

FFL/HO/CS/

April 19, 2023

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



fauji foods

1st Quarterly Financial Results for the Period ended March 31, 2023

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on April 19, 2023 at 11:30 a.m. at Lahore recommended the following:

- | | | |
|-------|---|------|
| (i) | CASH DIVIDEND: | Nil. |
| (ii) | BONUS SHARES: | Nil. |
| (iii) | RIGHT SHARES: | Nil. |
| (iv) | ANY OTHER ENTITLEMENT/CORPORATE ACTION: | Nil. |
| (v) | ANY OTHER PRICE-SENSITIVE INFORMATION: | Nil. |

The financial results of the Company are attached.

1st Quarterly Financial Report of the Company for the period ended March 31, 2023 will be transmitted through PUCARS separately, within the specified time.

Yours Sincerely,

Brig Hamid Mahmood Dar (Retd)
Company Secretary

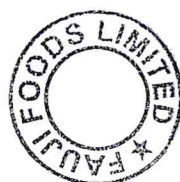
Encl: As above.

Fauji Foods Limited

Condensed Interim Statement of Profit or Loss (Un-Audited)

For the three months period ended 31 March 2023

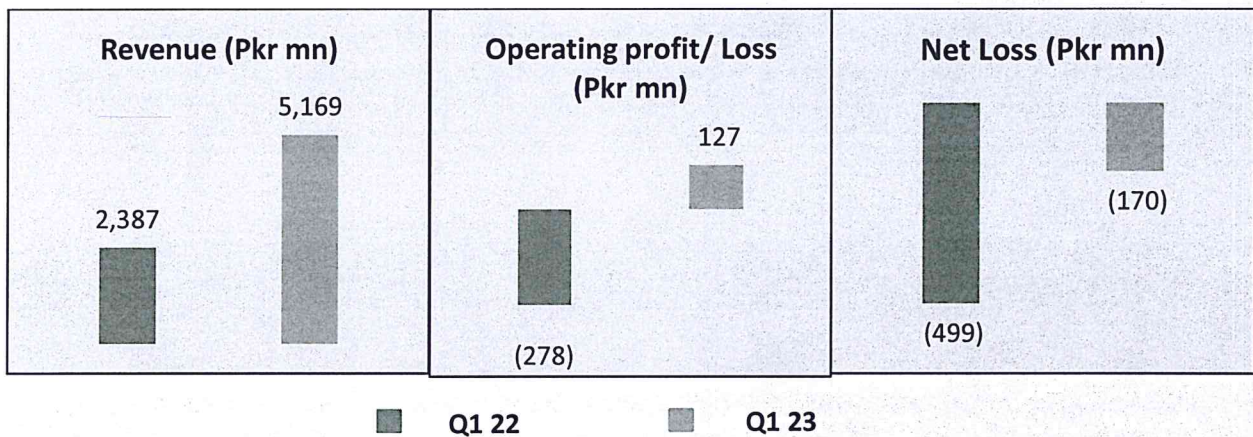
	Note	31 March 2023 Rupees	31 March 2022 Rupees
Revenue from contracts with customers - net		5,169,068,273	2,386,812,368
Cost of revenue	11	(4,508,395,953)	(2,233,770,459)
Gross profit		660,672,320	153,041,909
Marketing and distribution expenses		(346,722,001)	(320,021,195)
Administrative expenses		(186,738,039)	(110,994,743)
Profit / (Loss) from operations		127,212,280	(277,974,029)
Other income		69,820,244	42,109,123
Other expenses		(467,792)	-
Finance cost		(299,778,236)	(232,624,961)
Loss before taxation		(103,213,504)	(468,489,867)
Taxation		(66,369,511)	(30,692,098)
Loss after taxation		(169,583,015)	(499,181,965)
Loss per share - basic and diluted		(0.07)	(0.32)



Brief Commentary FFL Q1 2023 Results

FFL achieved growth of 116.6% in Net Revenue in Q1 of 2023 over same period last year (SPLY). This was driven by continued volume growth in UHT Milk 54% vs SPLY, increase in distribution by 13,000 outlets vs SPLY and yet another strong quarter of Institutional Sales that achieved Rs. 2.03 billion revenue, a growth of 231% vs SPLY.

The topline growth was complimented by improvement in Gross margins that grew from 6.4% Q1 2022 to nearly double 12.8% in Q1 2023, highest in the history of FFL. The twin sustainability projects of 1 MW solar and bio mass went into production in Q1 and are expected to positively impact energy cost in Q2 2023. In line with our strategy to optimize costs, company localized packaging of a key SKU. These initiatives along with price increases & other planned cost optimizations yielded an additional 6.4% Gross Margin. As a result, FFL achieved highest ever operating profit of Pkr 127 mn vs Pkr (278) mn loss in SPLY & an EBIDTA of Pkr 253 million, a growth of 262% over SPLY.



Q1 '23 interest cost of PKR 299.78 mn is essentially what resulted in the loss after tax of PKR (170) mn for Q1' 23. On March 8th 2023, the entire debt of RS 8.0 bn was paid off after completing the other than right equity injection process. The repayment of legacy debt, which was a serious drag on the business performance, now provides a platform to grow the business in a sustainable manner.

As a consequence, FFL closed the month of March 2023 by recording a Profit after tax.

Looking ahead, the investment in brands and distribution infrastructure should continue to fuel the growth. With the legacy debt burden now removed from the books, the growth in Margins and EBIDTA will help grow the business even faster whilst introducing new products. The political and economic uncertainty is unlikely to go away in the near future, however the strategy of pivoting to value added portfolio will enable the business to cover the expected inflation through pricing & margin management. We are confident that a new chapter in the journey of FFL begins enabling it to take strides towards fulfilling the tremendous potential in dairy and food business in Pakistan.

FFL FOODS LIMITED