



Abbott

Corporate Briefing Session - 2023

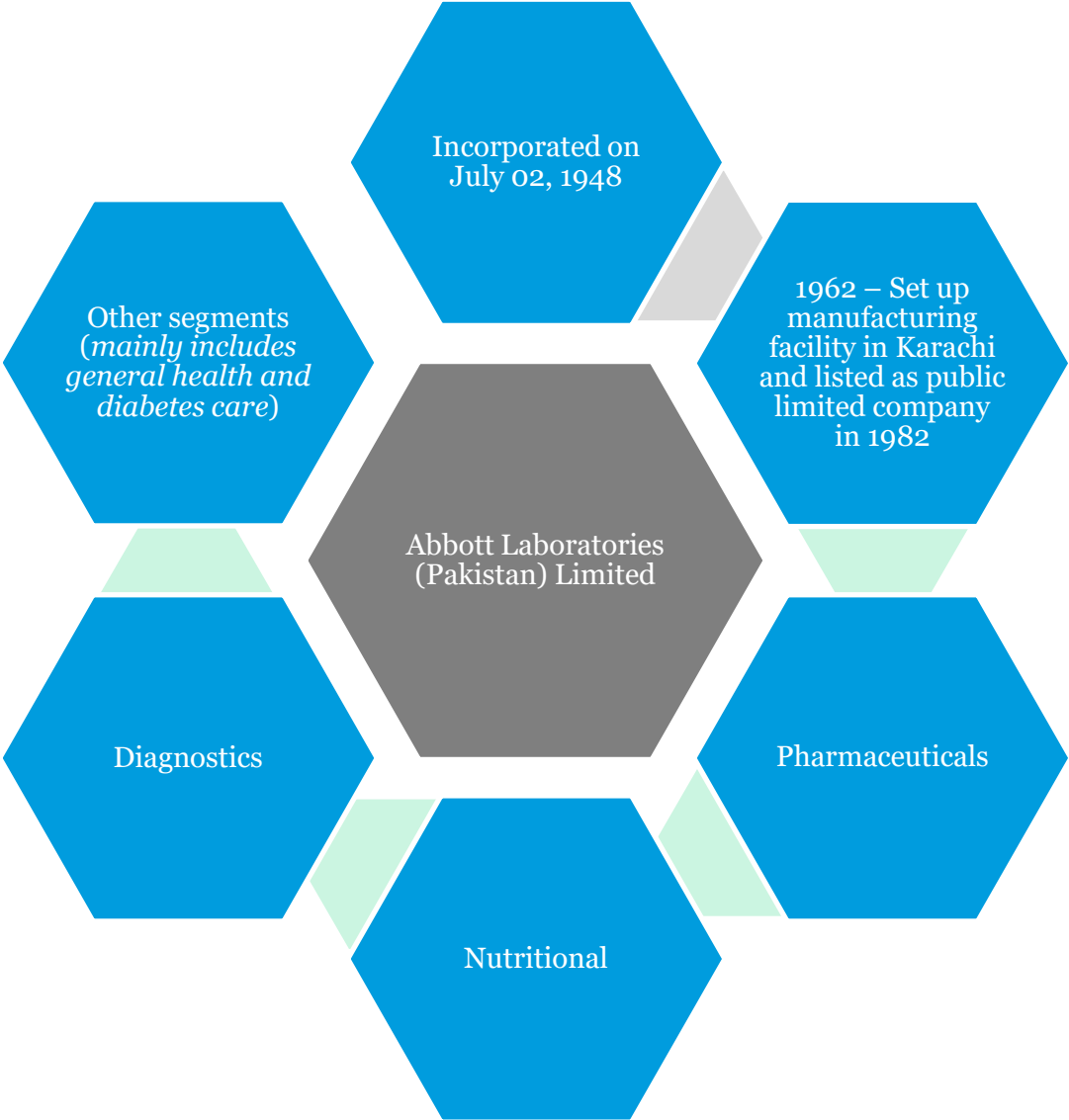
December 6th, 2023

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Company Overview



Two manufacturing facilities

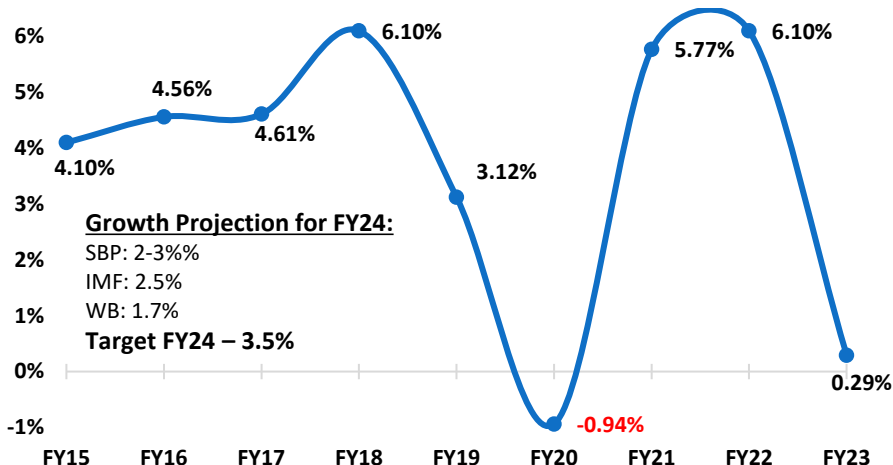


1,445 Employees



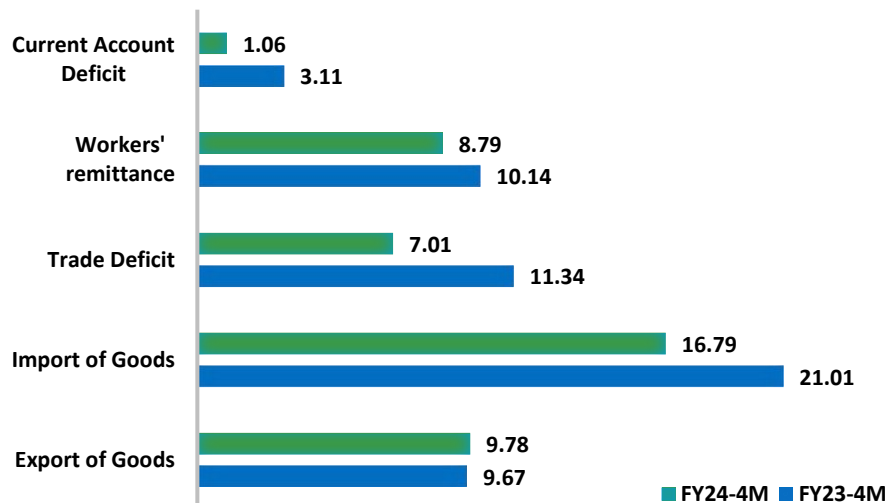
> 150 Products

GROSS DOMESTIC PRODUCT GROWTH (REAL GDP%)



CURRENT ACCOUNT DEFICIT 4M – FY24

Rs bln



Growth of Pakistan:

