



Abbott

Corporate Briefing Session - 2022

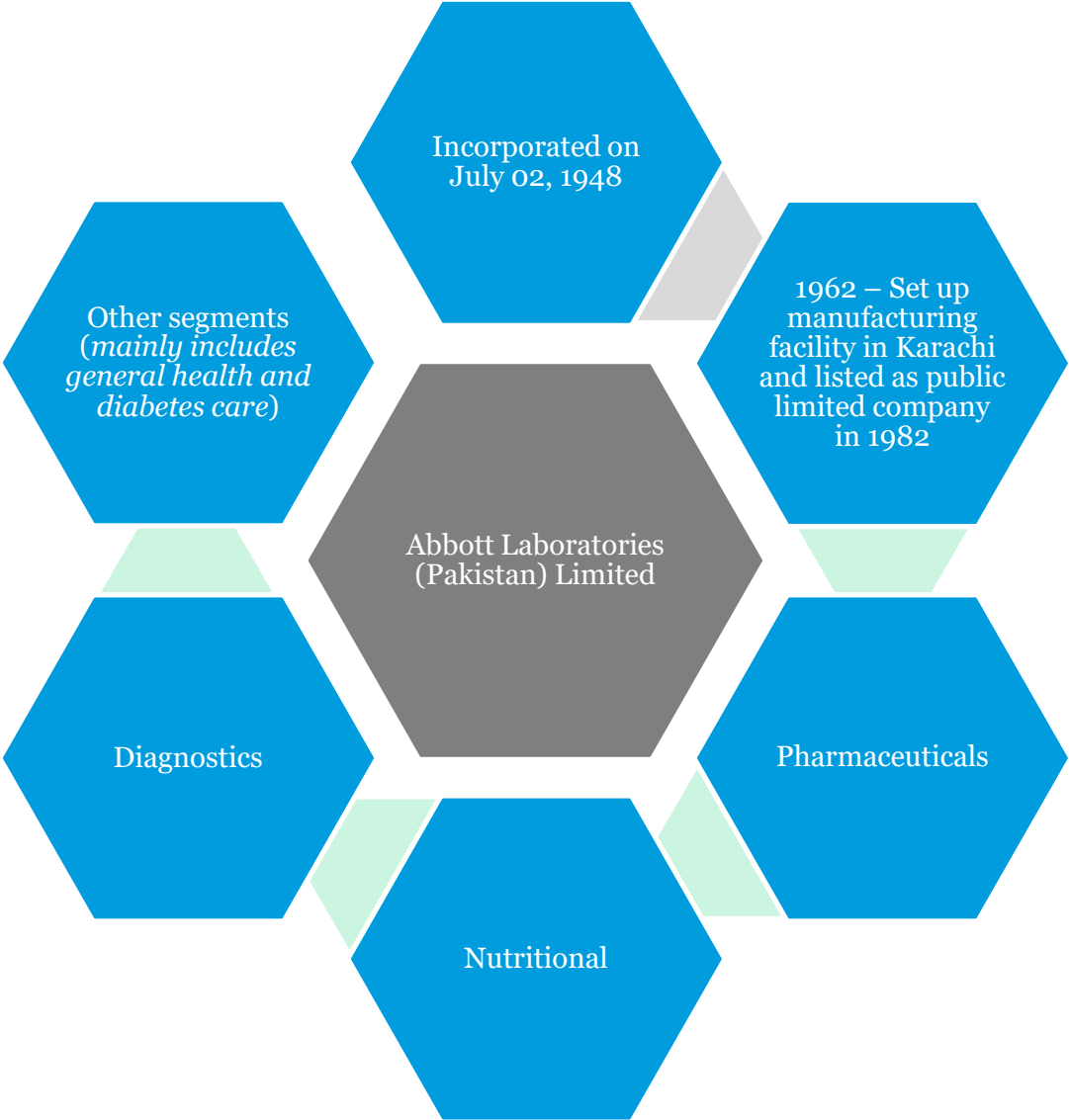
December 14th, 2022

Table of Contents

- Company Overview
- Economic Overview
- Financial Results for 2021
- Financial Results for Q3 2022
- Q&A



