

Corporate Briefing Session - 2022

December 14th, 2022

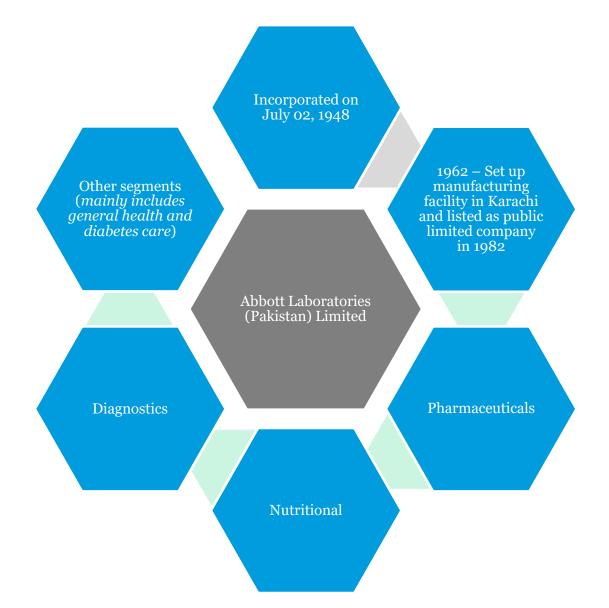
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Company Overview





Two manufacturing facilities

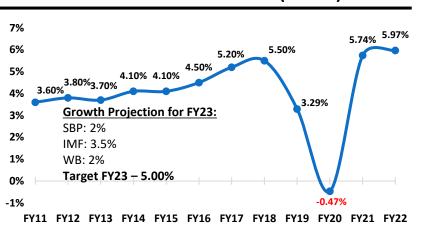


1,445 Employees



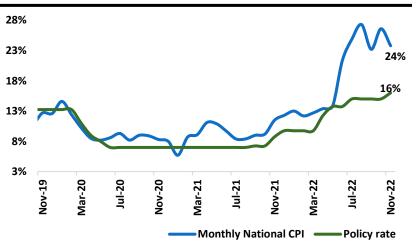
> 150 Products





Gross Domestic Product Growth (GDP%)

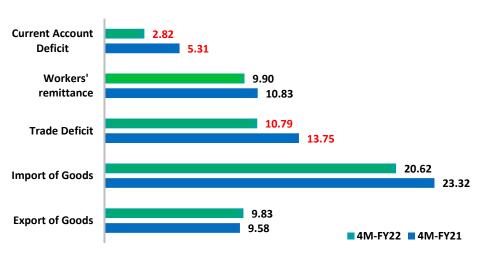
Policy Rate & Inflation Rate



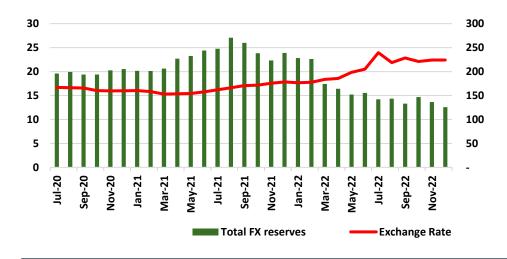
- **GDP growth FY22** registered 5.97% in FY22, rebounded from the pandemic (0.47% contraction in FY20) & continued to post a V-Shaped economic recovery which is higher than 5.74% recorded in FY21 accompanied by external and internal imbalances
- **Future outlook for growth FY23** GoP target at 5% while SBP expectation is 2% due to damages caused by recent floods
- **Monetary Policy** increased by 900bps to 16% from 7% since Sept'21. Focus shifted from growth to control inflation & CAD
- **Future outlook for Policy rate** Expected to rise further 100 to 150bps in next MPS. Fiscal & monetary tightening policies expected in FY23 to control inflationary pressures and rising current account deficit
- Inflation measured at 23.8% in Nov'22 YoY— mainly driven by normalization of fuel cost adjustments in electricity tariffs, and higher food prices by 35.7% YoY. Average CPI for 5MFY23 stands 25.16% compared to 9.30% in FY22
- Inflation Outlook FY2023 SBP expected in the range of 21%-23% ahead of crop damage from the recent floods, energy inflation seeped into broader prices, currency depreciation and hike in power/gas tariffs. Target by GoP – 11.5%
- **Net Revenue 4M-FY2** PKR 2.69trn against the target PKR 2.68trn. FY23 target PKR. 7trn
- Workers' remittance registered a decrease of 9% YoY reaching USD 9.9bln during 4M-FY23. Target FY23 \$33.2bln