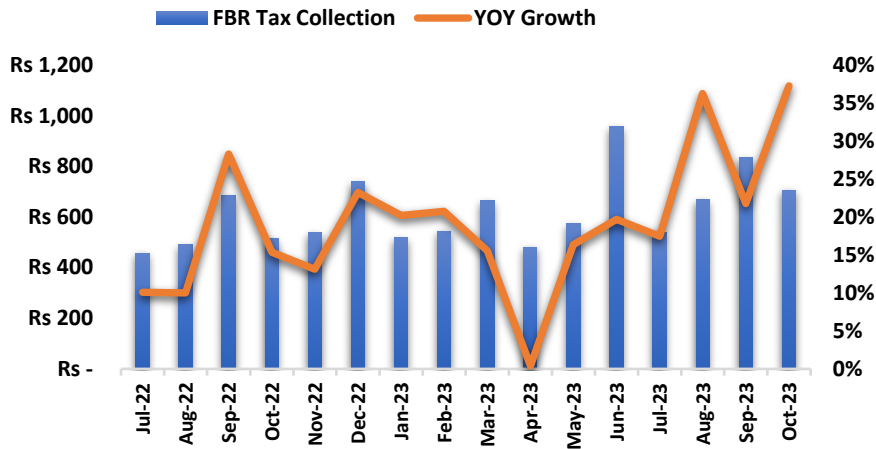
- **GDP growth FY23** - registered 0.29% in FY23, below the set target of 5% due to macroeconomic imbalances supply shocks, and international economic slowdown.
- **Outlook for growth FY24** - GoP target at 3.5% while SBP expectation is between 2%-3% due to various demand compression measures introduced in the past two years which might temper the pace of recovery in economic activity.

