



Abbott

Corporate Briefing Session - 2021

December 17, 2021

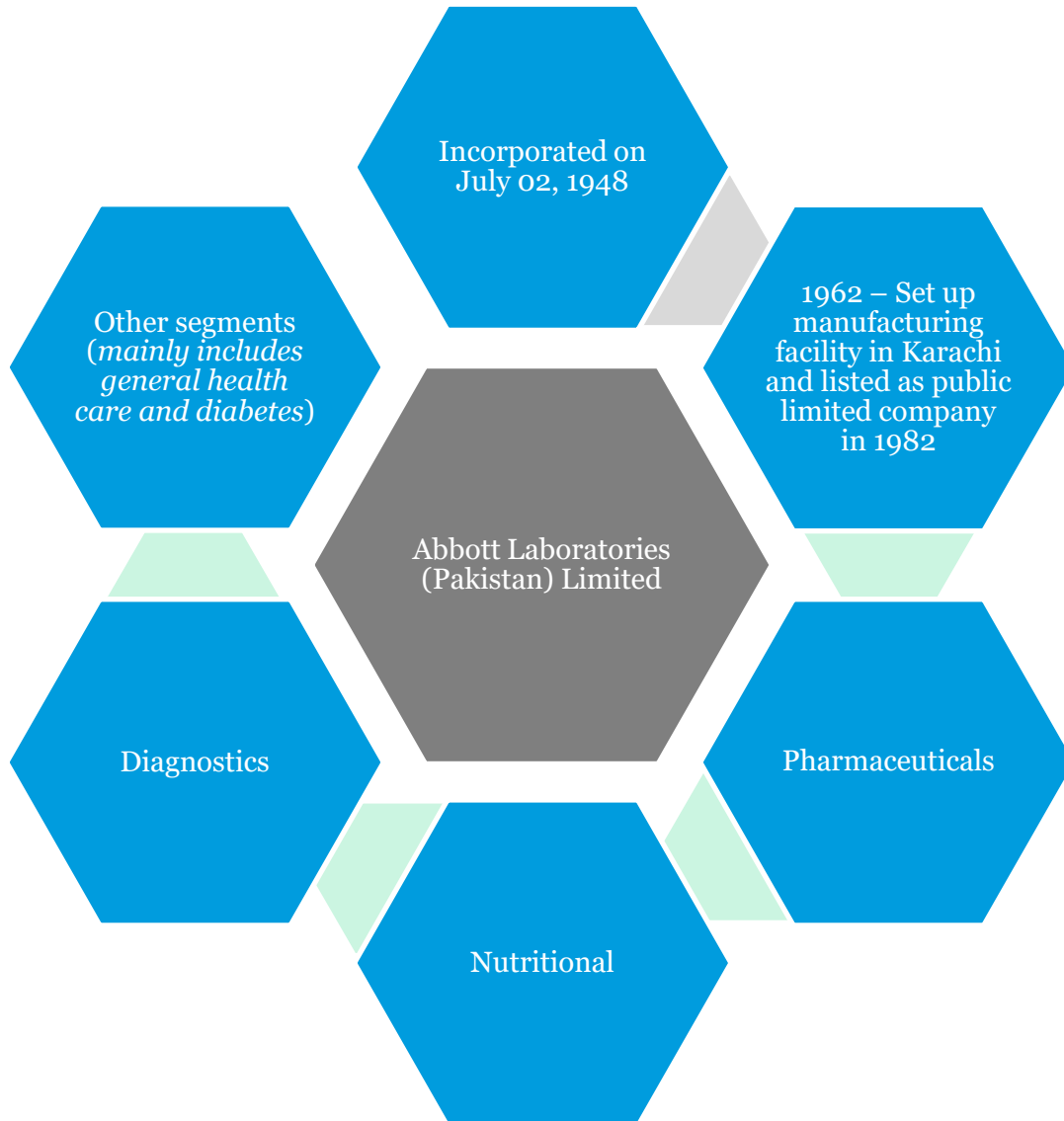
Table of Contents

- Company Overview
- Economic Overview
- Financial Results for 2020
- Financial Results for Q3 2021
- Q&A





