

CORPORATE ANALYST BRIEFING SESSION

December 14th, 2023

All references to Consumers, Smokers, Respondents, Adult Smokers, LA Smokers and Legal Age Smokers or any other construction of words which meaning the same shall refer to smokers who are over the age of 18 years

All information provided is based on in market observations. PMPKL does not undertake or endorse sale of loose sticks.

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AGENDA

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Economic Environment

Excise & Price changes

Financial Performance 9M' 2022

Sustainability at PMPKL

Operating Environment

IMF Bailout

IMF & govt reach SLA on first SBA review, \$710 mio tranche is expected to be released in January 2024.

Conditions for review included

- ✓ No further tax amnesties
- ✓ Restricting difference b/w interbank and open market exchange rate
- ✓ Increased electricity / gas tariffs – ~200% increase in gas prices effective 1st Nov
- ⌚ Improved governance of State-Owned Entities – reforms in process

IMF recommendation to maintain tight monetary policy

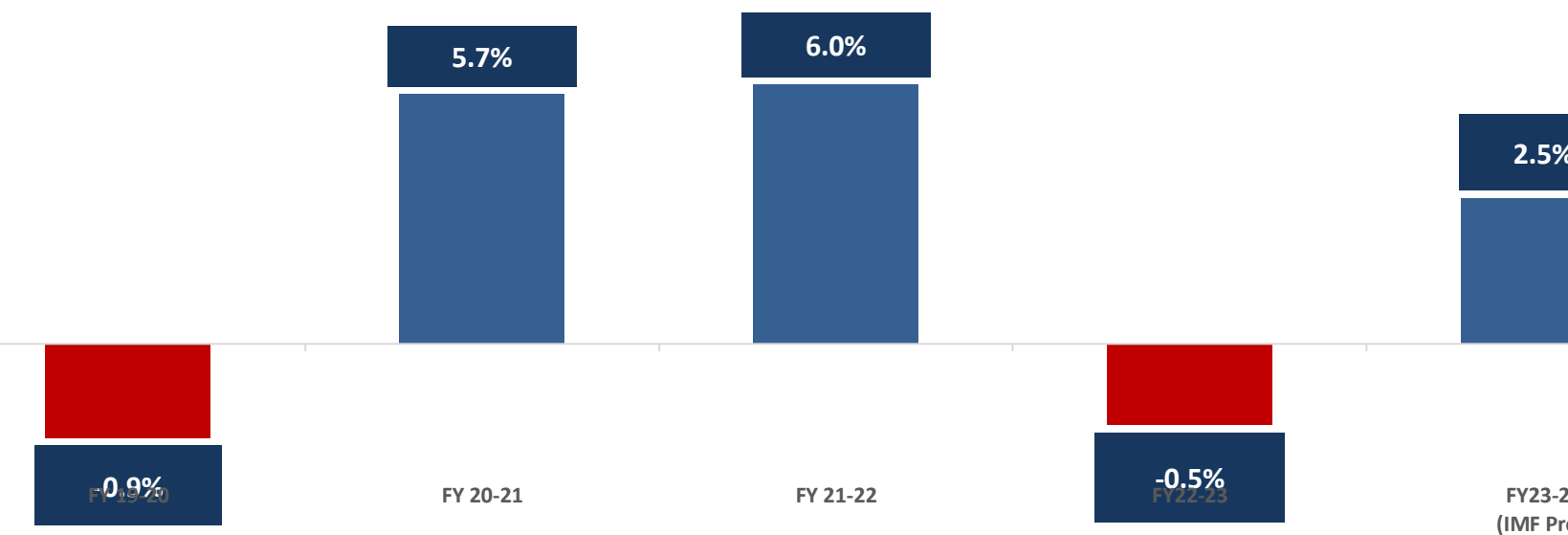
Stock Market All Time High



31% growth on stock exchange in the last **2** months despite no change in the policy rate (22%).

Due to successful IMF bailout & speculation of reduction of policy rate in future

