



CORPORATE BRIEFING SESSION HALF YEAR 2023



AGP MANAGEMENT REPRESENTATIVES



Ms. Nusrat Munshi
Managing Director &
Chief Executive Officer



Mr. Junaid Aslam
Group Chief Financial Officer



Mr. Umair Mukhtar
Director Business Planning,
Corporate Affairs & Company
Secretary

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The background features a soft-focus image of several white capsules and pills scattered on a light-colored surface. In the upper left corner, there is a faint, light-colored molecular structure diagram consisting of interconnected circles and lines. A semi-transparent blue horizontal bar with rounded ends is positioned in the center of the image, containing the text 'CORPORATE PROFILE' in bold, black, uppercase letters.

CORPORATE PROFILE

Pattern of Shareholding

	AitkenStuart Pakistan (Pvt.) Limited	55.80%
	Muller & Phipps (Pakistan) (Pvt.) Limited	13.54%
	Baltoro Growth Fund	9.57%
	Aspin Pharma (Pvt.) Limited	4.79%
	Other shareholders	16.30%

Shariah Compliance



Meezan Bank
The Premier Islamic Bank

Meezan Bank Limited reviewed the accounts of AGP and found them to be in compliance with Karachi Meezan Islamic Index – 30 Criteria set out by Pakistan Stock Exchange.

Entity Rating



Entity Rating:

Long-Term : **A+**

Short-Term : **A1**

Outlook : **Stable**

“The Company has achieved impressive growth in their topline mainly on the back of its recent acquisitions. Ratings incorporate AGP's strong and sustainable margins over the last three years along with sizeable cash flows to service their debt and meet the working capital requirements of the Company.”

As of 26th Oct 2022

BOARD OF DIRECTORS



Tariq Moinuddin Khan
Chairman



Zafar Iqbal Sobani
Independent Director



Shauzab Ali
Independent Director



Kamran Nishat
Non - Executive Director



M. Kamran Nasir
Non – Executive Director



Nusrat Munshi
Chief Executive Officer



Mahmud Yar Hiraj
Non - Executive Director



M. Kamran Mirza
Non - Executive Director

OUR JOURNEY



1989

AGP (Pvt.) Ltd. starts commercial operations



1991

Enters into a JV with Eli Lilly Pakistan for cephalosporins



1995

Signs an agreement with UCB Belgium to manufacture & market their products in PK



2003

Purchase Eli Lilly brand rights for Ceclor & Keflex



2007

Purchase UCB brand rights for Rigix in Pakistan



2013

Acquired 30% stake of Eli Lilly Pakistan



2014

OBS-led consortium acquires AGP



2016

Signs an agreement with Mylan to market their products in PK



2018

Enlistment on Pakistan Stock Exchange



2019

Acquisition of Nutraceutical Plant



2021

Acquired 22 brands from Sandoz AG [Novartis in Pakistan]



2023

Acquired 17 brands from Viartis Inc. [Pfizer in Pakistan]

MANUFACTURING PLANTS



	Plant I	Plant II	Plant III
Particulars	[General Health Care]	[Cephalosporin]	[Nutraceuticals]
Location [All Karachi based]	Plot B-23/C, SITE	Plot D-109, SITE	F/46, SITE-II, Superhighway
Production 2022	43.2 Million packs	9.2 Million packs	1.6 Million packs
Installed Capacities	66.0 Million packs	15.4 Million packs	3.7 Million packs
Area	2.81 acres	1.25 acres	0.5 acre
Facility Area	1.58 acres	0.55 acres	0.5 acre
Dosage Form	General Pharma manufacturing liquid, capsules, tablets, Sachets and injectables	Oral Cephalosporins	Nutraceutical tablets, liquids and sachets

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KEY ACHIEVEMENTS & DEVELOPMENTS

RECENT ACHIEVEMENTS



Secured 1st Position in Pharma Category at Best Corporate Report Awards



Bagged awards in 8 categories at the GDEIB Awards 2023



Highest ever sales PKR 1.2 billion in Jan 2023



Highest ever production No. of Packs - 6.8 million in Feb 2023



Presented with 'Top Exporter' award at the 6th PPMA Summit




3 brands with more than PKR 1 billion in sales



Successfully upgraded to S/4 HANA, cloud-based technology in July 2023

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INDUSTRY OVERVIEW


 JUNE 2023	MOVING ANNUAL TURNOVER			YEAR TO DATE			5 Year CAGR %
	PKR in Billion	Unit Growth %	Value Growth %	PKR in Billion	Unit Growth %	Value Growth %	
Industry	748	4.1	14.2	376	0.7	13.1	15.3
AGP	9.4	13.9	22.8	4.8	11.6	21.2	15.6
OBS AGP	5.5	13.4	28.7	2.6	2.2	15.7	19.6
Consolidated (AGP + OBS AGP + OBS PK)	16.9	-	24.9	8.3	-	19.2	17.0

