



**FrieslandCampina**  
Engro Pakistan Limited

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Dear Sir,

**Analyst Briefing for 2<sup>nd</sup> Quarter 2023 Business Results of  
FrieslandCampina Engro Pakistan Limited**

FrieslandCampina Engro Pakistan Limited will be holding an analyst briefing regarding the company's business results for 2<sup>nd</sup> Quarter 2023 as per the detailed below:

**Date** : Thursday August 31, 2023  
**Time** : 03:30 PM to 04:30 PM (PST)  
**Venue** : Pakistan Society for Training & Development (PSTD) / Video Link Facility  
Plot # TC-3, 34th Street off Khayaban-e-Sehr Microsoft Team  
Phase-V, Extn, Defence Housing Authority,  
Karachi.

**To participate in online-based briefing, please follow the link:**

**Microsoft Team** : <https://bit.ly/fcepl>  
**Meeting ID** : 399 290 585 113  
**Passcode** : Mt2TuT

*\* All attendees are requested to login with their names and Institution name. Following are best practices for a Microsoft Team that we encourage everyone to follow.*

- Please make sure to enter your name and Institution name in the following format 'Full Name• Institution' while entering the meeting ID. Only then you would be allowed to attend the meeting Analysts are requested to stay on 'Mute' mode while the CFO is presenting
- In case of any question or comment, Analyst is either requested to type in a question in the chat box or raise his/her hand which will appear on the participants list
- The CFO will ask the analyst to comment once they have written their request on chat

We would appreciate your assistance in communicating this information to your members.

Yours truly,

Imran Husain  
Chief Financial Officer



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# BUSINESS HIGHLIGHTS



# Milk is an integral part of the Pakistani diet



## Versatility of Milk



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



More than 90% of milk consumed in the country is unprocessed.



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 billion-rupee categories.



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



# Huge opportunity to grow the Packaged Milk category via conversion from Loose Milk



**\$14bn**

**24bn**

liters/year

**100%**

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

**60%**

*Breakfast is the biggest occasion for milk*

**1.9Ltrs**

*An average Pakistani household consumes per day*

**40%**

*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.”**

A photograph of a brown and white cow in a green field under a blue sky. In the foreground, there is a glass pitcher and a glass, both containing milk. The text is overlaid on a semi-transparent white box in the center of the image.

**EXECUTING PURPOSE  
DRIVEN STRATEGY  
THROUGH**

# Category perception improvement campaign, a collaboration of PMA & PDA



## 2018-19

Unbranded Public Service Campaign



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

## 2020

Advocacy from News Channels & Anchors



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

## 2021

Amplification via channels expansion



- Continuing with PMA public service campaign & news channels
- 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

