



Abbott

Corporate Briefing Session - 2020

22nd December, 2020

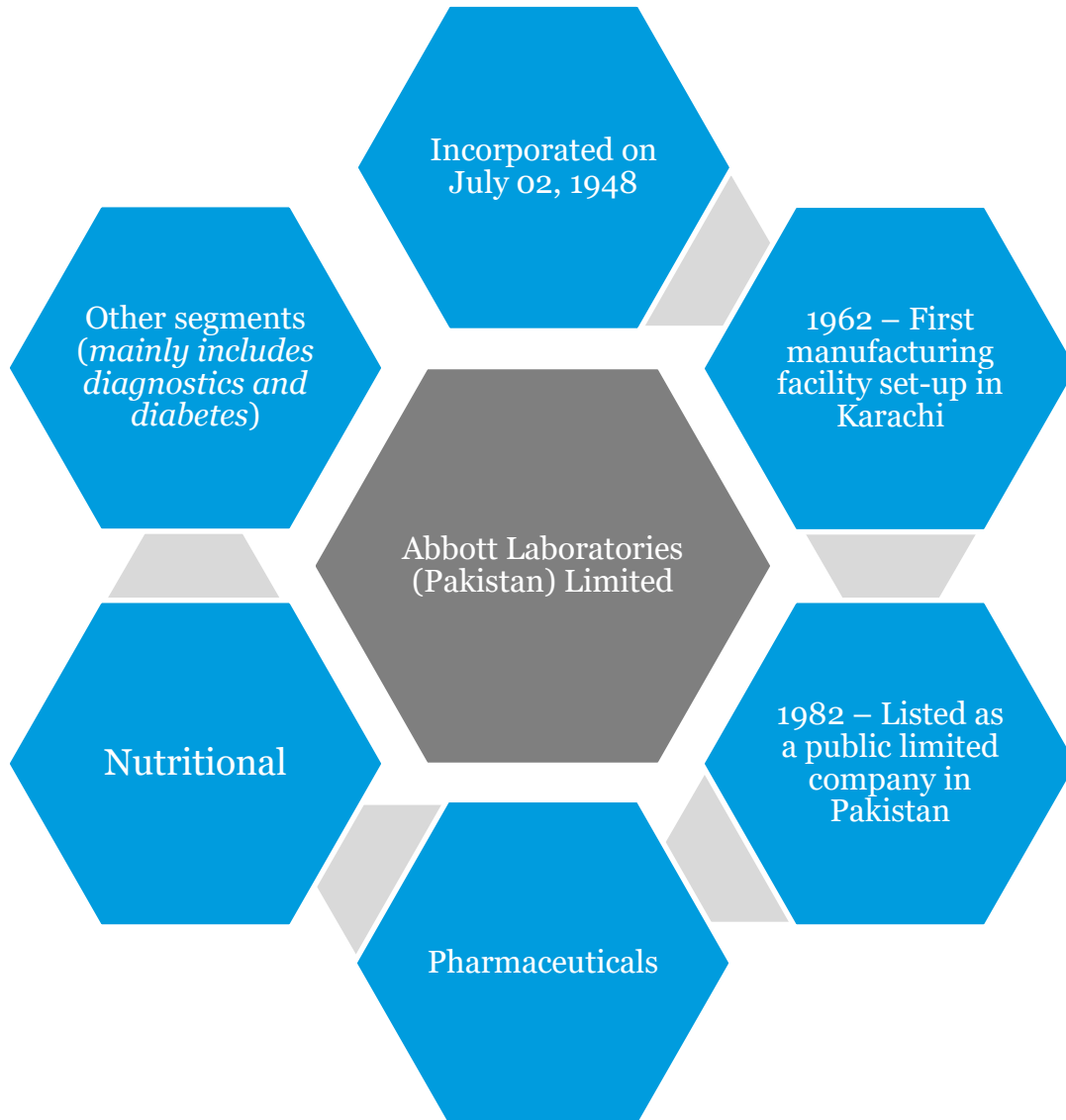
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Company Overview