Company Overview



Two manufacturing facilities

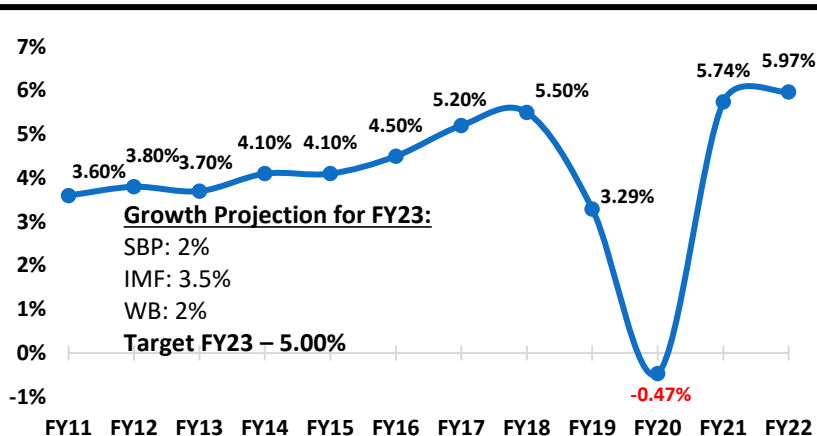


1,445 Employees

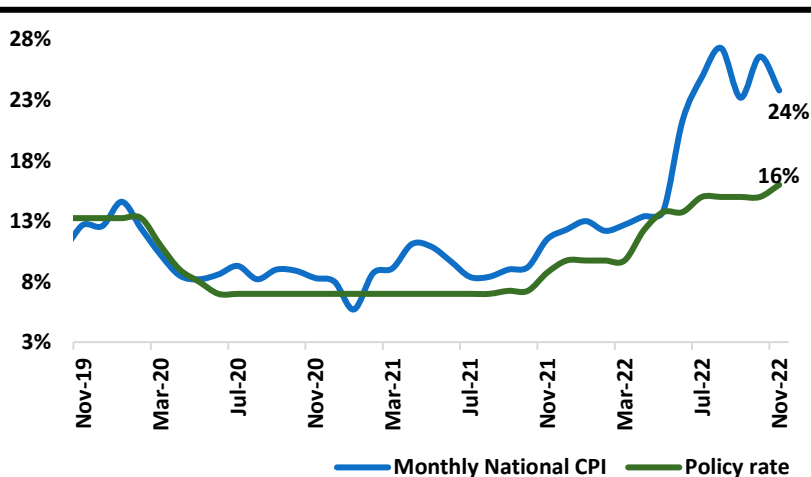


> 150 Products

Gross Domestic Product Growth (GDP%)