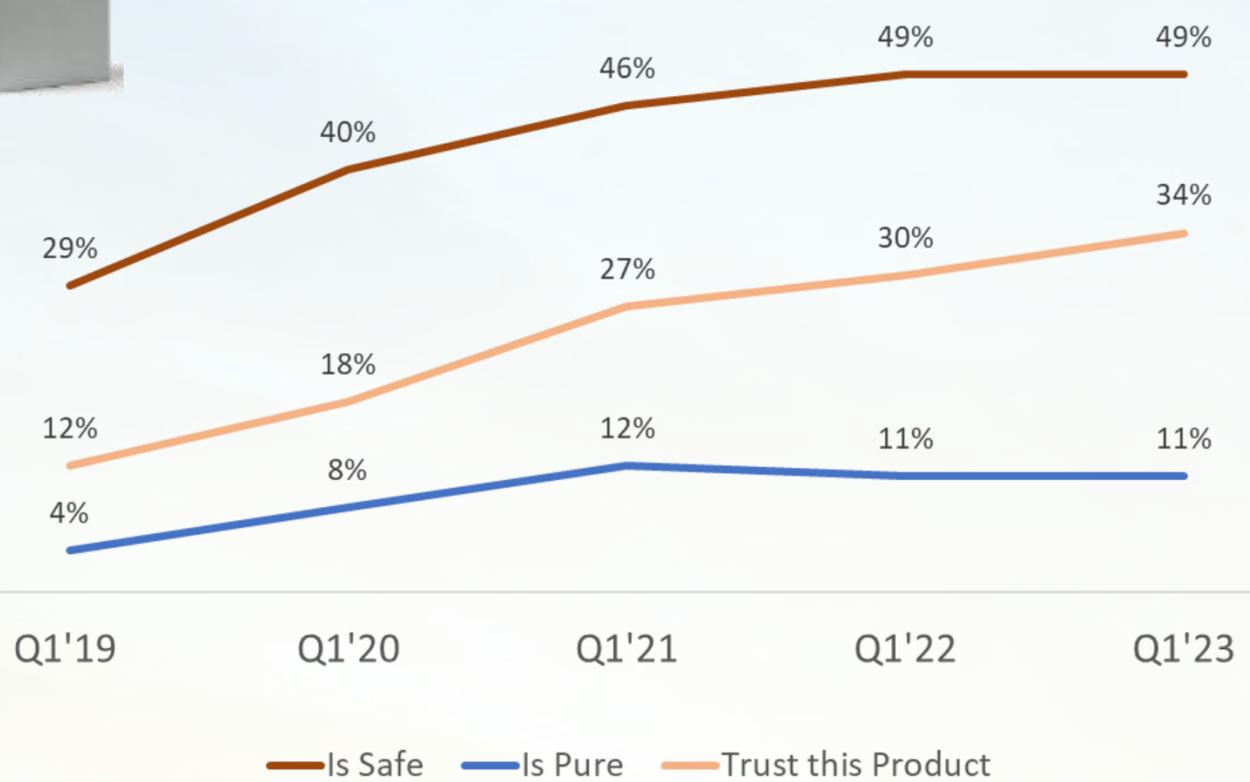


# Perception of Packaged Milk improving in response to Public Service Campaign



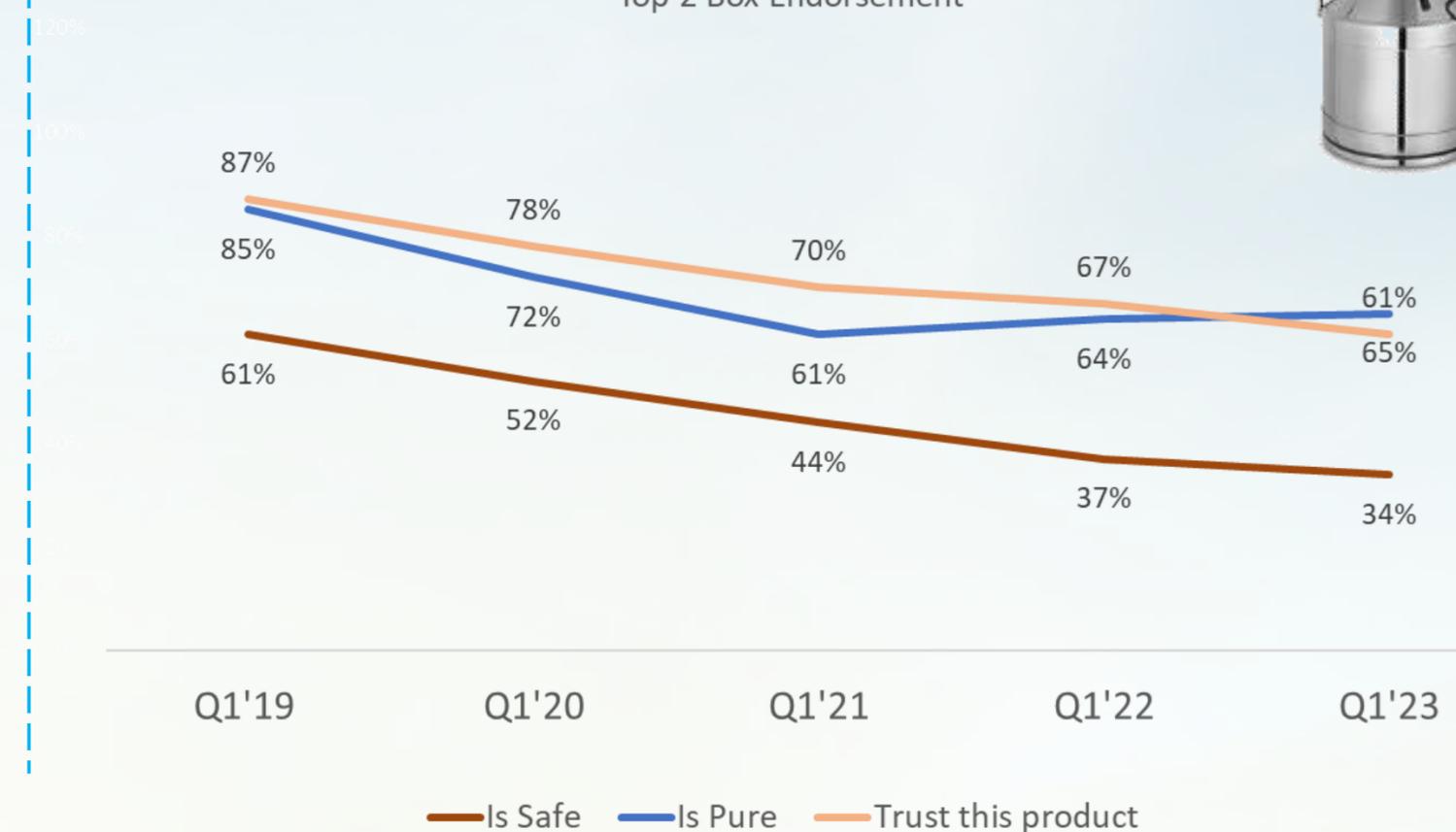
### Packaged Milk Imagery Scores

Top 2 Box Endorsement



### Raw Milk Imagery Scores

Top 2 Box Endorsement



Source: NIQ Loose Milk Perception Tracker





# ENGAGING WITH GOVERNMENT



# Key Initiatives - Category Development / Conversion



## Loose Milk Study

### PFA's Loose Milk Testing Campaign

- Supported PFA for evidence generation.
- Results are closer with Loose Milk Study by UVAS



## School Health Champion

### Awareness campaign for school going children about:

- the importance of healthy food, well being and
- importance of safe milk consumption



## Safe Milk City Project

### “Safe Milk Law & Model City” FCEPL offering –

- Technical support for ICT Safe Milk Law Act
  - Support in evidence generation and implementation framework



## Showcasing RFC

- Showcasing formal supply chain in NL to implement safe milk law
- PFA Officials and Media Person visited FC Netherland





# SCALING UP DAIRY DEVELOPMENT



# KEY INITIATIVES

## Farmer Trainings



~38,000 Dairy Farmer trained on good dairy farming practices & Animal welfare

## Financial Assistance to Farmers



Subsidized bank loans of Rs 210 Mio disbursed for cow purchase and farm infrastructure