Two manufacturing facilities



1,468 Employees

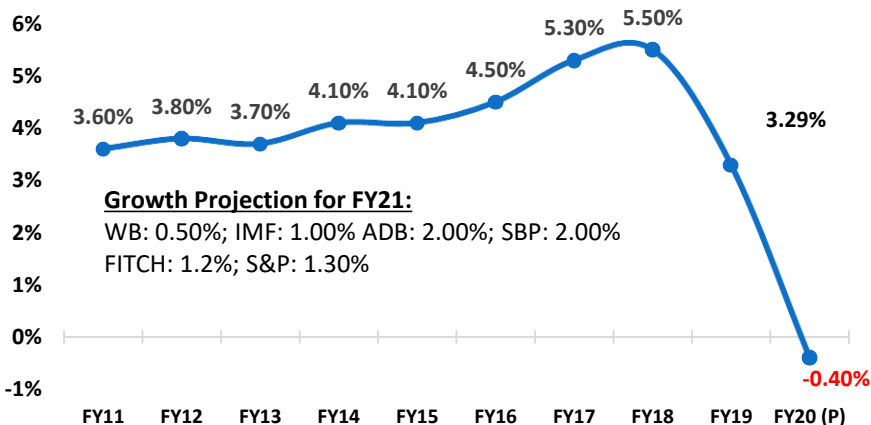


> 150 Products

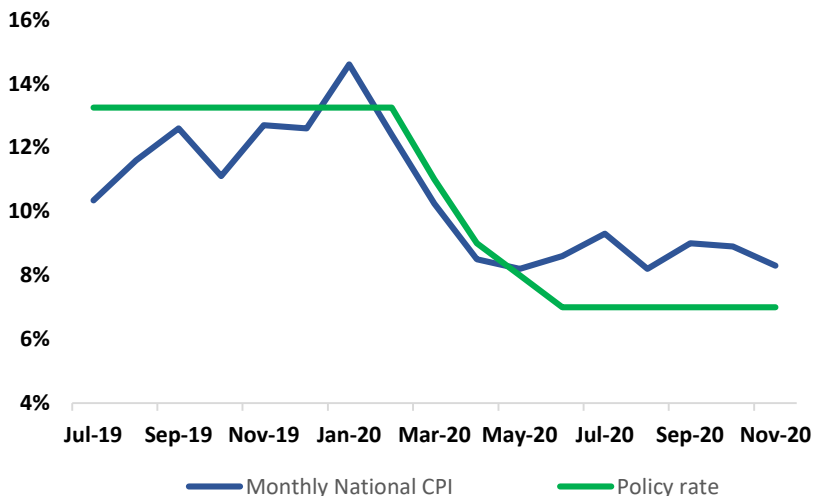


Pakistan – Macro Economic Overview

Gross Domestic Product Growth (GDP%)



Policy Rate & Inflation Rate



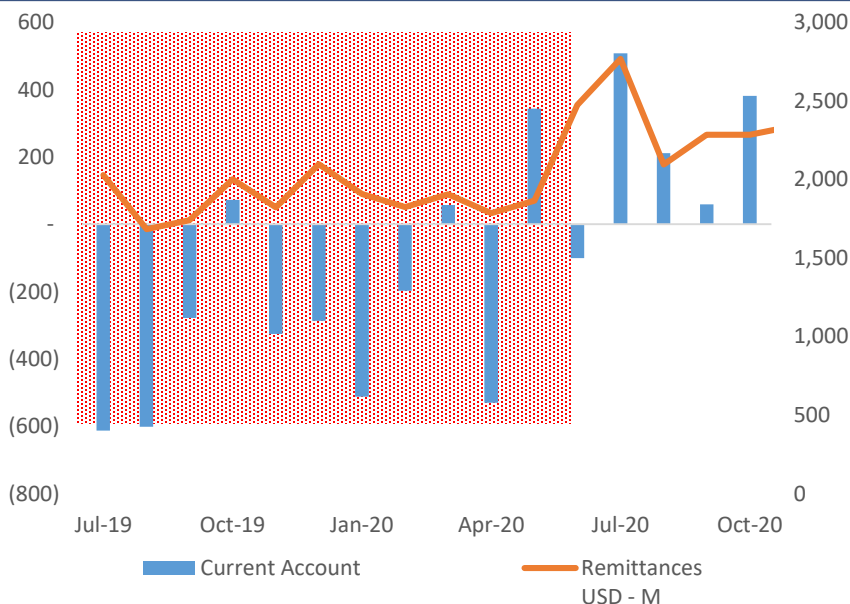
Pakistan Economy – Retrospective Keystones