Current Account Deficit- FY24-4M

- CAD declined by 66% YoY to \$1.06bn, in contrast to a deficit of \$3.1bn primarily due to MoM increase in export & remittances by 12%.
- **Imports** – declined by 20% from same period last year attributed by:
 - **Decrease in Petroleum Group by 43%** to \$4.2bn from \$7.5bn – rise in petroleum prices reduced consumption
 - **Decrease in Food Group by 24%** to \$2.7bn from \$2.9bn – rebound of Agri-products.
- **Exports** – improved by 1% from same period last year
- **Workers' Remittance** – went down by 13% from same period last year. *Overseas Pakistani confidence in the economy is improving reflecting in MoM improvement by 12% to 2.5bn in Oct'23 from \$2.2bn in Sept'23.*

FBR REVENUE COLLECTION

Rs bln



- **FBR revenue collection** during FY24-4M was Rs2,748bln up 28% YoY and was better than target of Rs2,682bln. Revenue target by GoP – Rs9,415bln for FY24

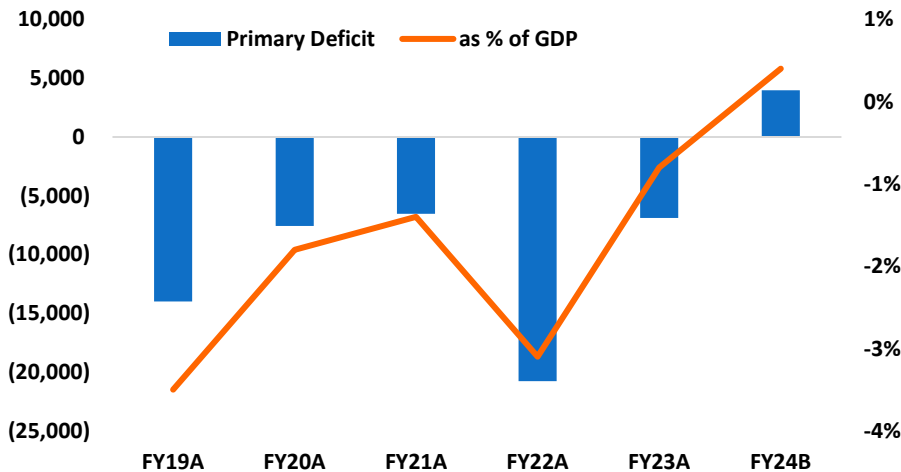
- **Increase in direct taxes and non-tax revenues**

- Imposition of supertax
- Sales tax & excise duty increased despite economic slowdown

- **World Bank** primary deficit projection for Pakistan is at 0.4% of GDP in FY24 vs **IMF target** of 0.4% of primary surplus

PAKISTAN PRIMARY DEFICIT TREND

Rs bln

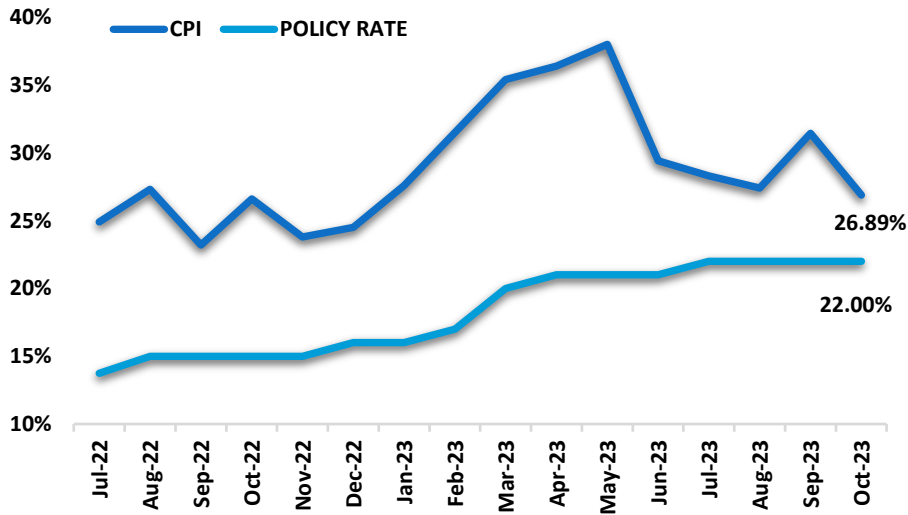


- **Recent caretaker government announcement** to curtail expenditures by Rs1.9trn as part of an austerity measure banning new posts, purchasing security vehicles, slashing down allocation for development, devolving the Higher Education Commission (HEC), and cost sharing of BISP with the provinces.