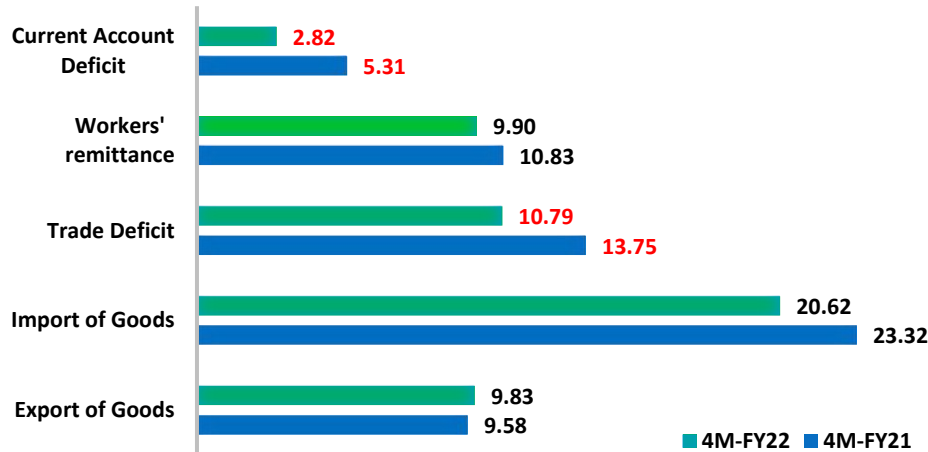
Policy Rate & Inflation Rate



- **GDP growth FY22** - registered 5.97% in FY22, rebounded from the pandemic (0.47% contraction in FY20) & continued to post a V-Shaped economic recovery which is higher than 5.74% recorded in FY21 accompanied by external and internal imbalances
- **Future outlook for growth FY23** - GoP target at 5% while SBP expectation is 2% due to damages caused by recent floods
- **Monetary Policy** - increased by 900bps to 16% from 7% since Sept'21. Focus shifted from growth to control inflation & CAD
- **Future outlook for Policy rate** - Expected to rise further 100 to 150bps in next MPS. Fiscal & monetary tightening policies expected in FY23 to control inflationary pressures and rising current account deficit
- **Inflation measured at 23.8% in Nov'22 YoY**— mainly driven by normalization of fuel cost adjustments in electricity tariffs, and higher food prices by 35.7% YoY. Average CPI for 5MFY23 stands 25.16% compared to 9.30% in FY22
- **Inflation Outlook FY2023** — SBP expected in the range of 21%-23% ahead of crop damage from the recent floods, energy inflation seeped into broader prices, currency depreciation and hike in power/gas tariffs. Target by GoP – 11.5%
- **Net Revenue 4M-FY2** - PKR 2.69trn against the target PKR 2.68trn. FY23 target – PKR. 7trn
- **Workers' remittance** - registered a decrease of 9% YoY reaching USD 9.9bln during 4M-FY23. Target FY23 - \$33.2bln

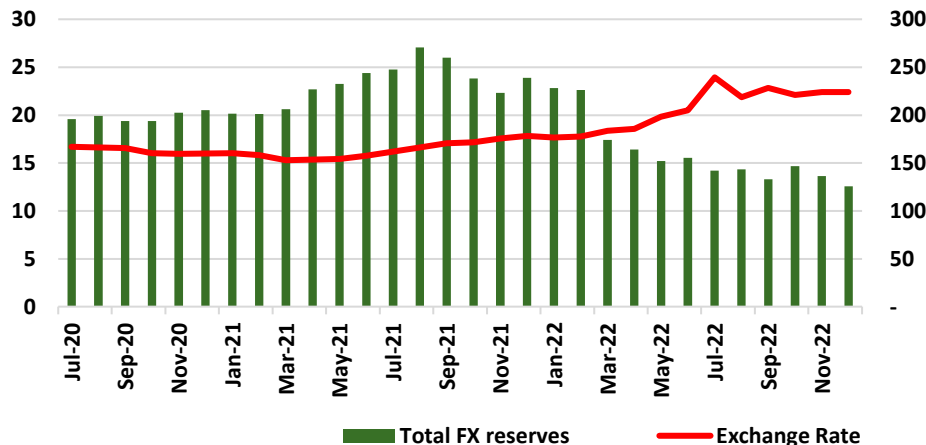
CURRENT ACCOUNT DEFICIT 4M - FY23

USD IN BILLION



FOREIGN RESERVES & EXCHANGE RATE

USD IN BILLION



Imports 4M-FY23:

- Decreased by 12% from same period last year
 - Control Measures by SBP:
 - ❖ Restriction on imports payments from July to date
 - ❖ Prior approvals for machineries, spare parts and auto related LCs
 - Increase in commodity prices increased food imports by 11% to \$2.9bln from 2.6bln in 4MFY22
 - Decrease in Machinery imports by 34%** to \$1.9bln from \$3bln in FY22
 - Transport sector down by 59%** to \$0.523mln from \$1.2bln in FY22

Exports 4M-FY23:

- Increased by 3% from same period last year
 - Textile exports up by 10% to \$6.2bln from \$5.7bln in FY22
 - Annual export target is approx. \$35bln