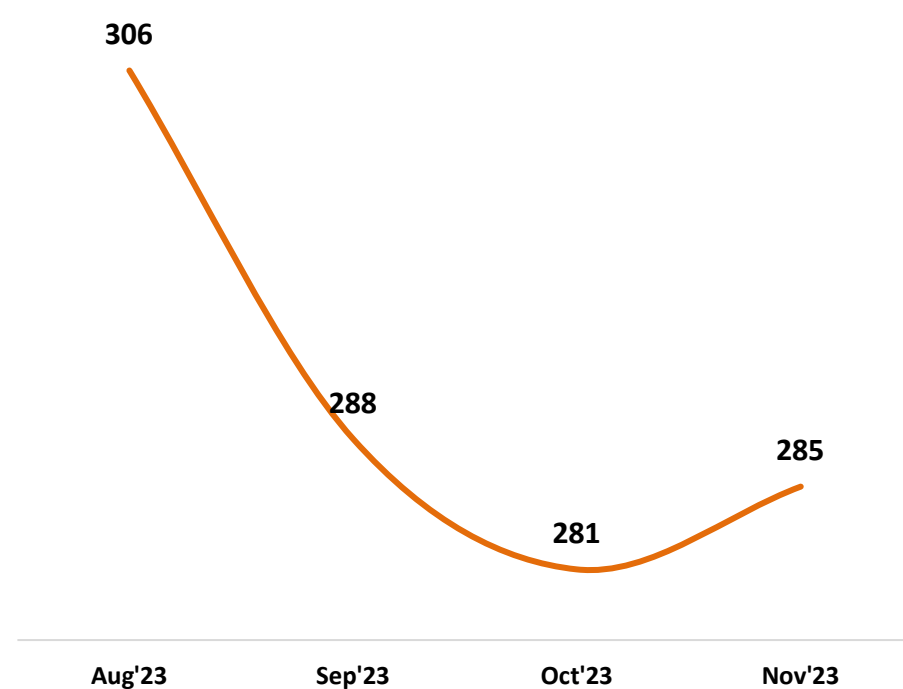
GDP Outlook



Bloomberg projects GDP growth of 2.1% in FY23-24 & **4.8%** in FY24-25 driven by:

- IMF loans
- Easing of supply bottlenecks
- Inflation slowdown
- Political stability
- Investor confidence

Forex Rate (\$)



Investment

Ongoing discussion with Saudi Arabia on Aramco Oil Refinery project worth \$10 bio

Foreign Reserves

Saudi extends **\$3bio** loan rollover for a year easing pressure on the FX reserves

FBR – Tax Collection

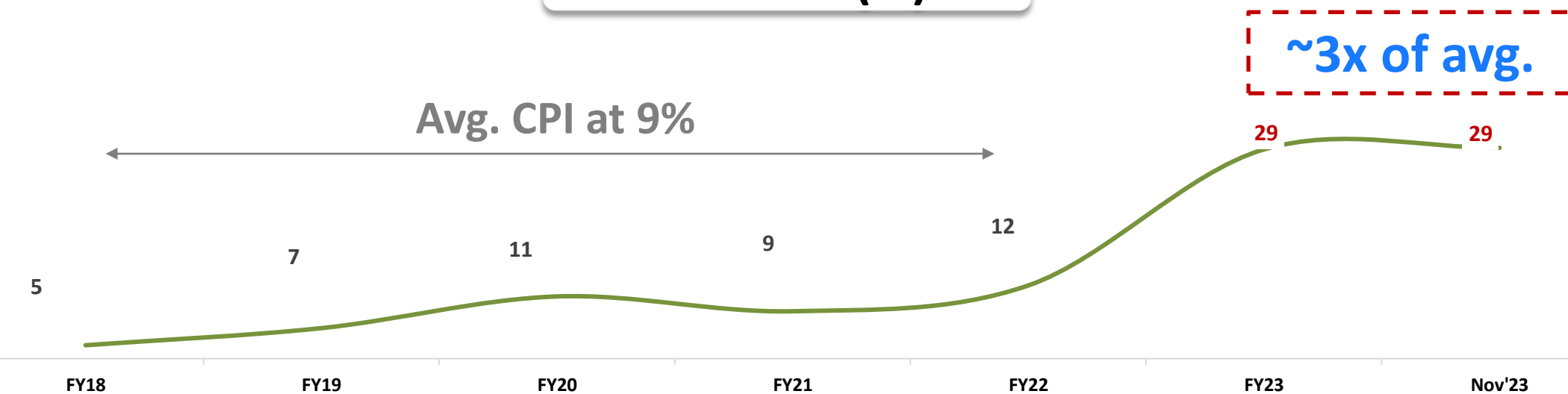
Jul – Nov 23: PKR 3.5 trio

Vs Target
+1%

Vs SPLY
+30%

Collections in-line with IMF demand

Inflation (%)



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Excise Tax Increases during Fiscal Year (July-Jun) 2022/23

Cumulative

PKR per pack	Mar'22 A	Jun'22 B	Aug'22 C	% D = C/A	Feb'23 E	% F = E/C	% G = E/A
Premium Tier	104	118	130	25.0%	330	153.8%	217%
Value Tier	33	37	41	24.2%	101	146.3%	206%
Crossover Price	139.5	155.8	155.8	11.7%	212.4	36.3%	52.3%
Legal Min. Price	62.7	70.1	70.1	11.8%	127.4	81.7%	103.2%