Company Overview



Two manufacturing facilities

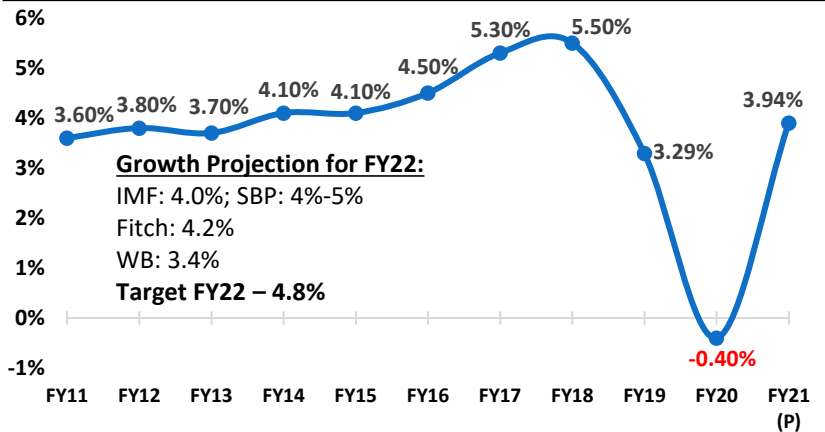


1,464 Employees

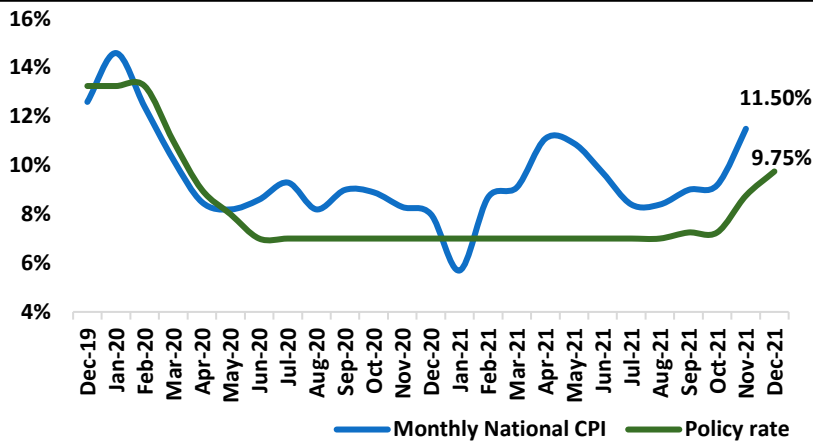


> 150 Products

Gross Domestic Product Growth (GDP%)