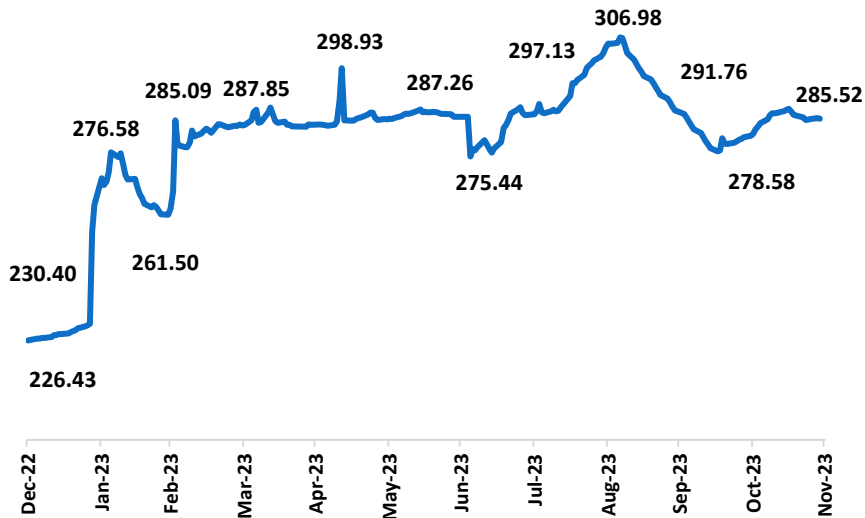
- **Caretaker Government** considering positive amendments in the taxation regime for retails agriculture and real estate sectors and imposing wealth tax on moveable assets.

MONETARY LANDSCAPE & CURRENCY OUTLOOK

CPI & POLICY RATE TREND



USD / PKR Parity



CPI & POLICY RATE TREND

- **Tighten Monetary policy:** As per IMF Country Report, Pakistan Monetary Policy needs to remain tight, data driven and proactive.
- **Policy rate:** Expected to reduced by 100bps in next Monetary Policy.
- Market noise for higher food and electricity prices for next Quarter

USD/PKR MOVEMENT

- Since October 23, PKR appreciated by ~7% (307 to 286).
- Measures taken to control speculative activity in FX market

CURRENCY OUTLOOK

- IMF appears to be heading towards giving a go-ahead, and another tranche will give wings to Rupee
- Closure of Afghan border has curtailed smuggling
- Current Account is expected to clock in a surplus
- A further decline in oil prices will be very helpful to balance of payments
- Risks that might impact on parity, which are currently in control:
 - Political Turmoil
 - IMF acceptance

One-off Price Increase granted to the Pharma industry

- ❑ The unprecedented devaluation (78% since July 2021), double-digit inflation, sharp increase in the cost of API's and other inputs (including utilities), had all impacted the viability of firms to continue producing many of the lower priced primary healthcare life-saving medicines.
- ❑ An across-the-board price increase was inevitable and critical for us and the industry to sustain operations and continue supplying essential and life-saving medicines.



- ❑ An across-the-board price increase was granted to the pharma industry earlier this year.



- ❑ The above price increase given was not sufficient to cover devaluation and inflation.



- ❑ Engagement with government / regulators continue to address the above issues.

Financial Results - 2022



Key Highlights – FY2022

- *Overall revenue of the Company increased by 16% reaching **Rs. 49.26 bn.***
- *Decrease in profitability mainly on account of increase in product cost and rupee devaluation.*
- *Earnings per share was Rs. 30.69 per share (2021: Rs. 60.95 per share).*