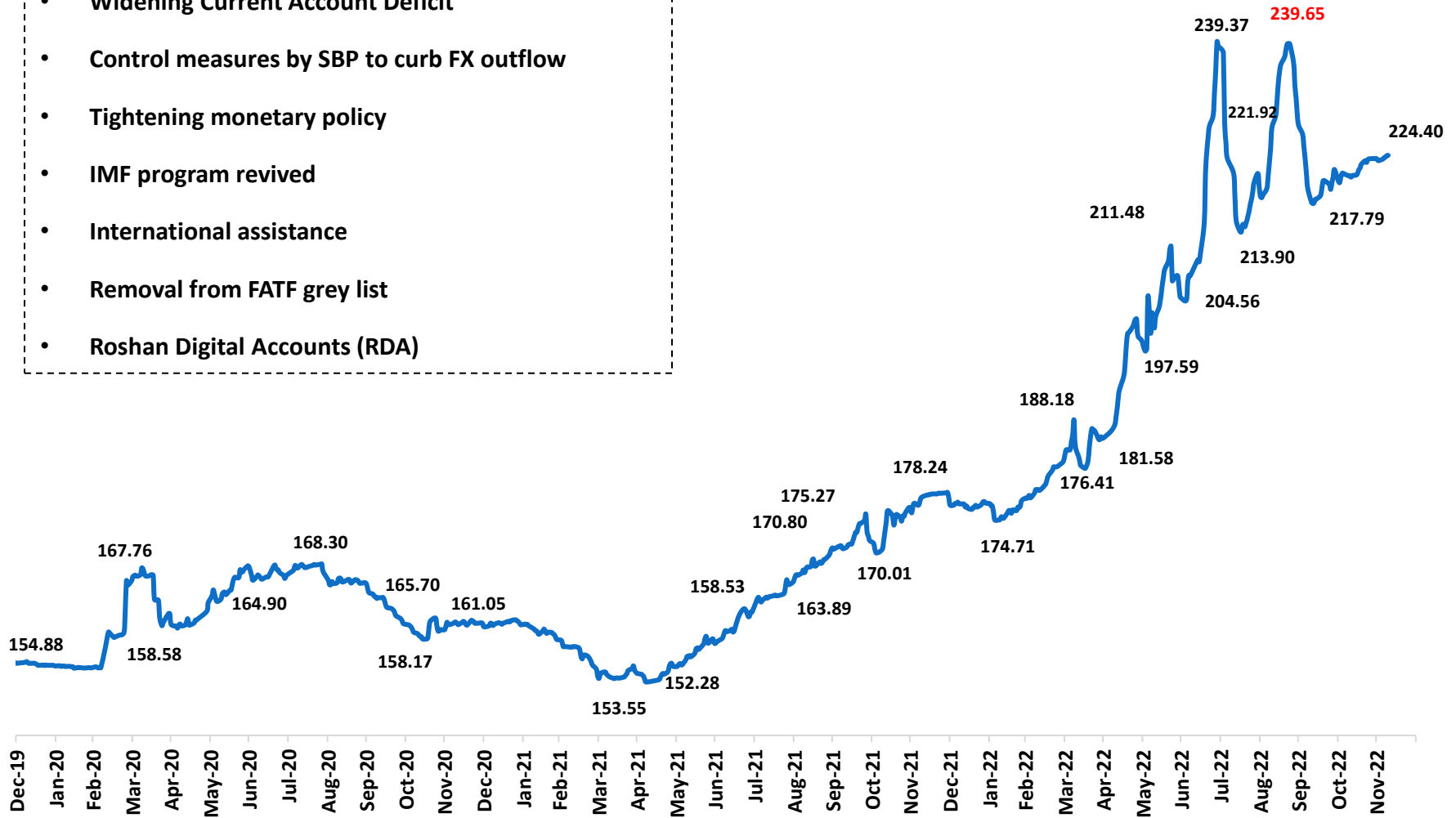
Foreign Exchange Reserves position:

- FX reserves under pressure due
 - Received \$1.5bln from Asian Development Bank (ADB) in October in lieu of Fund Relief provided much needed boost to country's dwindling FX reserves.
 - Debt repayments made in Nov'22 - \$1.8bln
 - Euro bond repayment made in Dec'22 - \$1bln
 - Receive \$500mln in Nov from Asian Infrastructure Investment (AIIB) bank

FOREIGN EXCHANGE – USD / PKR PARITY ROUND UP

USD/PKR Movement – 27% devaluation since Jan 2022

- Widening Current Account Deficit
- Control measures by SBP to curb FX outflow
- Tightening monetary policy
- IMF program revived
- International assistance
- Removal from FATF grey list
- Roshan Digital Accounts (RDA)