- On MAT basis, AGP's consolidated revenue [AGP + OBS AGP + OBS PK] stands at PKR 17 Billion and ranked at 13th position in the industry.
- In terms of growth, AGP on a consolidated basis is growing at 25%, 4th highest amongst top companies. OBS PK is not included in growth as it is acquired in the Q2 of this year only.


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FINANCIAL PERFORMANCE


HIGHLIGHTS OF FINANCIAL STATEMENTS – HY 2023 [STANDALONE]



REVENUE	
2023	6,044
2022	4,899
Increase	1,145
% Increase	23.4




GROSS PROFIT	
2023	2,660
2022	2,590
2023 – Margins *	44.0%
2022 – Margins	52.9%




EBIT	
2023	850
2022	1,181
2023 – Margins	14.1%
2022 – Margins	24.1%

* Margins excluding toll manufacturing is 50.1%



PAT	
2023	444
2022	741
2023 – Margins	7.3%
2022 – Margins	15.1%



ADJUSTED PAT *	
2023	852
2022	741
2023 – Margins	14.1%
2022 – Margins	15.1%

* PAT adjustment: Deval. impact = PKR 318.8 mn; Int. rates = PKR 50.4 mn; Finance cost of loan taken for equity investment in OBS PK = 39

HIGHLIGHTS OF FINANCIAL STATEMENTS – HY 2023 [CONSOLIDATED]



REVENUE

2023	8,088
2022	7,124
Increase	964
% Increase	13.5



GROSS PROFIT

2023	4,180
2022	3,617
2023 – Margins	51.7%
2022 – Margins	50.8%



EBIT

2023	1,548
2022	1,596
2023 – Margins	19.1%
2022 – Margins	22.4%



PAT

2023	732
2022	853
2023 – Margins	9.1%
2022 – Margins	12.0%



ADJUSTED PAT*

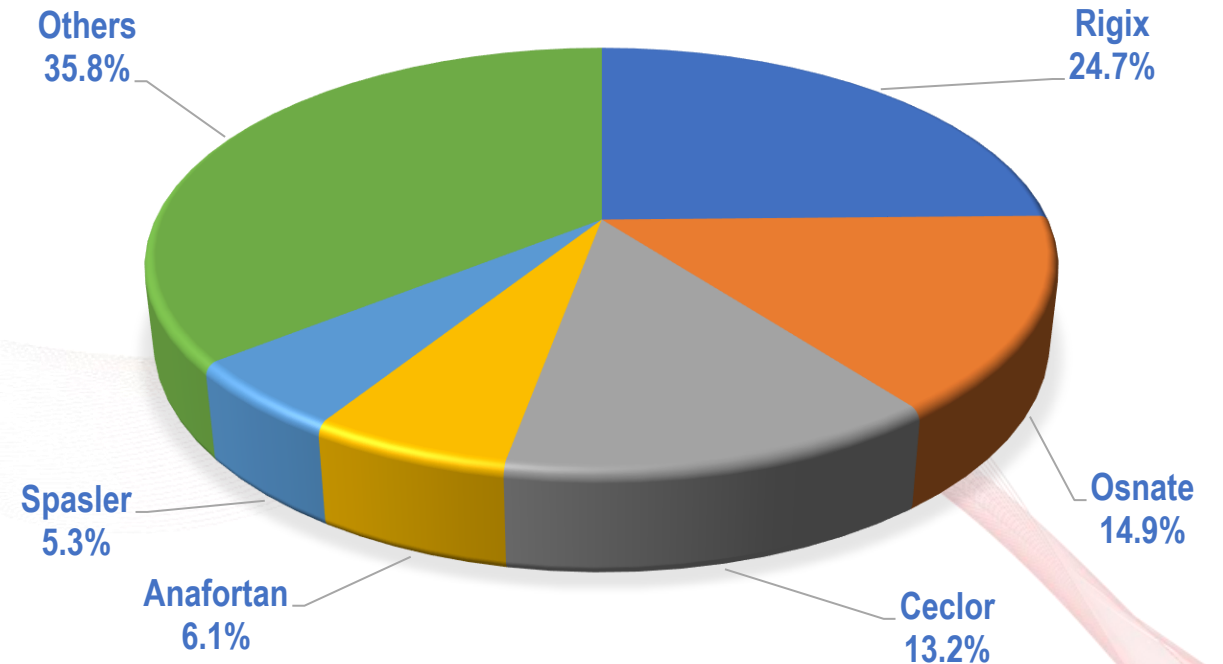
2023	1,202
2022	853
2023 – Margins	14.9%
2022 – Margins	12.0%