New Prices Post the Excise Announcement

Brands	Pack Price - Pre Excise Increase	Pack Price - Post Excise Increase
Marlboro	253	483
Red & White Special	100	212
Red & White KSF	107	160
Diplomat	107	140
Morven Classic	72	140
Morven by Chesterfield	107	212
Parliament	94	160

ZYN Launch in Karachi, Islamabad, Peshawar, & Lahore



PAINTING THE CITIES BLUE

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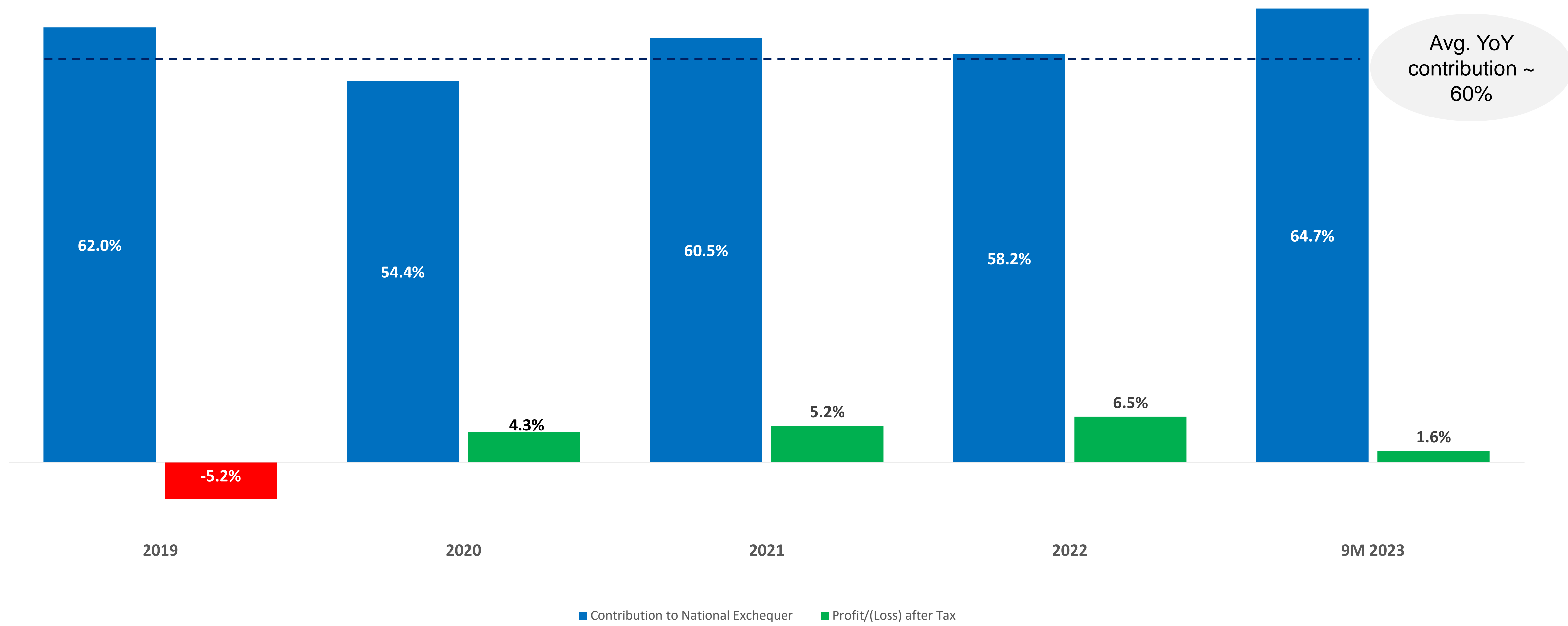
Q&A

Financials 9 months ended September 2023 (9 months volume decline 44% v/s SPLY)

	Jan – Sep 2023	Jan – Sep 2022	+/-	% var.	Key Ratios % of Revenue	%
PKR in Millions						
Net Turnover	13,641	14,966	-1,325	9%		
Cost of Sales	8,305	8,088	217	3%		
Gross Profit	5,336	6,878	-1,542	22%	Gross Margin	39%
Dist. & Marketing Expenses	2,943	2,113	830	39%		22%
Admin Expenses	1,257	1,018	239	23%		9%
Other Expenses	1,048	755	293	39%		8%
Other Income	-1,604	-1,015	-589	58%		
Operating Profit	1,693	4,007	-2,314	-58%	Operating Margin	12%
Finance Cost	57	50	7	14%		
Profit Before Tax	1,636	3,958	-2,322	-59%		
Taxation Charge	977	1,582	605	38%		
Profit After Tax	659	2,376	-1,717	-72%	Net Margin	5%

CONTRIBUTION to the National Exchequer and Profit/(Loss) after Tax as a % to Gross Turnover

% of Gross Turnover



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Solar Energy Project for Gujranwala

We switched the operations of our Gujranwala branch to Solar Energy with a view to reduce our carbon footprint.