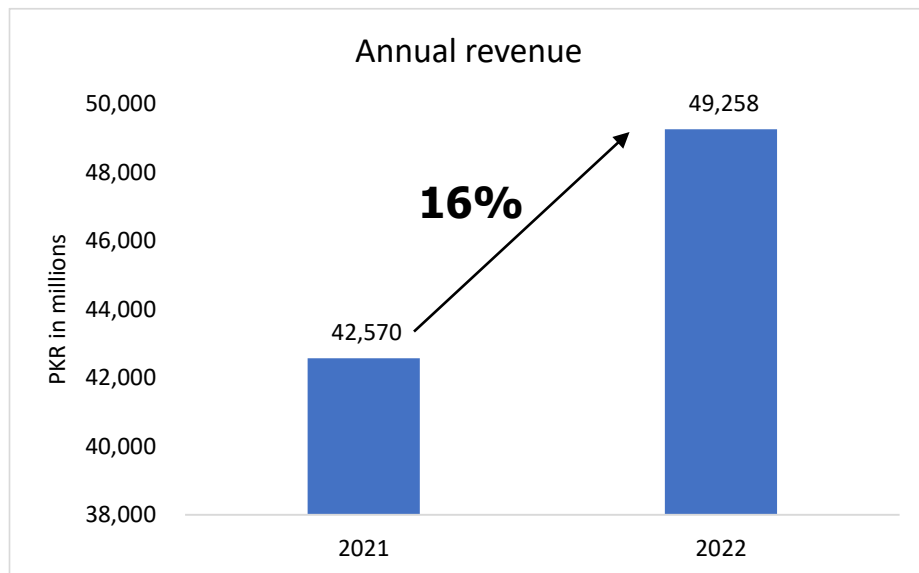
Rs. 49.26bn
Sales Revenue

16%
Sales Growth

29%
Gross Profit
Margin

6%
Net Profit
Margin

Revenue Analysis – FY22

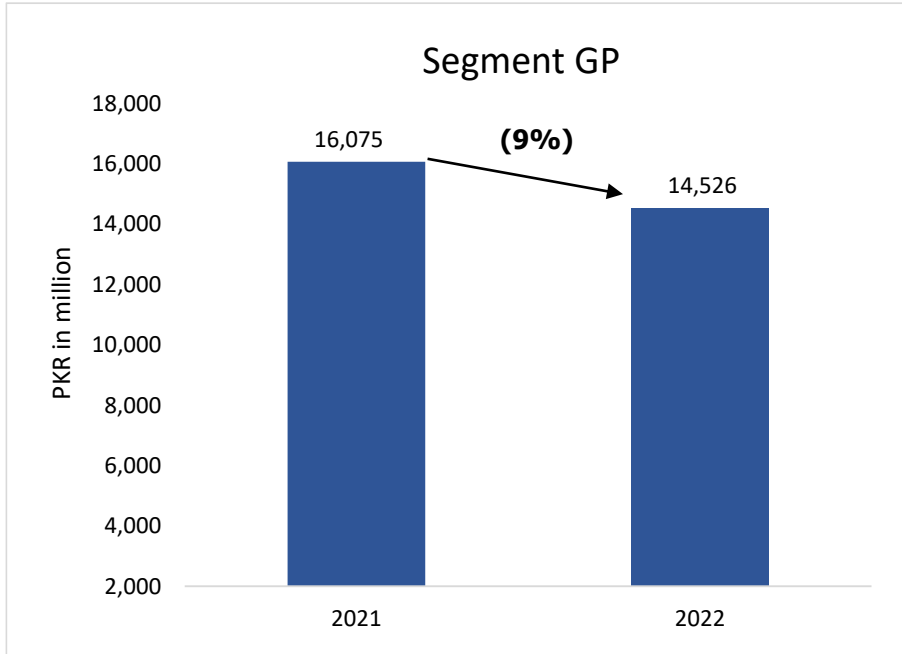


- *Pharmaceutical sales increased by 14% driven by performance of established brands.*
- *Nutrition sales increased by 23% mainly driven by increase in sales volume of adult nutritional supplements.*
- *Diagnostics segment registered an organic growth of 9%.*

<i>Segment wise Revenue</i>			
<i>(PKR in millions)</i>			
Segment	2022	2021	% change
Pharmaceutical	31,486	27,578	14%
Nutritional	12,365	10,046	23%
Diagnostics	4,133	3,777	9%
Others	1,274	1,169	9%
Total	49,258	42,570	16%



Segment Gross Profit analysis – FY22



➤ *Segment profitability had decreased on account of the following:*

- *Revision of product cost;*
- *Rupee devaluation; and*
- *General inflation.*

Segment-wise GP (PKR in millions)