* PAT adjustment: Deval. impact = PKR 341.2 mn; Int. rates = PKR 89.3 mn; Finance cost of loan taken for equity investment in OBS PK = 39

AGP's TOP PRODUCTS SALES OVERVIEW

BRANDS	MAT JUNE 2022 (PKR IN MILLION)
Rigix	2,334
Osnate	1,412
Ceclor	1,250
Anafortan	575
Spasler	500
Others	3,378
Total	9,448

TOP PRODUCTS CONTRIBUTION TO SALES

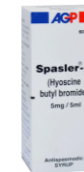


Launched 2 brands, 3 SKUs in Nutra and GI segments

Top 5 products contribute 64.2% to total revenue

AGP's TOP PRODUCTS MARKET ANALYSIS

As per IQVIA, MAT June 2023

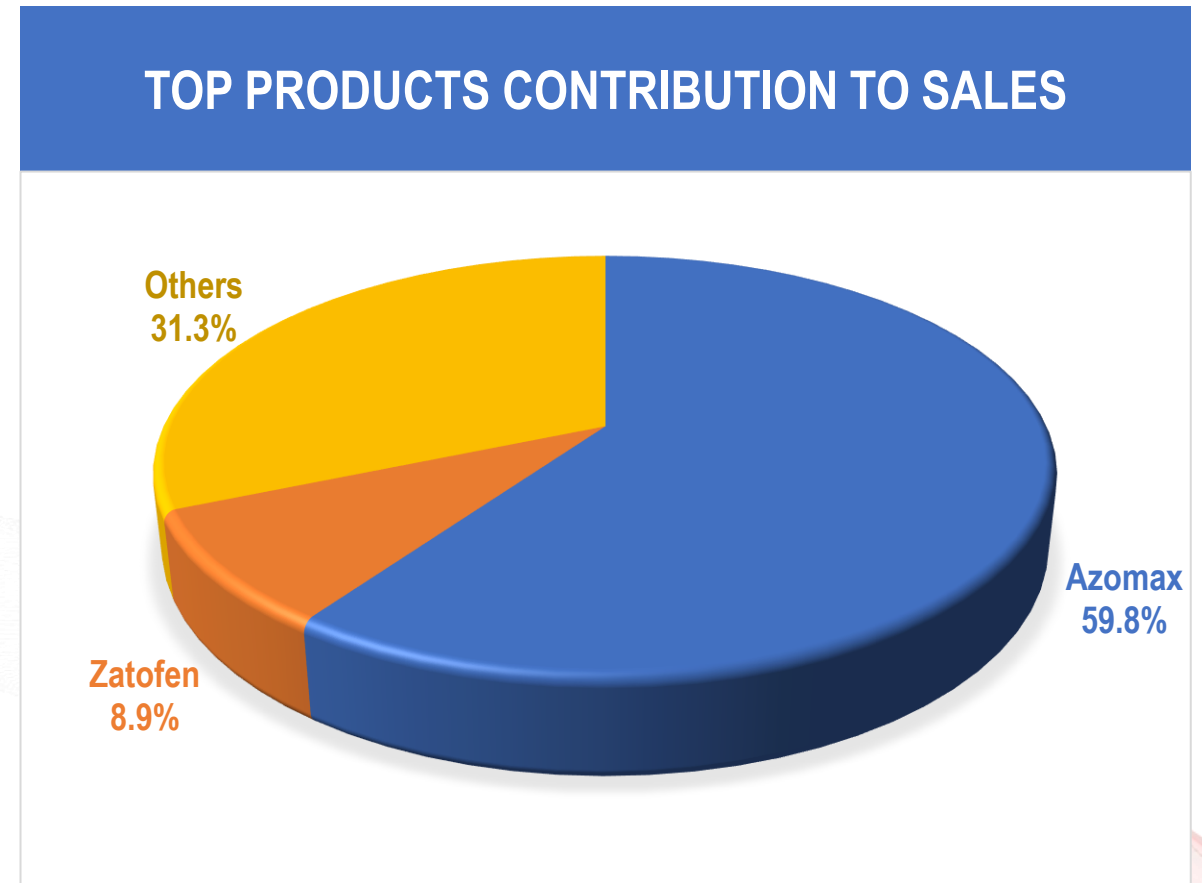


Brand	Rigix	Osnate-D	Ceclor	Spasler-P	Anafortan
Yearly Sales in Mn	2,334	1,412	1,250	500	575
Growth (%)	19.92%	11.40%	20.00%	33.55%	7.43%
Therapeutic Class	Antihistamines Systemic	Calcium	Cephalosporins Oral	Antispasm + Antichol Plain	
Yearly Value in Mn	11,338	13,168	29,320	5,341	
Growth (%)	15.74%	(3.1%)	17.41%	16.61%	
Market Share (%) in TC	20.58%	10.72%	4.26%	9.36%	10.76%

OBS AGP's TOP PRODUCTS OVERVIEW

BRANDS	MAT JUNE 2023 (PKR IN MILLION)
Azomax	3,282
Zatofen	486
Others	1,719
Total	5,487

Focused strategy on Anti infectives, Pain Management and Oncology portfolio