Financial Results - 2021



Key Highlights – FY2021

- *Overall revenue of the Company increased by **21%** reaching **Rs. 42.57 bn.***
- *Increase in profitability mainly on account of price adjustments and product mix.*
- *Earnings per share was Rs. 60.95 per share (2020: Rs. 46.33 per share).*

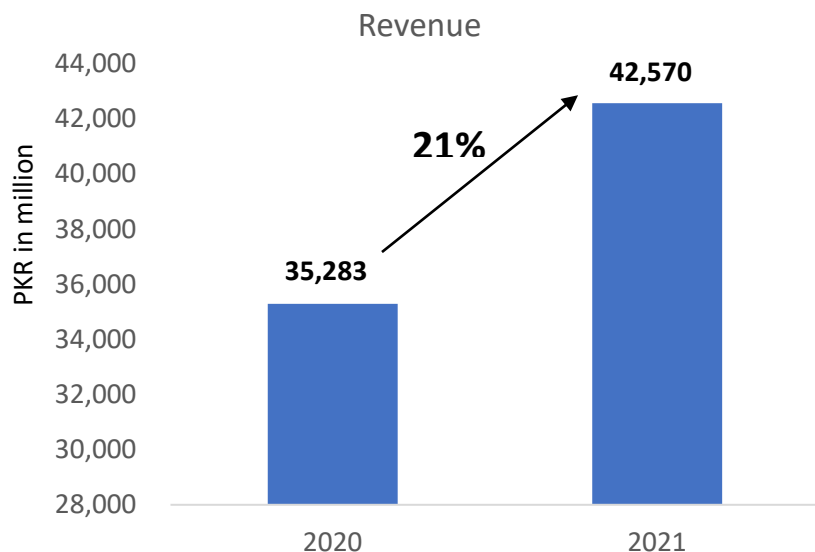
Rs. 42.57bn
Sales Revenue

21%
Sales Growth

38%
Gross Profit
Margin

14%
Net Profit
Margin

Revenue Analysis – FY21

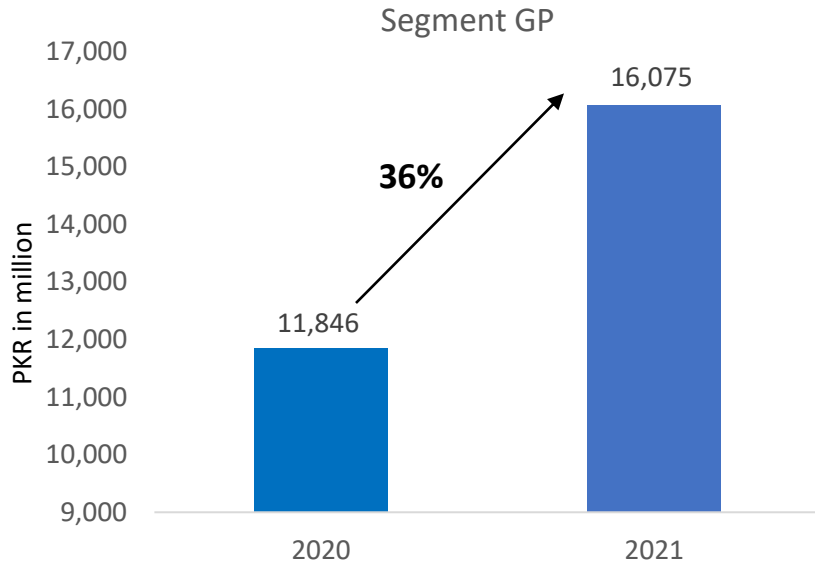


- *Pharmaceutical sales increased by 16% driven by performance of established brands.*
- *Nutrition sales increased by 18% mainly driven by increase in sales volume of adult nutritional supplements.*
- *Diagnostics sales growth was on account of COVID testing.*
- *Abbott market share as per IQVIA was 6.0% for December 2021.*

<i>Segment wise Revenue</i>			
<i>(PKR in millions)</i>			
Segment	2021	2020	% Increase
Pharmaceutical	27,578	23,877	16%
Nutritional	10,046	8,532	18%
Diagnostics	3,777	2,147	76%
Others	1,169	727	61%
Total	42,570	35,283	21%



Segment Gross Profit analysis – FY21



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

- *Improved product mix;*
- *Price adjustments; and*
- *Cost-containment initiatives.*