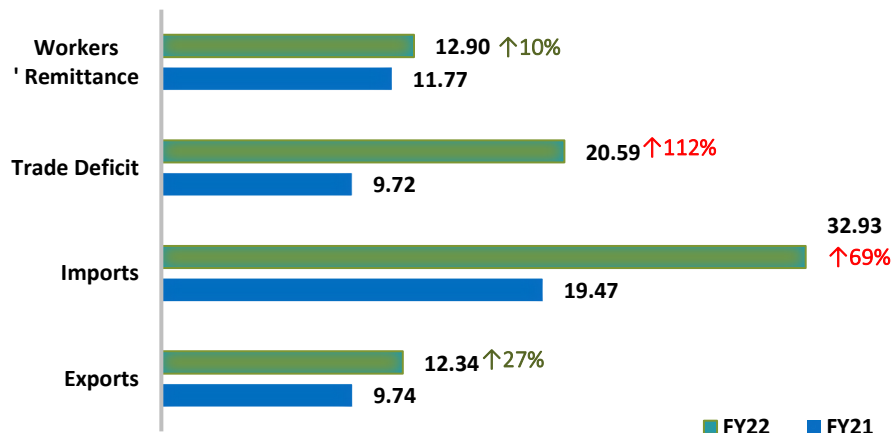
Policy Rate & Inflation Rate



- **GDP growth FY21** - registered 3.94%, a V-shape recovery supported by the macroeconomic policies of government and SBP.
- **Future outlook for growth** — projected by GoP at 4.8% while SBP expectation is 4%-5%.
- **Monetary Policy** — increased by 275bps to 9.75% since Sep 2021. Impact on LSM and growth numbers.
- **Future outlook for Policy Rate** – Expected to rise further 50 to 100bps in next monetary policy due in January 2022. External-sector stability & inflation concerns to drive future policy decisions i.e., fiscal & monetary tightening policies.
- **Inflation measured at 11.5% in Nov’21 YoY**— mainly driven by higher energy costs, increase in business activities & rise in core inflation. Average CPI for 5MFY22 stands at 9.30%.
- **Inflation Outlook FY2022** — expected in the range of 9% 11% to its previous estimate of 7%-9% ahead of higher global commodity & petrol prices, currency depreciation and hike in power/gas tariffs. GoP Inflation target is **8.2% for FY22**.
- **Net Revenue 5M-FY22** - PKR 2.3trn against the target PKR 2.0trn. **FY22 target is PKR 5.8trn**.
- **Workers remittance** - registered a growth of 9.7% YoY reaching USD 12.9bln during 5M-FY22.

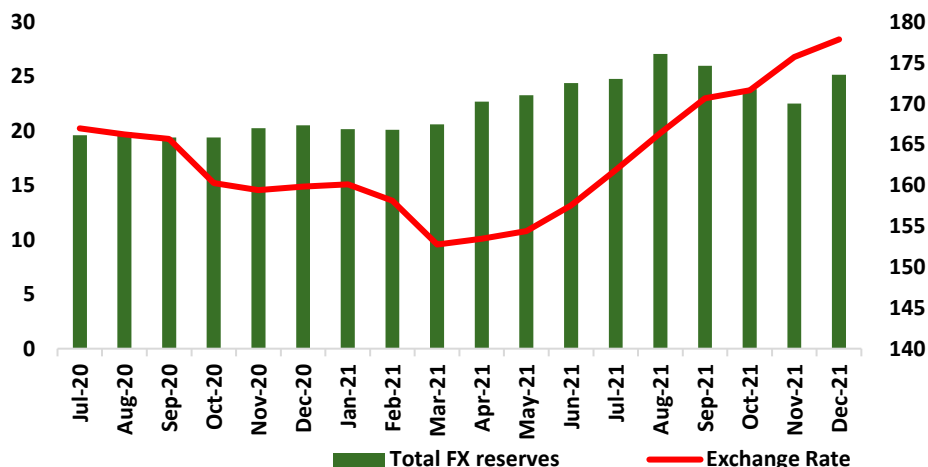
CURRENT ACCOUNT DEFICIT 5M - FY22

USD IN BILLION



FOREIGN RESERVES & EXCHANGE RATE

USD IN BILLION



Imports 5M-FY22:

- Increased by 69% from same period last year
 - A steep rise in global freight rates.
 - Increase in commodity prices increased food imports.
 - Increase in oil prices doubled imports bill.
 - Transport sector up due to influx of new players and economic rebound.