Water Stewardship Certification for Sahiwal Factory

Our Sahiwal factory is operating with Zero effluent discharge and has been honored with the Water Stewardship Certification 2023. Through effective initiatives, in 2022, PMPKL Sahiwal has achieved a remarkable 45% reduction in water consumption per million cigarette

We have kicked off the journey for water stewardship for Mardan.

PMPKL won the First ESG Awards awarded by the American Business Council for our CSR and Community Development Initiatives in 2023.



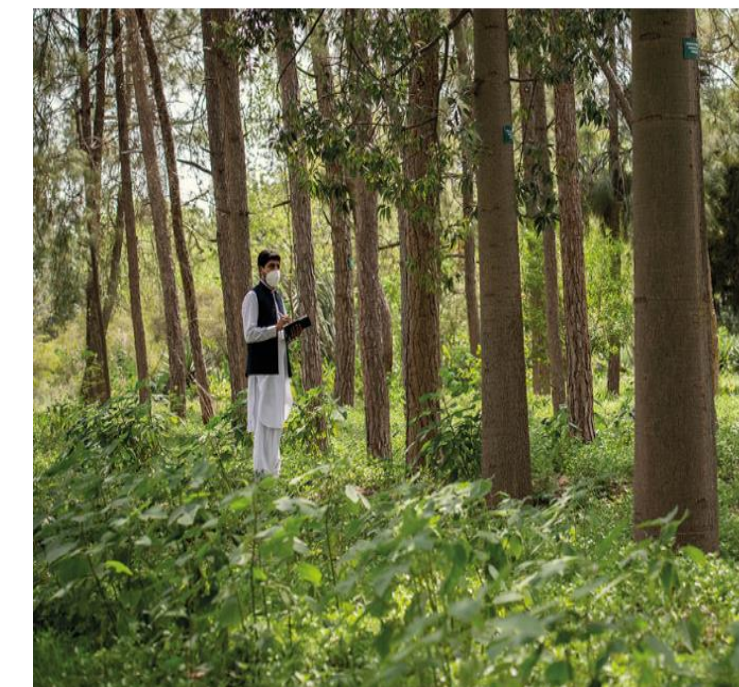
Make Your Come Back 3.0

The third phase of the Make your Comeback program was launched this year which provided an opportunity to females to join the workforce after taking a career break of more than a year.



Fuelwood and Crop Diversification

100% of PMPKL's contracted farmers utilize wood from sustainable & fully traceable sources. This effort has been validated by a globally renowned auditing firm, PricewaterhouseCoopers.



Skills Training Program

Continuation of adolescent skills training program of imparting lifelong skills in young girls & boys which can lead to their financial empowerment. **756** young girls and boys aged 15-17 years were engaged in the skills training program with the aim

Leaf stringing Machines

To eliminate the Children's involvement in stick tying activity, the PMPKL leaf team designed and developed a local machine that cannot be operated by Children and makes the stick-tying activity convenient for adult labor. The Leaf team provided **199 Stringing machines in 2023** to farmers.



Link of the CBS

https://eur03.safelinks.protection.outlook.com/ap/t-59584e83/?url=https%3A%2F%2Fteams.microsoft.com%2F%2Fmeetup-join%2F19%253ameeting_OGU5NjUxMjktODEzMy00ZTJkLTgyMGQtZjAyNjU4Y2I4N2Q5%2540thread.v2%2F0%3Fcontext%3D%257b%2522Tid%2522%253a%25228b86a65e-3c3a-4406-8ac3-19a6b5cc52bc%2522%252c%2522Oid%2522%253a%2522c945eb61-9cbc-4201-b4a6-c182b6d3bc7a%2522%257d&data=05%7C01%7CNadir.Nusrat%40pmi.com%7Cba8f38fd2e9e434bf2cd08dbf7d542a3%7C8b86a65e3c3a44068ac319a6b5cc52bc%7C0%7C0%7C638376267546336435%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Ikl1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&data=YeegvCWnuwQnwQrHyAgJkO12Ezw%2FWDmnXdxzrAy2bXA%3D&reserved=0



Thank You