CURRENT ACCOUNT DEFICIT 4M - FY23



FOREIGN RESERVES & EXCHANGE RATE



USD IN BILLION

USD IN BILLION

- Decreased by 12% from same period last year
 - Control Measures by SBP:
 - Restriction on imports payments from July to date
 - Prior approvals for machineries, spare parts and auto related LCs
 - Increase in commodity prices increased food imports by 11% to \$2.9bln from 2.6bln in 4MFY22
 - Decrease in Machinery imports by 34% to \$1.9bln from \$3bln in FY22
 - Transport sector down by 59% to \$0.523mln from \$1.2bln in FY22

Exports 4M-FY23:

- Increased by 3% from same period last year
 - Textile exports up by 10% to \$6.2bln from \$5.7bln in FY22
 - Annual export target is approx. \$35bln

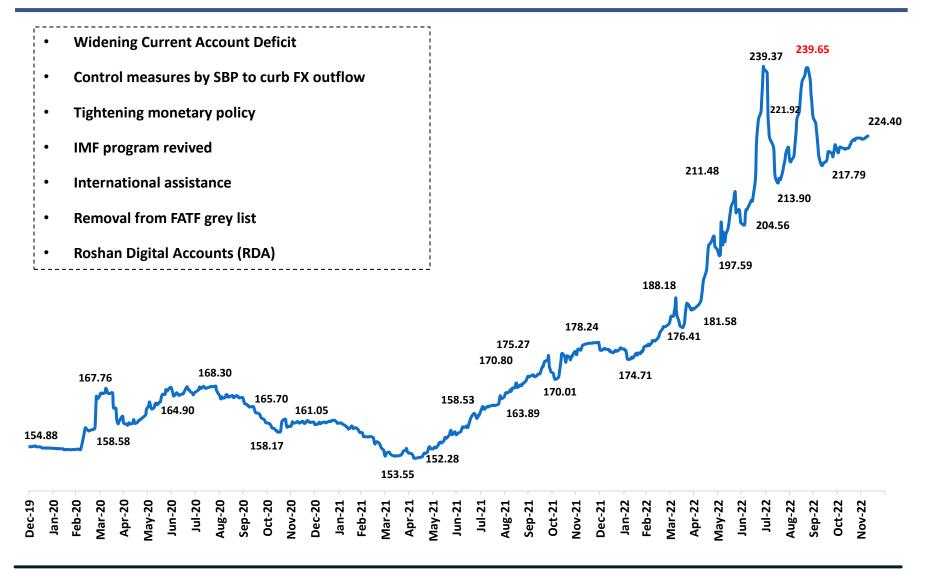
Foreign Exchange Reserves position:

- FX reserves under pressure due
 - Received \$1.5bln from Asian Development Bank (ADB) in October in lieu of Fund Relief provided much needed boost to country's dwindling FX reserves.
 - Debt repayments made in Nov'22 \$1.8bln
 - Euro bond repayment made in Dec'22 \$1bln
 - Receive \$500mln in Nov from Asian Infrastructure Investment (AIIB) bank

FOREIGN EXCHANGE – USD / PKR PARITY ROUND UP



USD/PKR Movement – 27% devaluation since Jan 2022



Financial Results - 2021

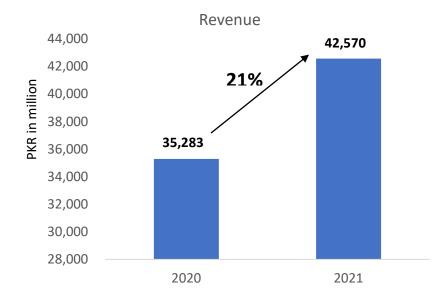
Key Highlights - FY2021

- Overall revenue of the Company increased by 21% reaching Rs. 42.57 bn.
- Increase in profitability mainly on account of price adjustments and product mix.
- Earnings per share was Rs. 60.95 per share (2020: Rs. 46.33 per share).