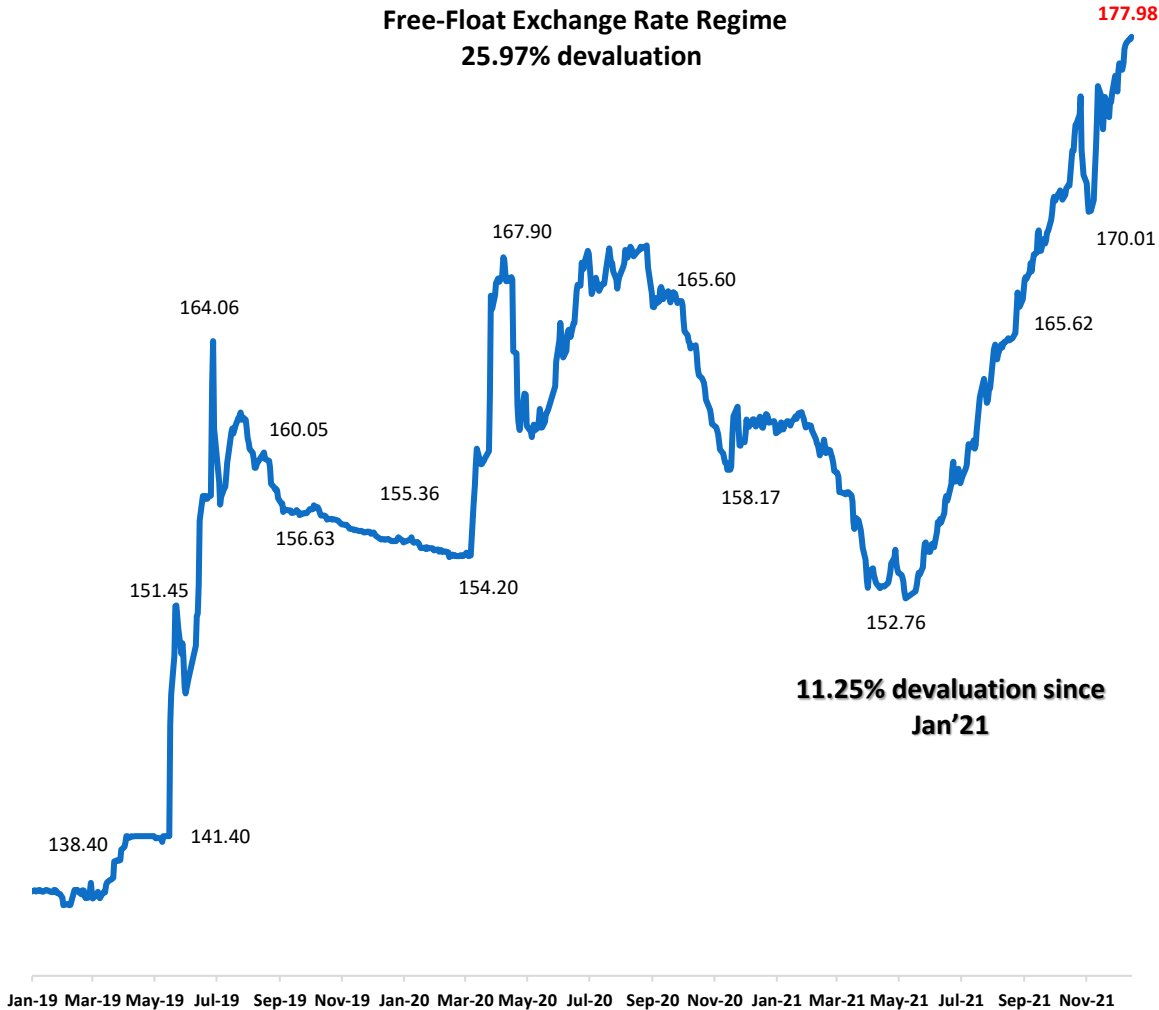
Exports 5M-FY22:

- Increased by 27% from same period last year
 - Expansion in the textile industry & government support to exporting sector.
 - Textile exports improved.

Foreign Exchange Reserves position:

- Received 2.5bln against Euro Bonds in May'21.
- Received 1bln against Euro Bonds in July'21.
- Received 2.5bln Special Drawing Rights from IMF in Aug'21.
- Received 2.5bln from China
- Settlement of \$1bln against International Sukuk maturity.
- Settlement of \$2bln to Saudi Arabia.
- Repayment to other multilateral lenders.
- Received 3bln from Saudi Arabia.

USD/PKR Movement



Market Driven Flexible Regime – USD/PKR parity effect since May 2019 onwards.

Widening Current Account Deficit – main reason for the recent PKR depreciation against the USD (12.74% since 1 July). Clocked at \$5.1bln deficit during 4M-FY22 against a surplus of \$1.313bln 4M-FY21. Better performance in exports & remittances has not let the deficit to be at all-time high.

Monetary Policy Decision

1. Policy rate increased to 9.75%
2. Focus shifted from growth to control inflation & CAD.
3. Frequency of MPM increased from 6 to 8 time in a year. Next meeting on 24 Jan 2022, expected another 50bps, will increase debt servicing & dampen economic activity.