## Farmer to farmer Mission



Dutch Dairy Farmers visited and trained local farmers in Pakistan

## Women Empowerment



1,300 Female Farmers trained  
05 Female Milk collection center Agents

## Education Scholarship



Education Scholarship Program started for deserving Farmers' children

## Farmer help camps in flood



~12000 animals vaccinated and treated in flood affected areas



# SCALING UP INVESTMENTS BEHIND OUR BRANDS



# A STRONG OLPER'S CORE LEVERAGED ACROSS SEGMENTS

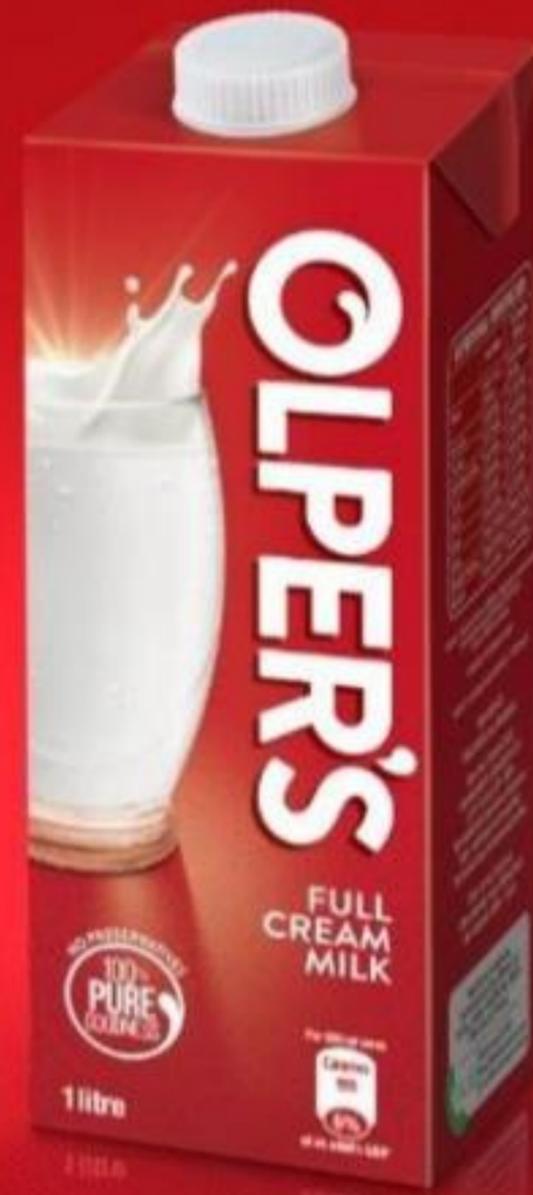


- 1.** Olper's core strengthening brand's association with Morning, Nutrition, Purity and All Purpose
- 2.** Portfolio extensions under Olper's will establish association with the same CEPs as foundation.
- 3.** Expand by building association through digital communication



**Banao Har Subha  
OLPER'S Happy Subha**

**100%  
PURE  
GOODNESS**



# Olper's new campaign strengthening promise of Nutrition & Purity

# OLPER'S



<https://www.youtube.com/watch?v=lwea5wpZTcY>



# Leveraging Multiple channels and platforms to maximize reach efficiently

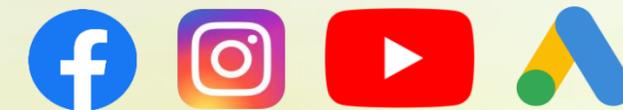
## TV Advertising

Maximizing Reach through TV advertising across leading channels



## Digital Advertising

Build incremental Reach of the message via Digital advertising & Influencer Marketing





VITAMIN A  
HIGH IN  
CALCIUM  
VITAMIN D

# OLPER'S FLAVOURED MILK

## Ab Performance Mein Koi Break Na Ho



# OLPER'S FLAVOURED MILK - NEW CAMPAIGN

Owning School Break occasion through integrated campaign



<https://www.youtube.com/watch?v=itJWOqmBAWk>





FrieslandCampina nir  
nourishing by nature

omoré

Oh!