Rs. 42.57bn	21%
Sales Revenue	Sales Growth
38%	14%
Gross Profit	Net Profit
Margin	Margin

Revenue Analysis – FY21





- Pharmaceutical sales increased by 16% driven by performance of established brands.
- Nutrition sales increased by 18% mainly driven by increase in sales volume of adult nutritional supplements.
- Diagnostics sales growth was on account of COVID testing.
- Abbott market share as per IQVIA was 6.0% for December 2021.

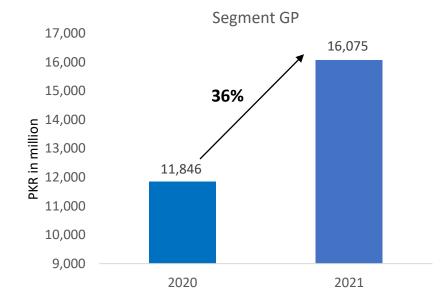
Segment wise Revenue

(PKR in millions)

Segment	2021	2020	% Increase
Pharmaceutical	27,578	23,877	16%
Nutritional	10,046	8,532	18%
Diagnostics	3,777	2,147	76%
Others	1,169	727	61%
Total	42,570	35,283	21%

Segment Gross Profit analysis - FY21





Segment profitability had been increased on account of the following:

- Improved product mix;
- Price adjustments; and
- > Cost-containment initiatives.

Segment-wise GP (PKR in millions)

Segment	2021	GP %	2020	GP %	
Pharmaceutical	10,008	36%	7,305	31%	
Nutritional	4,646	46%	3,913	46%	
Diagnostics	966	26%	408	19%	
Others	455	39%	220	30%	
Total	16,075	38%	11,846	34%	

Financial Results – Q3 2022

Key Highlights - Q3 2022

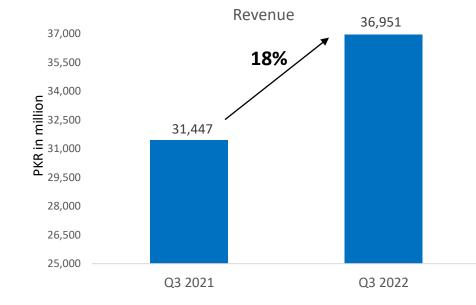


- Overall revenue of the Company increased by 18% reaching Rs. 36.95 bn.
- Sales increased on account of volume by 10% and price by 8%.
- Increase in product costs on account of Rupee devaluation and inflation has affected gross profits during 9M-FY22.
- The net profit margin has been impacted by a prior year Super tax charge of Rs. 825 million (EPS impact Rs. 8.4 per share).



Revenue Analysis – Q3 2022

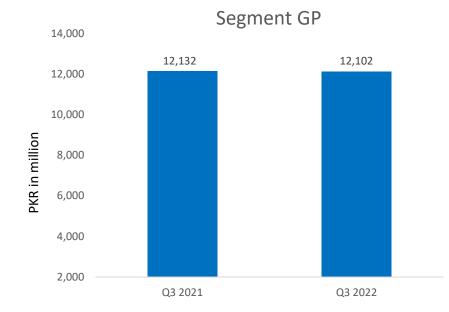




- Pharmaceutical sales increased on account of sustained performance of established brands.
- Sales for Nutrition driven mainly by increase in sales of adult nutritional supplements.