Foreign Financial Assistance to support USD/PKR parity –

1. Recent ambiguity over IMF program sparked volatility on USD/PKR parity. Completion of the review would make available \$1,059mln.
2. Saudi Arabia provide \$3bln safe deposits & oil deferred payment upto \$1.5bln.

Threshold for import payment limit – reduced to \$0.5mln from 1mln in order to control import bills and USD/PKR exchange rate.

National Remittance Loyalty Programme (NRLP) initiation to promote remittance transaction through formal channel will support USD/PKR parity, beside RDA which reached \$2.916bln in Nov'21.

Financial Results - 2020



Key Highlights – FY2020

- *Overall revenue of the Company increased by 17% reaching **Rs. 35.28 bn.***
- *Increase in profitability mainly on account of improved performance of our Pharma and Nutritional segment.*
- *Earnings per share was Rs. 46.33 per share (2019: Rs. 13.28 per share).*

Rs. 35.28bn
Sales Revenue

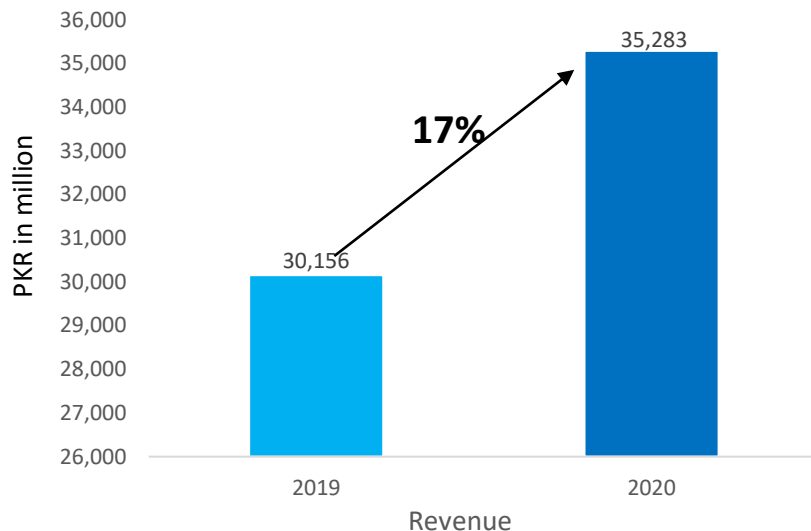
17%
Sales Growth

35%
Gross Profit
Margin

13%
Net Profit
Margin



Revenue Analysis – FY20



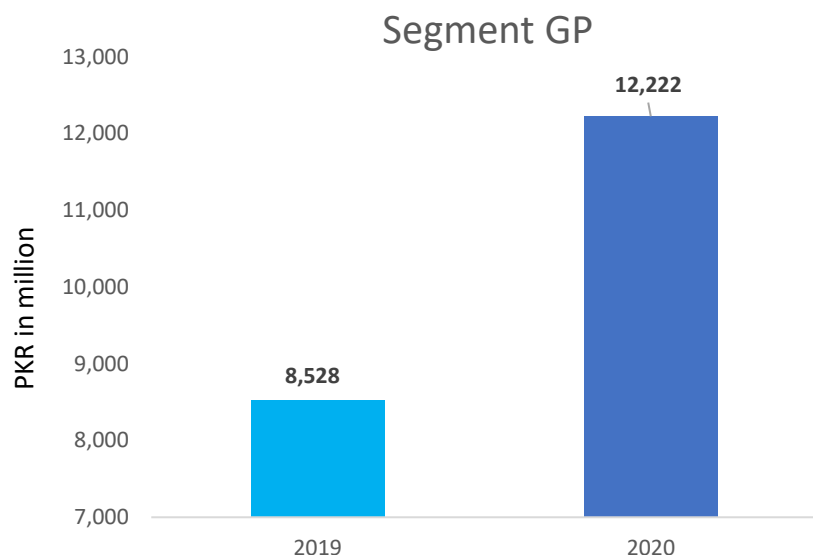
- *Pharmaceutical sales increased by 13% owing to improved performance of established brands.*
- *Nutrition sales increased by 38% mainly driven by increase in sales volume of adult nutritional supplements.*
- *Abbott market share as per IQVIA (formerly IMS) was 6.2% for December 2020.*