Segment-wise GP (PKR in millions)

Segment	2021	GP %	2020	GP %
Pharmaceutical	10,008	36%	7,305	31%
Nutritional	4,646	46%	3,913	46%
Diagnostics	966	26%	408	19%
Others	455	39%	220	30%
Total	16,075	38%	11,846	34%

Financial Results – Q3 2022



Key Highlights – Q3 2022

- Overall revenue of the Company increased by **18%** reaching **Rs. 36.95 bn.**
- Sales increased on account of volume by 10% and price by 8%.
- Increase in product costs on account of Rupee devaluation and inflation has affected gross profits during 9M-FY22.
- The net profit margin has been impacted by a prior year Super tax charge of Rs. 825 million (EPS impact Rs. 8.4 per share).

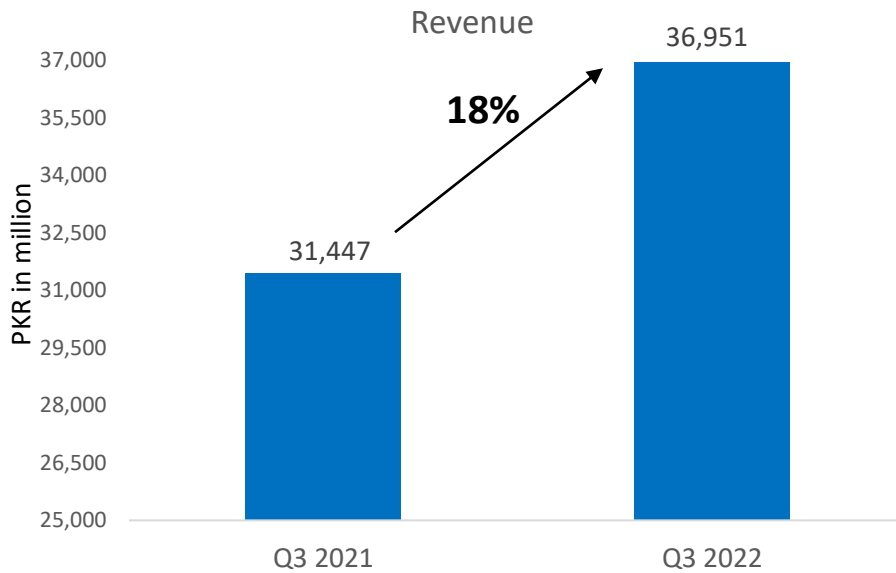
Rs. 36.95bn
Sales Revenue

18%
Sales Growth

33%
Gross Profit
Margin

7%
Net Profit
Margin

Revenue Analysis – Q3 2022

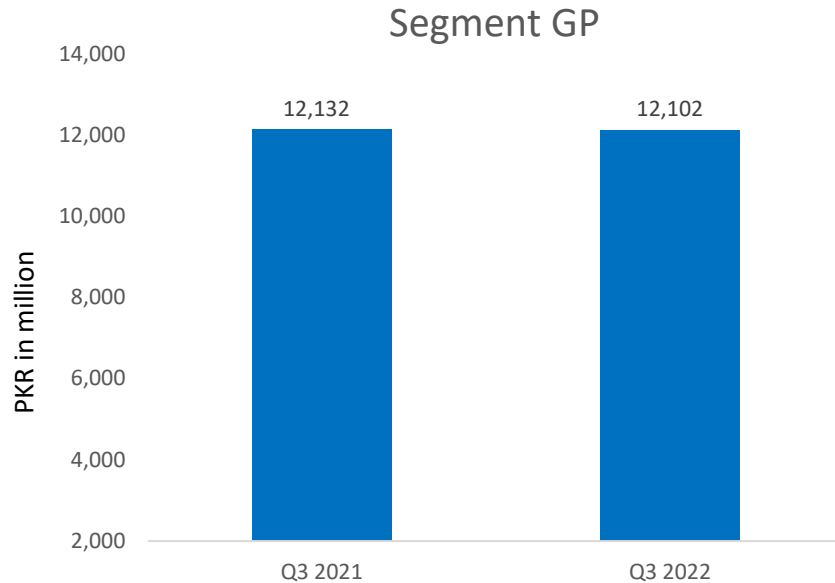


- *Pharmaceutical sales increased on account of sustained performance of established brands.*
- *Sales for Nutrition driven mainly by increase in sales of adult nutritional supplements.*