Segment wise Revenue (PKR in millions)							
Segment Jan - Sep Jan - Sep % Inc							
Pharmaceutical	23,282	20,131	16%				
Nutritional	9,642	7,861	23%				
Diagnostics	3,045	2,667	14%				
Others	982	788	25%				
Total	36,951	31,447	18%				

Segment Gross Profit analysis – Q3 2022



- Absolute GP remained stagnant despite 18% increase in sales due to depletion of GP margins.
- Segment profitability has deteriorated on account of the following:
 - Rupee devaluation; and
 - Increase in prices of raw material.

Segment-wise GP (PKR in millions)

Segment	Jan - Sep 2022	GP %	Jan - Sep 2021	GP %
Pharmaceutical	7,472	32%	7,378	37%
Nutritional	3,831	40%	3,731	47%
Diagnostics	416	14%	727	27%
Others	383	39%	296	38%
Total	12,102	33%	12,132	39%

Statement of Profit or Loss – Q3 2022



Description	%	Jan - Sep 2022	Jan - Sep 2022 % Jan - Sep 2		Variance		
			% Fav / (Unfav)				
Sales	100	36,951	100	31,447	5,504	18	
Cost of Sales	67	24,850	61	19,315	5,535	(29)	
Gross Profit	33	12,101	39	12,132	(31)	0	
Selling and Distribution expenses	14	5,450	16	4,885	565	(12)	
Administrative Expenses	2	657	2	551	106	(19)	
Other income	2	759	2	526	233	44	
Other charges	4	1,353	3	753	600	(80)	
Operating Profit	15	5,400	20	6,469	(1,069)	(17)	
Finance costs	0	38	0	50	(12)	24	
Profit before taxation	15	5,362	20	6,419	(1,057)	(16)	
Taxation	8	2,797	6	1,927	870	(45)	
Profit after taxation	7	2,565	14	4,492	(1,927)	(43)	

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Earnings per share	26.20		45.88	(19.68)	(43)
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Statement of Financial Position – Sep 30, 2022

Description	Sep 2022	Dec 2021	Vari	Variance Description		Sep 2022	Dec 2021	Vari	riance	
	<u>Ru</u> j	pees in Milli	<u>ons</u>	%	<u>Rupees in Million</u>		lions	%		
Non-current assets					Share capital and reserves					
Property, plant and equipment	11,199	10,006	1,193	12	Issued, subscribed and paid-up	979	979	-	-	
Intangible assets	32	49	(17)	(35)	capital Reserves – Capital	1,018	892		14	
Long-term loans and advances	70	71	(1)	(1)	-	,	, i	126		
Long-term deposits	8	8	0	0	Reserves – Revenue	14,622	15,483	(861)	(6)	
Long-term prepayments	1	1	0	0	Total share capital and reserves	16,619	17,354	(735)	(4)	
Total non-current assets	11,310	10,135	1175	12	Deferred taxation	470	270	200	74	
Stores and Spares	298	284	14	5	Staff retirement benefits	1,554	1,466	88	6	
Stock-in-trade	8,384	6,721	1,663	25	Long-term lease liabilities	124	134	(10)	(7)	
Trade debts	1,264	1,216	48	4	Trade and other payables	9,729	9,039	690	8	
Loans and advances	725	456	269	59	Unclaimed dividend	75	58		29	
Trade deposits and short-term prepayments	965	302	663	220	Unpaid dividend		-	17	-	
Other receivables	1,512	448	1,064	238	-	2,517	-	2,517	100	
Taxation – net	-	345	(345)	(100)	Provision against GIDC	152	152	-	-	
Short-term investments	5,569	7,841	(2,272)	(29)	Current maturity of lease liabilities	116	94	22	23	
Cash and bank Balances	1,686	819	867	106	Taxation - net	357	-	357	100	
Total current assets	20,403	18,432	1,971	11	<u>Total liabilities</u>	15,094	11,213	3,881	35	
Total Assets	31,713	28,56 7	3,146	11	Total Equity and Liabilities	31,713	28,567	3,146	11	



Thank you