Segment wise Revenue (PKR in millions)

Segment	2020	2019	% Increase
Pharmaceutical	23,877	21,202	13%
Nutritional	8,532	6,204	38%
Diagnostics	2,147	2,062	4%
Others	727	688	6%
Total	35,283	30,156	17%



Segment Gross Profit analysis – FY20



➤ *Segment profitability had been increased on account of the following:*

- *Higher sales due to increased volume and price; and*
- *Improved product mix.*

Segment-wise GP (PKR in millions)

Segment	2020	GP %	2019	GP %
Pharmaceutical	7,305	31%	6,058	29%
Nutritional	3,913	46%	1,545	25%
Diagnostics	784	37%	711	34%
Others	220	30%	214	31%
Total	12,222	35%	8,528	28%

Financial Results – Q3 2021



Key Highlights – Q3 2021

- *Overall revenue of the Company increased by **26%** reaching **Rs. 31.45 bn.***
- *Sales increased on account of increase in overall volume by 18% and price by 8%.*
- *Profitability driven by product mix, cost rationalization and price adjustments.*

Rs. 31.45bn
Sales Revenue

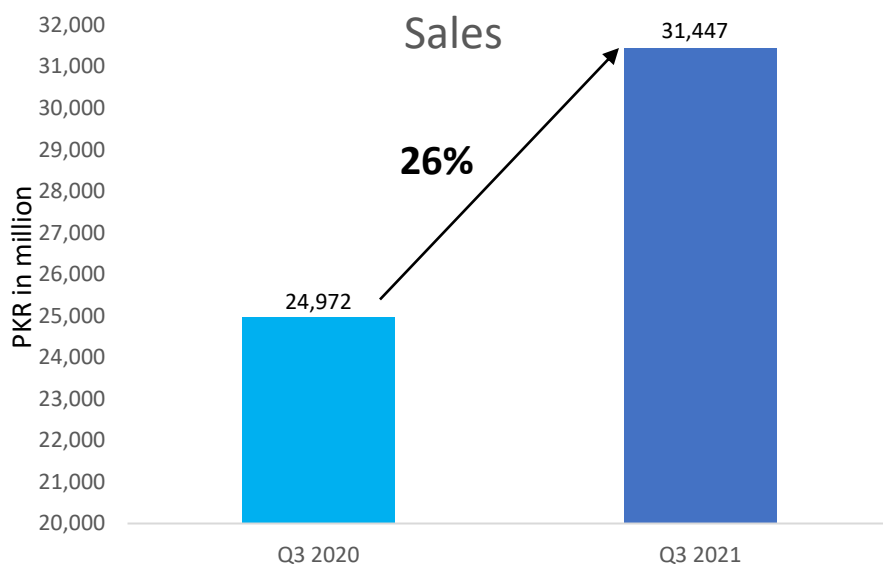
26%
Sales Growth

39%
Gross Profit
Margin

14%
Net Profit
Margin



Revenue Analysis – Q3 2021



- *Pharmaceutical sales increased on account of sustained performance of established brands.*
- *Sales for Nutrition driven mainly by increase in sales of adult nutritional supplements.*
- *Others: Sales for the diagnostic division has been increased significantly due to resumption of OPDs post relaxation of COVID restrictions.*

