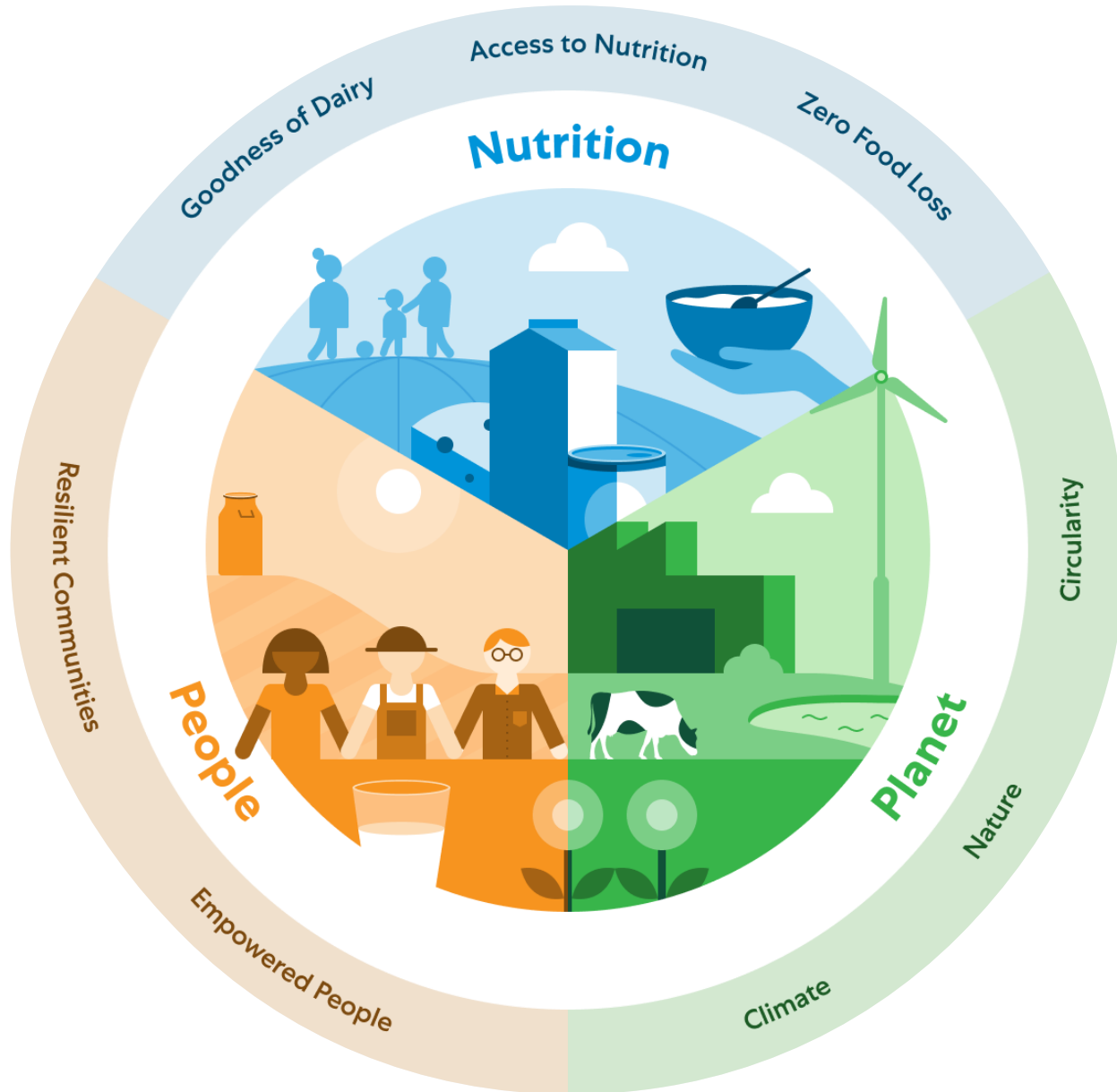




**And the best-in-class market execution**




# While staying sustainable.....



*nourishing by nature*

**Offering relevant  
nutrition**

**In balance with  
people and planet**



# 3.4 MW Solar Project

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Expected Energy Generation  
**5,013.6 MWH**

Annual CO2 Reduction  
**2,506 Tons**



# Tree Plantation Drive 2022-24

> 40,000 Trees planted





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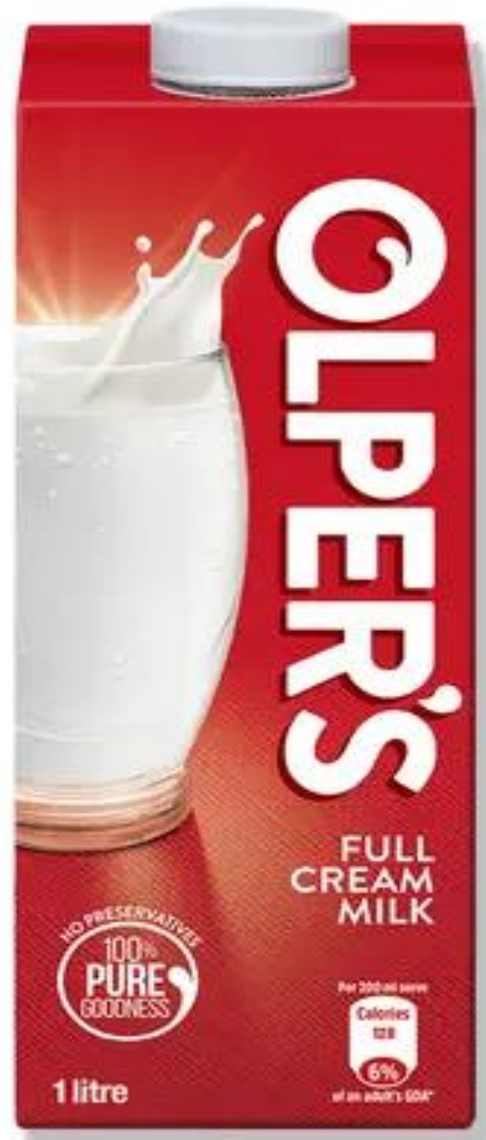
Where we are?  
*RESULTS*