Segment	2022	GP %	2021	GP %
Pharmaceutical	9,336	30%	10,008	36%
Nutritional	4,488	36%	4,646	46%
Diagnostics	236	6%	966	26%
Others	466	37%	455	39%
Total	14,526	29%	16,075	38%

Financial Results – Q3 2023



Key Highlights – Q3 2023

- *Overall revenue of the Company increased by **12%** reaching **Rs. 41.23 bn.***
- *Increase in product costs on account of Rupee devaluation and inflation has affected gross profits during 9M-FY23.*
- *The net profit margin has been impacted by increase in operating expenses on account of general inflation, exchange losses and Super tax charge of Rs. 508 million.*

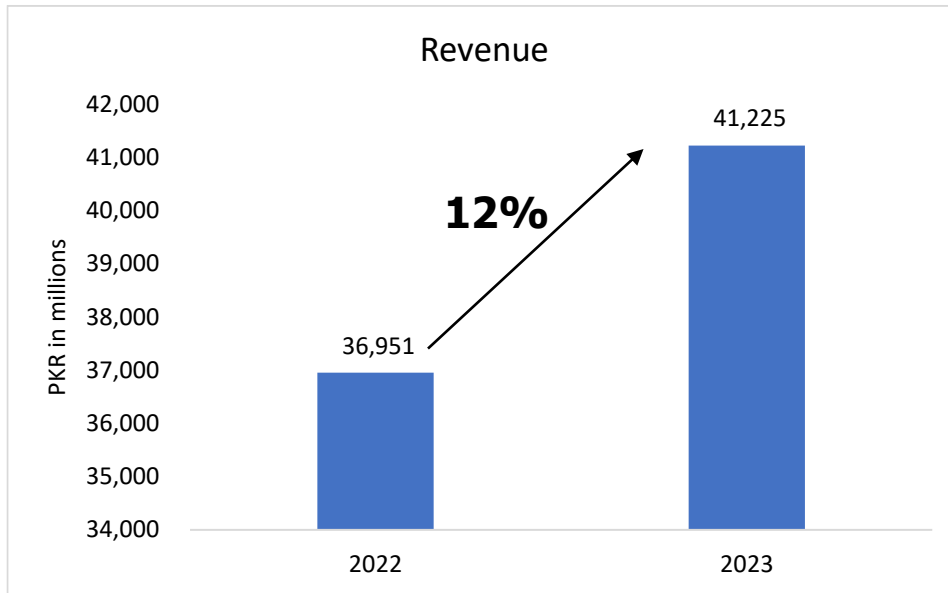
Rs. 41.23bn
Sales Revenue

12%
Sales Growth

20%
Gross Profit
Margin

2%
Net Loss

Revenue Analysis – Q3 2023

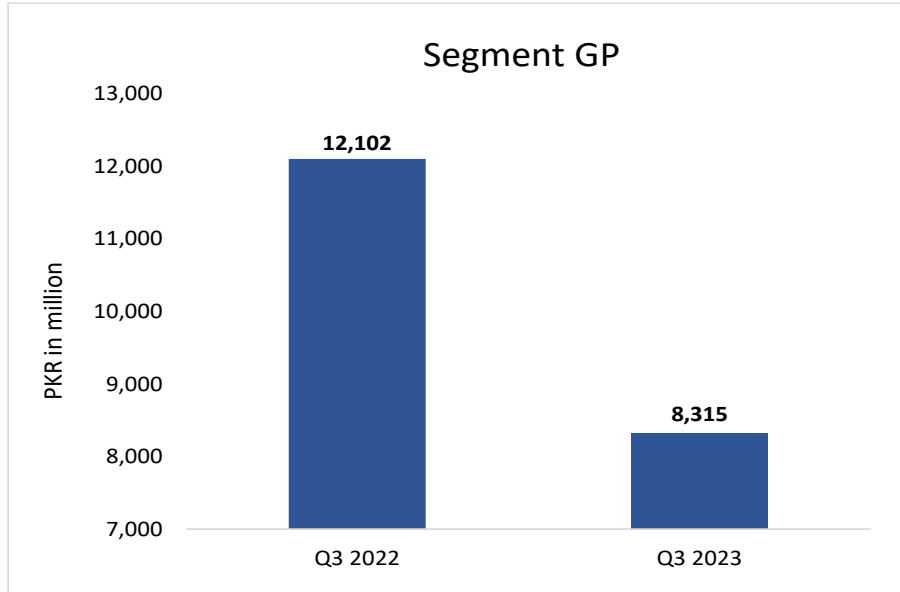


- *Pharmaceutical sales increased on account of sustained performance of established brands.*
- *Sales for Nutrition decreased mainly account of lower volumes following economic turmoil affecting consumer purchasing power and price adjustment taken during the period.*