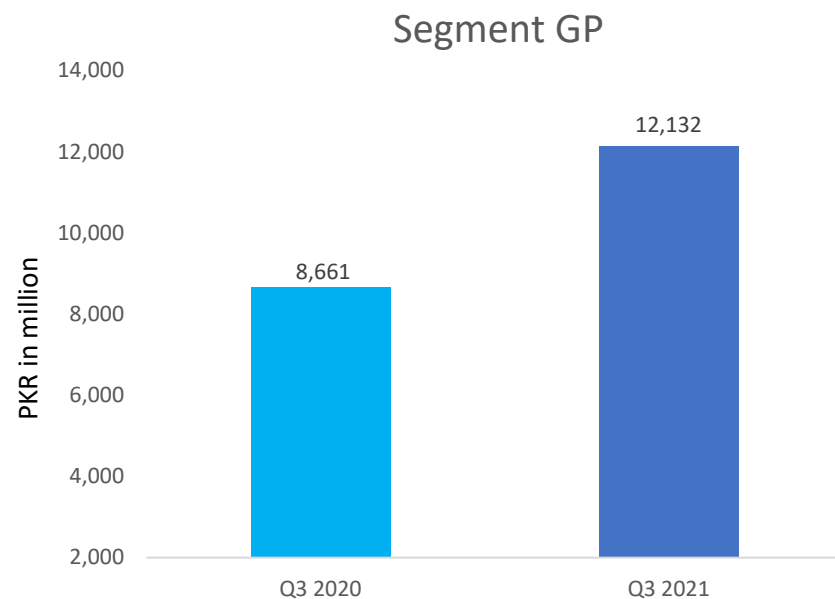
Segment wise Revenue

(PKR in millions)

Segment	Jan - Sep 2021	Jan - Sep 2020	% Increase
Pharmaceutical	20,131	16,915	19%
Nutritional	7,861	6,141	28%
Diagnostics	2,667	1,325	101%
Others	788	591	33%
Total	31,447	24,972	26%



Segment Gross Profit analysis – Q3 2021



➤ *Segment profitability has improved on account of the following:*

- *Price increases;*
- *Product mix; and*
- *Cost-containment initiatives taken during the year.*

Segment-wise GP (PKR in millions)

Segment	Jan - Sep 2021	GP %	Jan - Sep 2020	GP %
Pharmaceutical	7,378	37%	5,487	32%
Nutritional	3,731	47%	2,762	45%
Diagnostics	727	27%	226	17%
Others	296	38%	186	31%
Total	12,132	39%	8,661	35%

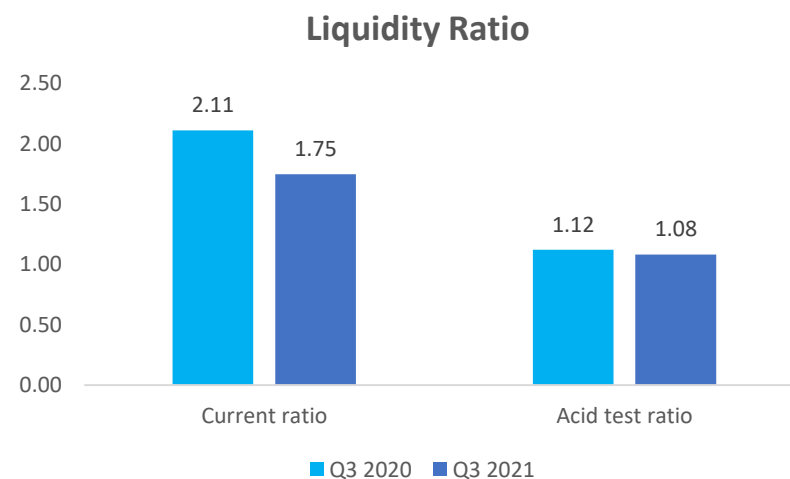
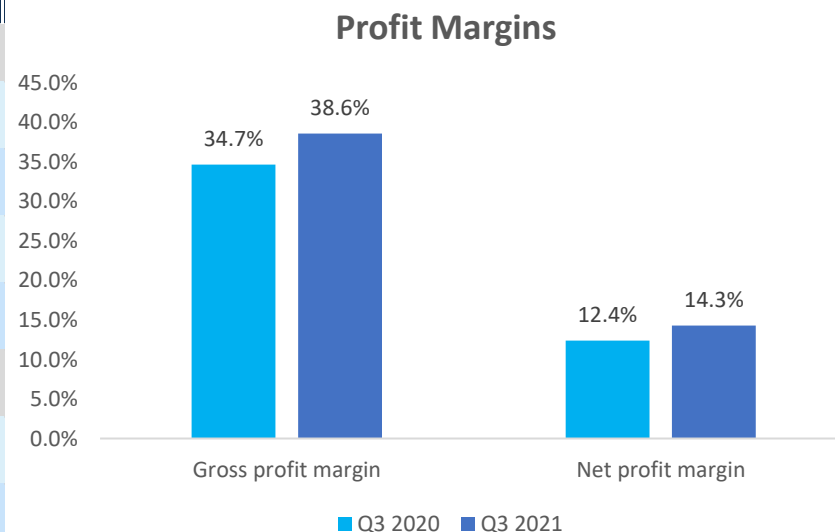