- **FY20 GDP growth** at -0.4% — the industrial and services sectors stalled by the coronavirus outbreak.
- **Future outlook for growth bleak** — estimated by IMF at 1.00% and remain uncertain in future due to coronavirus respiratory disease.
- **Policy rate** — remain unchanged to 7% by SBP in call to support business community and growth.
- **Inflation measured at 8.30% in Nov'20** — recent positive supply side shocks to food prices. Average CPI for 5MFY20 stands at 8.75%.
- **Inflation Outlook FY2021** — expected in the range of 7% - 9%.
- **Foreign exchange reserves** — improvement driven by organic reserves building instead of foreign borrowing. FX stands at USD 20bn (SBP USD 13bn and USD 7bn commercial banks) as of 04th Dec,2020 against USD 16bn (SBP USD 9bn and USD 7bn commercial banks) same period last year.
- **Workers remittance** — increased by 26.89% (from USD 9.2bn to USD 11.7bn FY20 & FY21 respectively) due to formalization of remittances under the Pakistan Remittances Initiative (PRI) and use of digital channels.

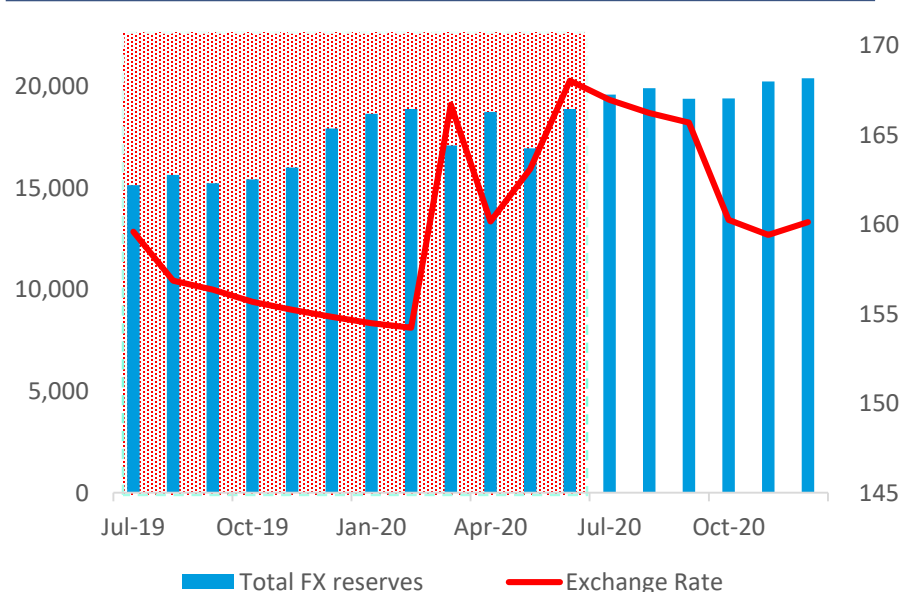


Inflow & Outflow

Current Account Balance vs. Remittances (FY20 & 4MFY21)



Foreign Reserves & Exchange Rate (FY20 vs 4MFY21)



• Significant improvement in the current account:

- 4M-FY21 Current Account Surplus of USD 1.16bn versus the deficit of USD 1.4bn in the same period last year.
- Surplus of USD 382mn in Oct20 versus USD 59mn in Sept20.
- Current Account Deficit projection:
 - SBP 1.0% to 2.0% of the GDP for FY21
 - IMF 2.5% of the GDP for FY21