On 12 Months basis, Azomax has crossed the PKR 3 Billion mark

OBS AGP's TOP 3 PRODUCTS COMPETITIVE MARKET ANALYSIS

As per IQVIA, MAT June 2023



Brand	Azomax	Zatofen
Yearly Sales in Mn	3,282	486
Growth	16.93%	43.68%
Therapeutic Class	Macrolides	Ketotifen
Yearly Value in Mn	17,760	598
Growth	12.78%	36.83%
Market Share in TC	18.48%	81.27%



Product portfolio

Acquired 17 brands [10 active], comprising of broad range of anti-depressants, anti-hypertensive and ophthalmology products

Annual revenue size of portfolio is ~PKR 2.2 bn



Acquisition Consideration

Total size of transaction is ~PKR 9.3 billion

Debt is 75% - up to PKR 6.9 billion

Equity is 25% - up to PKR 2.4 billion



Capital Structure

AGP upto 92.5%

Aitkenstuart and OBS Group emp. upto 7.5%



Human Resources

Took over the business with 112 sales and marketing staff



Inventory

Agreement is in place to secure continuous supplies of materials during the transition period of transfer of regulatory ownership



Business Partners

M&P is the distribution partner and warehousing is also provided by it.

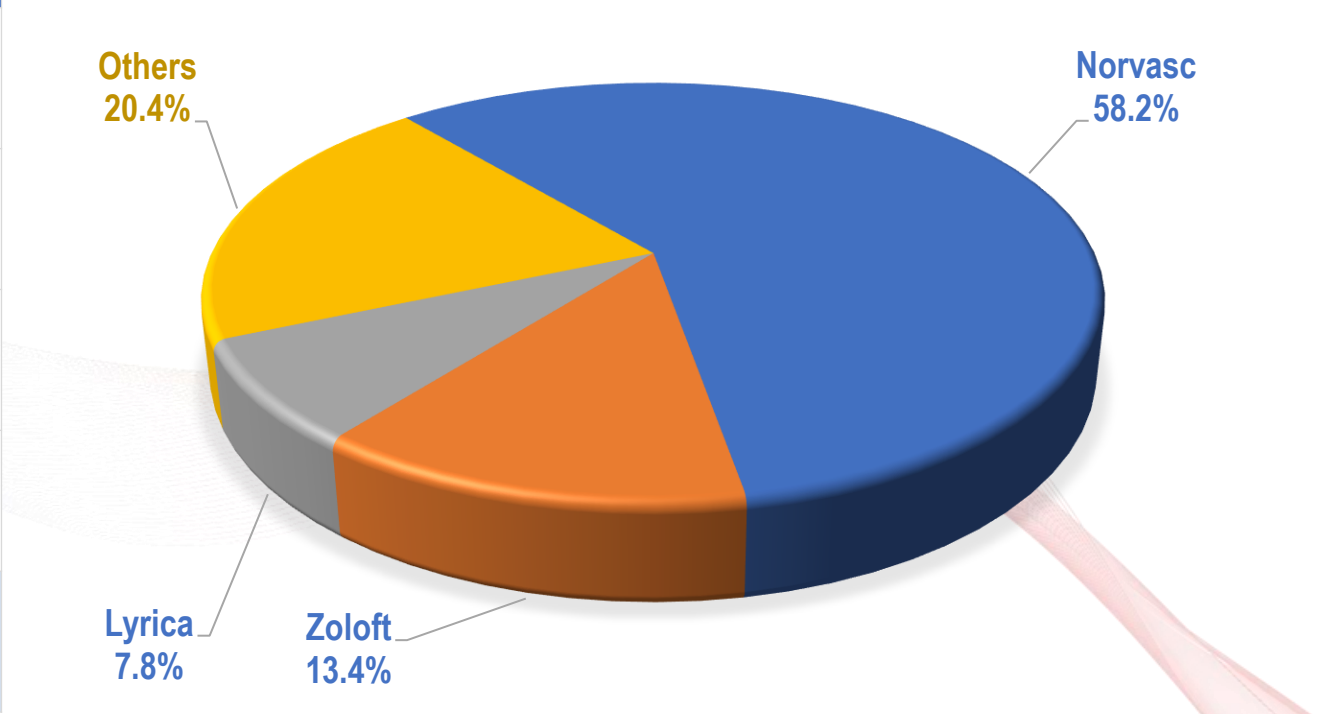
Core centralized team of AGP provide shared services through Service Level Agreement