Statement of Profit or Loss – Q3 2021

Description	%	Jan - Sep 2021	%	Jan - Sep 2020	Variance – Favorable / (Unfavorable)		
		<i>Rupees in millions</i>					%
Sales	100	31,447	100	24,972	6,475	26	
Cost of Sales	61	19,315	65	16,311	3,004	(18)	
Gross Profit	39	12,132	35	8,661	3,471	40	
Selling and Distribution expenses	16	4,885	15	3,662	1,223	(33)	
Administrative Expenses	2	551	2	481	70	(15)	
Other income	1	526	2	583	(57)	(10)	
Other charges	2	753	2	566	187	(33)	
Operating Profit	20	6,469	18	4,535	1,934	43	
Finance costs	0	50	0	41	9	(22)	
Profit before taxation	20	6,419	18	4,494	1,925	43	
Taxation	6	1,927	6	1,388	539	(39)	
Profit after taxation	14	4,492	12	3,106	1,386	45	
----- <i>Rupees</i> -----							
Earnings per share		45.88		31.72	14.16	45	

Key Financial Ratios

Ratio	Unit	Sep – 2021	Sep – 2020
Profitability Ratios			
Gross profit margin	%	38.6	34.7
Net profit margin	%	14.3	12.4
Return on Equity	%	28.5	21.6
Return on assets	%	15.5	13.3
Liquidity Ratios			
Current ratio	Times	1.75	2.11
Acid test ratio	Times	1.08	1.12
Operating cycle	Days	13.12	26.57
Inventory Turnover	Times	2.73	2.39
Investment Ratios			
Earning per share	Rupees	45.88	31.72
Price earnings ratio	Times	12.63	18.16
Dividend per share	Rupees	20	15
Market value per share	Rupees	772.86	768.16
Market Capitalization	Rs. in Mn	75,663	75,203



Statement of Financial Position – Sep 30, 2021



Description	Sep 2021	Dec 2020	Variance		Description	Sep 2021	Dec 2020	Variance	
	<i>Rupees in Millions</i>			%		<i>Rupees in Millions</i>			%
<u>Non-current assets</u>					<u>Share capital and reserves</u>				
Property, plant and equipment	9,653	9,070	583	6	Issued, subscribed and paid-up capital	979	979	-	-
Intangible assets	55	66	(11)	(17)	Reserves – Capital	859	767	92	12
Long-term loans and advances	72	68	4	6	Reserves – Revenue	13,930	13,844	86	1
Long-term deposits	8	8	0	0	<u>Total share capital and reserves</u>	15,768	15,590	178	1
Long-term prepayments	1	2	(1)	(50)	Deferred taxation	383	227	156	69
<u>Total non-current assets</u>	9,789	9,214	575	6	Staff retirement benefits	1,541	1,465	76	5
Stores and Spares	284	245	39	16	Long-term portion of GIDC	128	173	(45)	(26)
Stock-in-trade	7,080	4,981	2,099	42	Long-term lease liabilities	160	626	(466)	(74)
Trade debts	966	935	31	3	Trade and other payables	9,464	6,594	2,870	44
Loans and advances	440	278	162	58	Current maturity of lease liabilities	60	190	(130)	(68)
Trade deposits and short-term prepayments	597	425	172	40	Unclaimed dividends	62	50	12	24
Other receivables	297	421	(124)	(29)	Unpaid dividends	1,373	0	1,373	100
Taxation – net	519	921	(402)	(44)	<u>Total liabilities</u>	13,171	9,325	3,846	41
Short-term investments	6,569	6,506	63	1	<u>Total Equity and Liabilities</u>	28,939	24,915	4,024	16
Cash and bank Balances	2,398	989	1,409	142					
<u>Total current assets</u>	19,150	15,701	3,449	22					

Q & A

Thank you