Segment wise Revenue			
(PKR in millions)			
Segment	Jan - Sep 2023	Jan - Sep 2022	% change
Pharmaceutical	27,417	23,282	18%
Nutritional	8,975	9,642	(7%)
Diagnostics	3,649	3,045	20%
Others	1,184	982	21%
Total	41,225	36,951	12%



Segment Gross Profit analysis – Q3 2023



Segment-wise GP (PKR in millions)

Segment	Jan - Sep 2023	GP %	Jan - Sep 2022	GP %
Pharmaceutical	5,743	21%	7,472	32%
Nutritional	2,011	22%	3,831	40%
Diagnostics	317	9%	416	14%
Others	244	21%	383	39%
Total	8,315	20%	12,102	33%

➤ Overall GP margin of the Company decreased by 13% mainly on account of following:

- Rupee devaluation;
- Increase in prices of raw material and.
- Increase in cost of production on account of general inflation.

Statement of Profit or Loss – Q3 2023



Description	%	Jan - Sep 2023	%	Jan - Sep 2022	Variance	
		<i>Rupees in millions</i>				<i>% Fav / (Unfav)</i>
Sales	100	41,225	100	36,951	4,274	12
Cost of Sales	80	32,910	67	24,850	8,060	32
Gross Profit	20	8,315	33	12,101	(3,786)	(31)
Selling and Distribution expenses	15	6,192	15	5,450	742	14
Administrative Expenses	2	772	2	657	115	18
Other income	3	1,235	2	759	476	63
Other charges	4	1,593	4	1,353	240	18
Operating Profit	2	993	14	5,400	(4,407)	(82)
Finance costs	-	24	-	38	(14)	(37)
Profit before taxation	2	969	14	5,362	(4,393)	(82)
Taxation	4	1,762	8	2,797	(1,035)	(37)
Net (Loss) / Profit after taxation	(2)	(793)	6	2,565	(3,358)	(131)

----- *Rupees* -----

<i>(Loss) / Earnings per share</i>		(8.10)		26.20	(34.30)	(131)
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Statement of Financial Position – Sep 30, 2023



Description	Sep 2023	Dec 2022	Variance		Description	Sep 2023	Dec 2022	Variance	
	<i>Rupees in Millions</i>			%		<i>Rupees in Millions</i>			%
Non-current assets					Share capital and reserves				
Property, plant and equipment	12,852	11,989	863	7	Issued, subscribed and paid-up capital	979	979	-	-
Intangible assets	16	27	(11)	(41)	Reserves – Capital	1,263	1,059	204	19
Long-term loans and advances	87	66	21	32	Reserves – Revenue	14,276	15,068	(792)	(5)
Long-term deposits	8	8	0	0	Total share capital and reserves	16,518	17,106	(588)	(3)
Long-term prepayments	2	1	1	100	Deferred taxation	582	500	82	16
Total non-current assets	12,965	12,091	874	7	Staff retirement benefits	1,687	1,580	107	7
Stores and Spares	481	341	140	41	Long-term lease liabilities	51	127	(76)	(60)
Stock-in-trade	15,267	8,515	6,752	79	Trade and other payables	17,429	11,867	5,562	47
Trade debts	1,637	1,277	360	28	Unclaimed dividend	65	66	(1)	(2)
Loans and advances	505	534	(29)	(5)	Unpaid dividend	2,402	2,402	2,517	100
Trade deposits and short-term prepayments	940	910	30	3	Provision against GIDC	152	152	0	0
Other receivables	2,448	1,432	1,016	71	Current maturity of lease liabilities	103	120	(17)	(14)
Taxation – net	964	24	(345)	(1,438)	Total liabilities	22,471	16,814	5,657	34
Short-term investments	502	830	(328)	(40)	Total Equity and Liabilities	38,989	33,920	5,069	15
Cash and bank Balances	3,280	7,966	(4,686)	(59)					
Total current assets	26,024	21,829	4,195	19					
Total Assets	38,989	33,920	5,069	15					

Q & A

Thank you