# OMORE BUSINESS HIGHLIGHTS

## BEST IN CLASS EXECUTION

### CAPTURING KEY OCCASIONS



**PRIORITY CHANNEL FOCUS & INDUCTIONS**

**SHOPPER ENGAGEMENT**

**OWN SUMMER**

**BUILD DISTINCTIVE ASSETS**

**ACCESSIBLE PORTFOLIO**



# OMORE BUSINESS HIGHLIGHTS





# INNOVATION CONTINUES TO FUEL OUR GROWTH

# A robust innovation pipeline has been developed after consolidating the core

**1**



**2017**  
FCEPL launched Olper's Powders portfolio along with Omoré innovations

**3**



**2019**  
Launched two new SKUs under Omoré

**6**



**2020**  
Launched 125ml SKU for Olper's cream

**8**



**2021**  
Launched Badam Zafran FM and four Omoré innovations`

**9**



**2022**  
Launched Olper's cheese and Omoré innovations.

**4**



**2020**  
Launched Olper's flavored milk

**7**



**2020**  
Launched four new SKUs under Omoré

**5**



**2020**  
Launched Olper's pouch in affordable packaging at an attractive price point.

**2**



**2018**  
Relaunched Olper's low fat milk as Olper's Procal along with Omoré innovation.

**10**



**2023**  
Launched Mango FM and three Omoré innovations`



# FINANCIAL HIGHLIGHTS



# External shocks continue in 2023 and further intensify



Provincial Assemblies dissolved



World bank cuts GDP forecast to 0.4%



Political unrest and chaos post May 9th

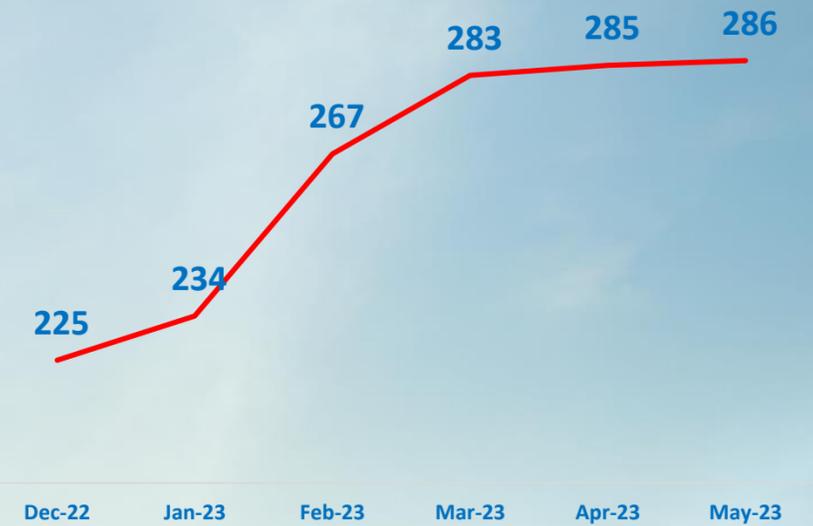


Import ban impacting business operations

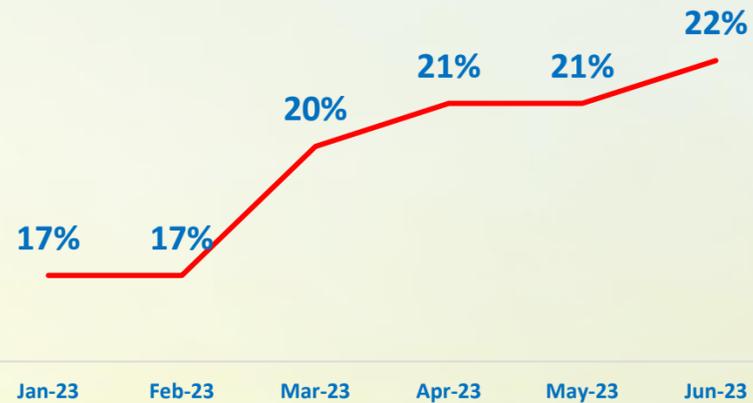
## Inflation



## Dollar



## Interest Rate



## Forex Reserves



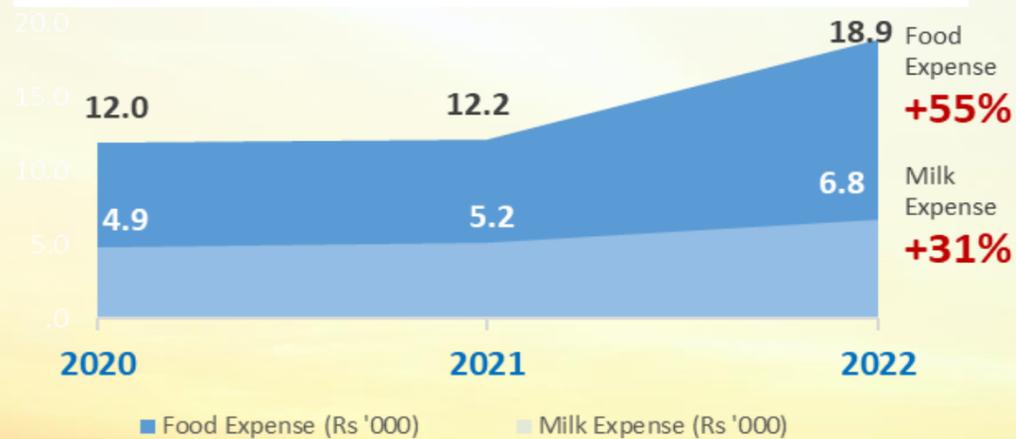
# Consumers struggling to cope and having to make tough choices