OBS PAKISTAN'S TOP PRODUCTS OVERVIEW

BRANDS	MAT JUNE 2023 (PKR IN MILLION)
Norvasc	1,162
Zoloft	267
Lyricea	156
Others	407
Total	1,991

OBS Pakistan began its commercial operations in April 2023

TOP PRODUCTS CONTRIBUTION TO SALES



On MAT basis, Norvasc has achieved the PKR 1 Billion mark

OVERVIEW OF FINANCIAL RATIOS



OVERVIEW OF FINANCIAL RATIOS



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KEY CHALLENGES & FUTURE OUTLOOK

KEY CHALLENGES AND MITIGANTS

CHALLENGES



PKR Devaluation

POTENTIAL IMPACTS

- Higher cost of imported Raw Materials / inputs
- YTD basis, the local currency depreciated by ~35%, [PKR 227 on Jan 1, 2023, vs PKR 306 on Aug 30, 2023]

MITIGANTS

- Would be partially offset by (i) one-off price increase allowed due to massive PKR devaluation and (ii) CPI-based price increase as per Drug Pricing Policy, if allowed
- Continuously in process to localize vendor sources and change foreign payment base from USD to Yuan, where possible.



Hike in Interest Rates

- Borrowings increased significantly due to investment in subsidiaries
- YTD basis, interest rate has increased by around 30%, [17% in Jan 2023, vs 22% in Aug 2023]

- AGP has strong cash flow generating capacity
- Dividend inflows are expected from the subsidiaries which will improve cashflow position to some extent
- Timely repayment of loan / OD facility

KEY CHALLENGES AND MITIGANTS

CHALLENGES



Rising Inflation

POTENTIAL IMPACTS

- Rising CPI index has increased cost of doing business
- YTD basis, the average inflation has been 31.8% vs 17.3% in SPLY

MITIGANTS

- Strict cost control measures and deferring expenditures wherever possible
- However, cost of doing business has gone up.



Super Tax Levy

- Finance Act [FA] 2023 imposed progressive rates for Super Tax retrospectively and onwards
- The impact of super tax, levied on both current and prior year, is PKR 121 million.

- Lobbying with the industry to contest the levy;
- Based on the recent judgement from IHC in July 2023, it is expected that SCP may pass an order where super tax shall be struck down for past and closed transaction. Impact is PKR 210 million for 2022 and 2023.



HIGH POTENTIAL PRODUCTS

Will continue to drive growth from high potential products with high margins

With the aim to increase market share and penetrate further in therapeutic segments



NEW LAUNCHES

Focus on launching new and robust product pipeline and therapies;

Over the last 5 years, the Company has launched 25+ products in different therapeutic classes.



INORGANIC GROWTH

Capitalizing on the synergies of acquisition of Sandoz and Pfizer brands

Generate synergies and growth from subsidiaries



NUTRACEUTICAL SEGMENT

Nutraceutical – *the future of healthcare*, has great potential and going forward the Company will add more products to this range



STRATEGIC ALLIANCES

Has strong alliances with global pharmaceutical powerhouses and will further explore to join other reputed global partners



EXPORTS

Gaining market shares in Afghan market, with recent state of affairs; also exporting to Kenya, Sri Lanka

Exploring and identifying new avenues, Yemen and Sudan for export business

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QUESTIONS & ANSWERS