<i>Segment wise Revenue</i>			
<i>(PKR in millions)</i>			
Segment	Jan - Sep 2022	Jan - Sep 2021	% Inc
Pharmaceutical	23,282	20,131	16%
Nutritional	9,642	7,861	23%
Diagnostics	3,045	2,667	14%
Others	982	788	25%
Total	36,951	31,447	18%



Segment Gross Profit analysis – Q3 2022



Segment-wise GP (PKR in millions)

Segment	Jan - Sep 2022	GP %	Jan - Sep 2021	GP %
Pharmaceutical	7,472	32%	7,378	37%
Nutritional	3,831	40%	3,731	47%
Diagnostics	416	14%	727	27%
Others	383	39%	296	38%
Total	12,102	33%	12,132	39%

- *Absolute GP remained stagnant despite 18% increase in sales due to depletion of GP margins.*
- *Segment profitability has deteriorated on account of the following:*
 - *Rupee devaluation; and*
 - *Increase in prices of raw material.*

Statement of Profit or Loss – Q3 2022



Description	%	Jan - Sep 2022	%	Jan - Sep 2021	Variance	
		<i>Rupees in millions</i>				<i>% Fav / (Unfav)</i>
Sales	100	36,951	100	31,447	5,504	18
Cost of Sales	67	24,850	61	19,315	5,535	(29)
Gross Profit	33	12,101	39	12,132	(31)	0
Selling and Distribution expenses	14	5,450	16	4,885	565	(12)
Administrative Expenses	2	657	2	551	106	(19)
Other income	2	759	2	526	233	44
Other charges	4	1,353	3	753	600	(80)
Operating Profit	15	5,400	20	6,469	(1,069)	(17)
Finance costs	0	38	0	50	(12)	24
Profit before taxation	15	5,362	20	6,419	(1,057)	(16)
Taxation	8	2,797	6	1,927	870	(45)
Profit after taxation	7	2,565	14	4,492	(1,927)	(43)
----- <i>Rupees</i> -----						
Earnings per share		26.20		45.88	(19.68)	(43)

Statement of Financial Position – Sep 30, 2022



Description	Sep 2022	Dec 2021	Variance		Description	Sep 2022	Dec 2021	Variance	
	<i>Rupees in Millions</i>			%		<i>Rupees in Millions</i>			%
Non-current assets					Share capital and reserves				
Property, plant and equipment	11,199	10,006	1,193	12	Issued, subscribed and paid-up capital	979	979	-	-
Intangible assets	32	49	(17)	(35)	Reserves – Capital	1,018	892	126	14
Long-term loans and advances	70	71	(1)	(1)	Reserves – Revenue	14,622	15,483	(861)	(6)
Long-term deposits	8	8	0	0	Total share capital and reserves	16,619	17,354	(735)	(4)
Long-term prepayments	1	1	0	0	Deferred taxation	470	270	200	74
Total non-current assets	11,310	10,135	1175	12	Staff retirement benefits	1,554	1,466	88	6
Stores and Spares	298	284	14	5	Long-term lease liabilities	124	134	(10)	(7)
Stock-in-trade	8,384	6,721	1,663	25	Trade and other payables	9,729	9,039	690	8
Trade debts	1,264	1,216	48	4	Unclaimed dividend	75	58	17	29
Loans and advances	725	456	269	59	Unpaid dividend	2,517	-	2,517	100
Trade deposits and short-term prepayments	965	302	663	220	Provision against GIDC	152	152	-	-
Other receivables	1,512	448	1,064	238	Current maturity of lease liabilities	116	94	22	23
Taxation – net	-	345	(345)	(100)	Taxation - net	357	-	357	100
Short-term investments	5,569	7,841	(2,272)	(29)	Total liabilities	15,094	11,213	3,881	35
Cash and bank Balances	1,686	819	867	106	Total Equity and Liabilities	31,713	28,567	3,146	11
Total current assets	20,403	18,432	1,971	11					
Total Assets	31,713	28,567	3,146	11					

Q & A

Thank you