## Diminishing Purchasing Power

Monthly HH Income and Overall Expenses

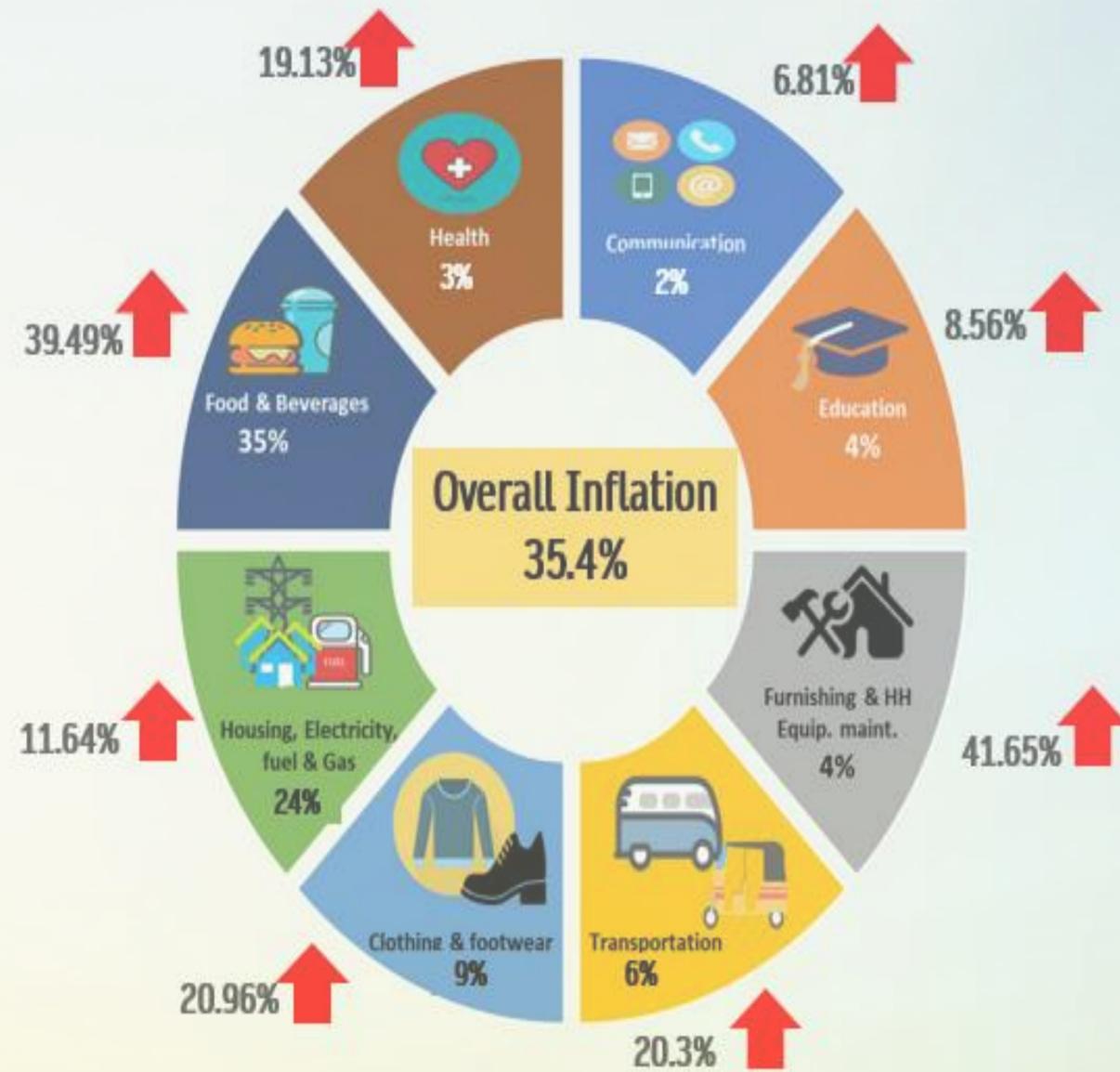


Monthly HH Food and Milk Expense



## Increase In Prices Jun 30, 2023, vs June 30, 2022

Consumer Price Index (Jun 23 vs June 22)