This has led us to become the largest premium UHT company in Pakistan

*Highest*

**UHT Premium  
Market Share**



*#1*

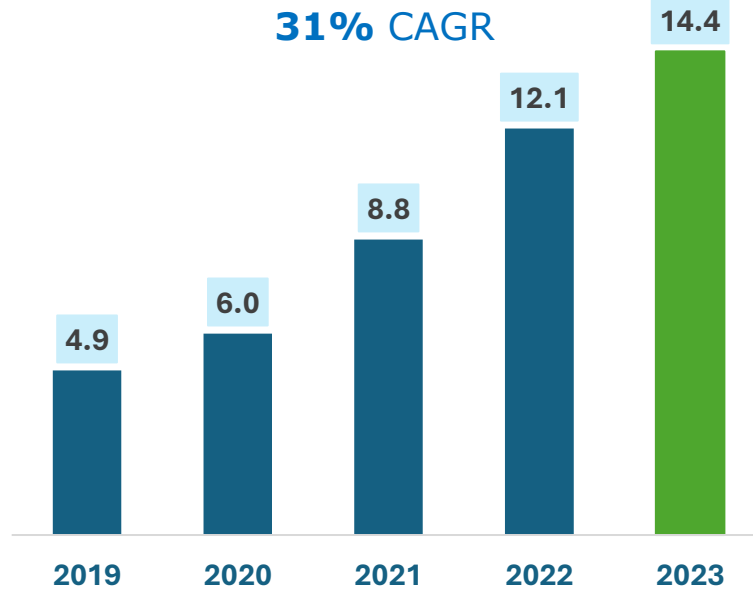
**UHT Premium  
Brand Equity**

# Leading to our best-ever results in 2023...

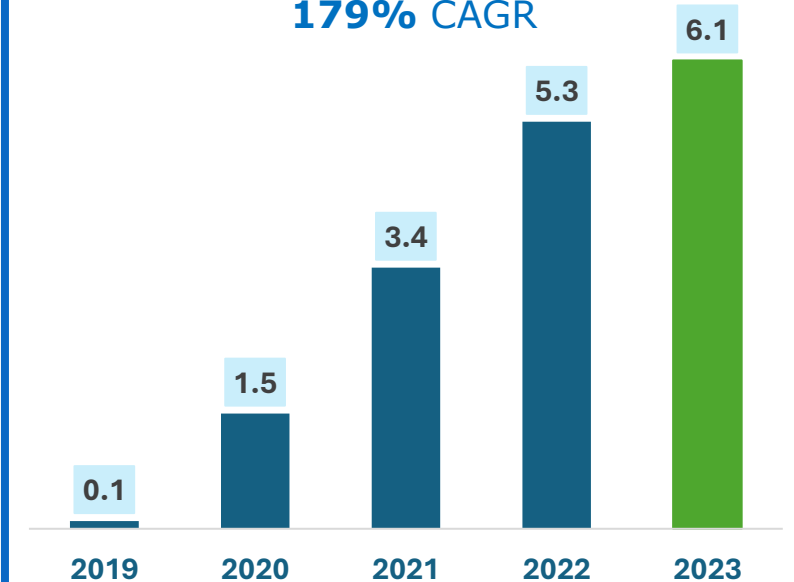
## NSR (PKR Bn) 27% CAGR



## Gross Profit (PKR Bn) 31% CAGR



## Operating Profit (PKR Bn) 179% CAGR



And these results continued in H1 of 2024...

**Highest Ever Sales**

**17%** growth in

**H1 2024 vs H1 2023**

**Highest Ever Gross  
Profit**

**16%** growth in

**H1 2024 vs H1 2023**

**Highest Ever  
Operating Profit**

**3%** growth in

**H1 2024 vs H1 2023**



# 18% Sales Tax on Packaged Milk

However, a new challenge has now risen





# In an already difficult economic environment

Inflation

**Double  
Digit**

In H1 2024

Currency  
Devaluation

**Double  
Digit**

MAT 18 months

Policy Rate

**Highest  
Ever**

# Requiring an immediate action from FCEPL

## Ensuring Availability



Across all channels

## Cost optimization



Reduction in cost via vendor renegotiations and operational efficiencies

## Discretionary Spend Reduction



Minimizing discretionary spends to inject back profitability in the business

**Sales Growth** +2.6%

**Gross Profit Growth** +17%

**Op. Profit Growth** +34%



Rio 2016

And we will

*CONTINUE*

pushing

*FURTHER*





**Thank  
You**