Eggs 37%



Milk 32%



Tea 113%

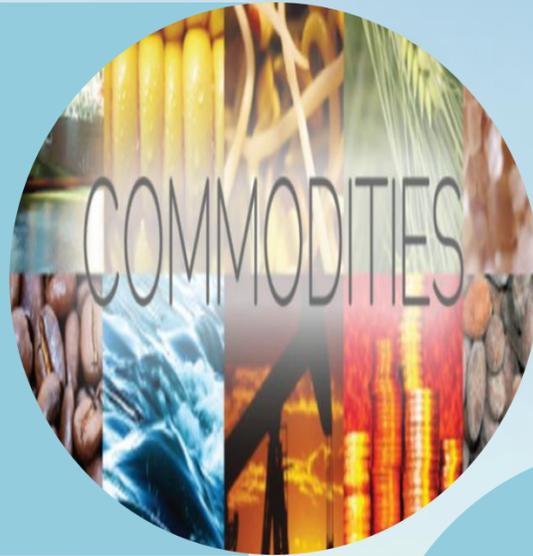


Wheat 90%



# Impact on business across all key cost elements

**RM/PM**  
Increase 38%



**Milk**  
Increase 56%



**Overall  
Increase  
35.7%**

**Feed Cost**  
Increase 157%



**Fuel**  
Increase 39%



# FC PK delivering consistent results and clocking strong growth momentum

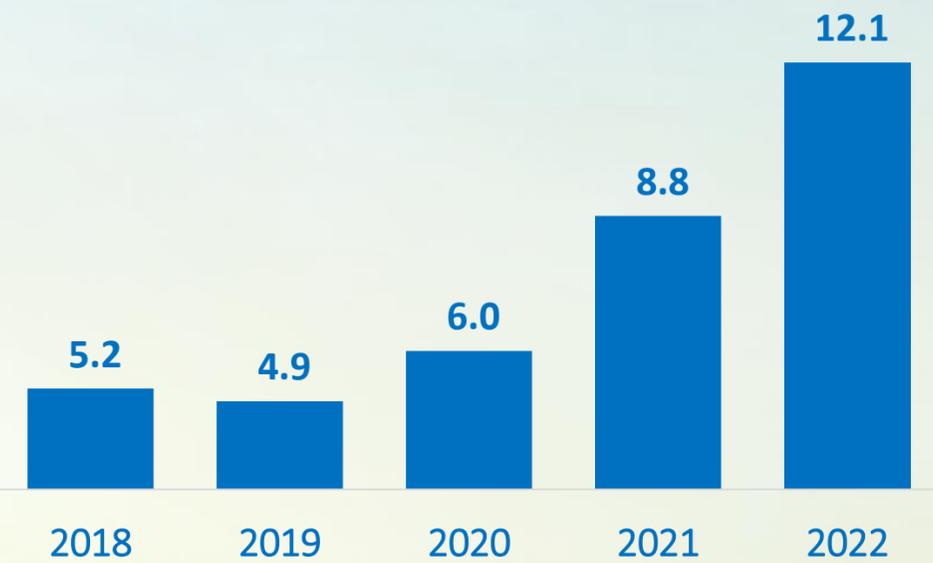
## NSR (PKR Mn)

**23%**  
CAGR-PKR



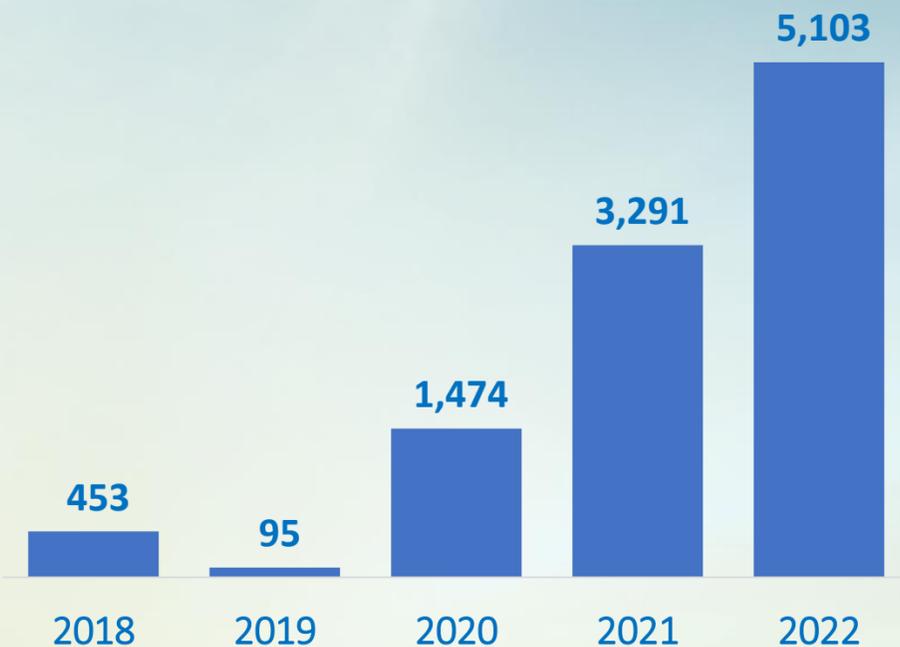
## Gross Profit

**24 %**  
CAGR-PKR



## EBIT (PKR Mn)

**83%**  
CAGR-PKR



# Delivering stellar performance despite adversity

FY 2022 vs 2021

NSR

+41%

GP

+37%

Operating Profit

+55%

H1 2023 vs SPLY

NSR

+53%

GP

+48%

Operating Profit

+69%