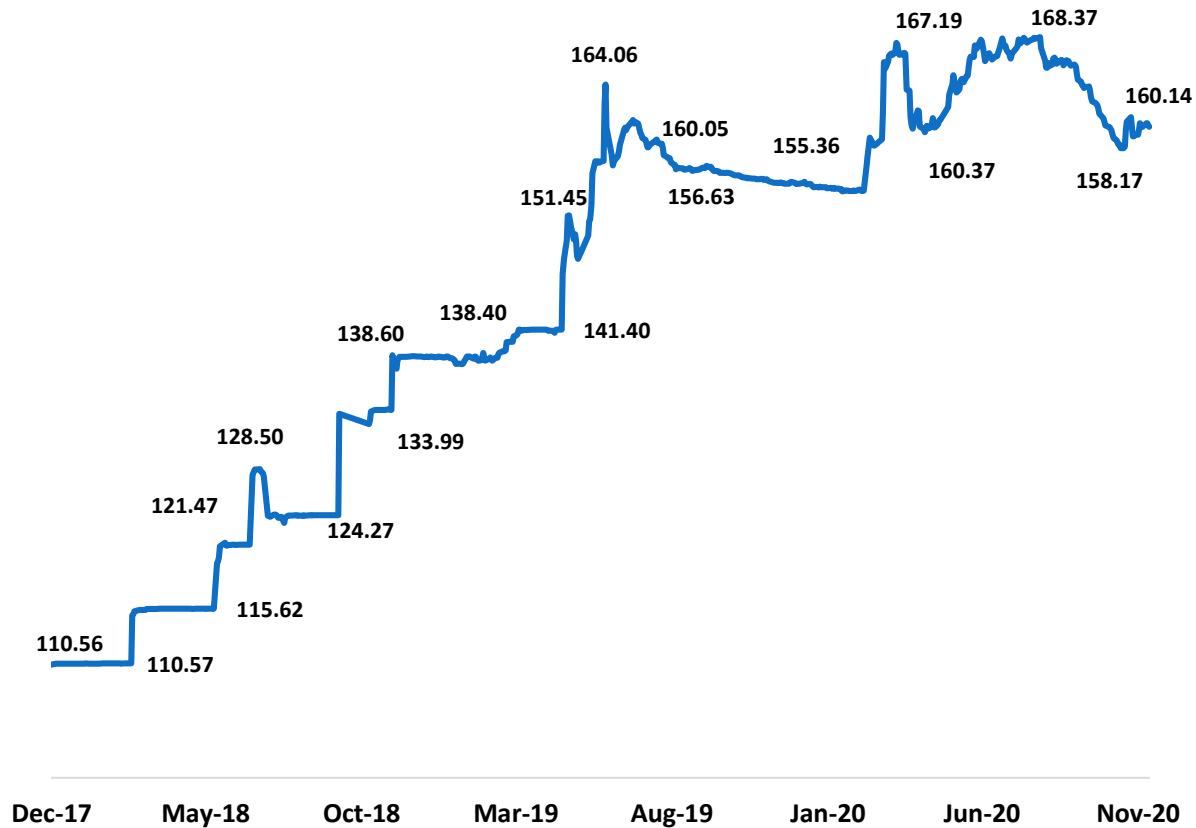
• Rise in Foreign Exchange reserves:

- Increased to USD 20bn in Dec 2020 (last time in February 2018) due to:
 - Dollar inflows caused by IMF programme and pledged support by World Bank, ADB and AIIB.
 - Market-based Exchange Rate Regime
 - Better Balance of Payment Position



Foreign Exchange Parity

USD/PKR Movement



Economic Impact

- 1 **USD/PKR to close 2020 at PKR 160.50** as per commercial banks
- 2 **Roshan Digital Accounts** initiative by SBP may further help in boosting inflows from non-resident Pakistanis.
- 3 **Debt Relief** in the form of debt servicing suspension and new financing may amount to USD 3.2 bn.
- 4 Resilient **flow of remittances** buffers foreign exchange reverses.
- 5 **Tax collection** - PKR 1.690tr during the July-Nov FY21 exceeded projected target of PKR 1.669tr.

Financial Results - 2019



Key Highlights – FY2019

- *Overall revenue of the Company increased by **1.5%** reaching **Rs. 30.16 bn.***
- *Decline in profitability mainly on account of devaluation of rupee and inflation.*
- *Price adjustments were not sufficient to offset the impact of the two factors above.*
- *Earnings per share was Rs. 13.28 per share (2018: Rs. 27.52 per share).*

Rs. 30.16bn
Sales Revenue

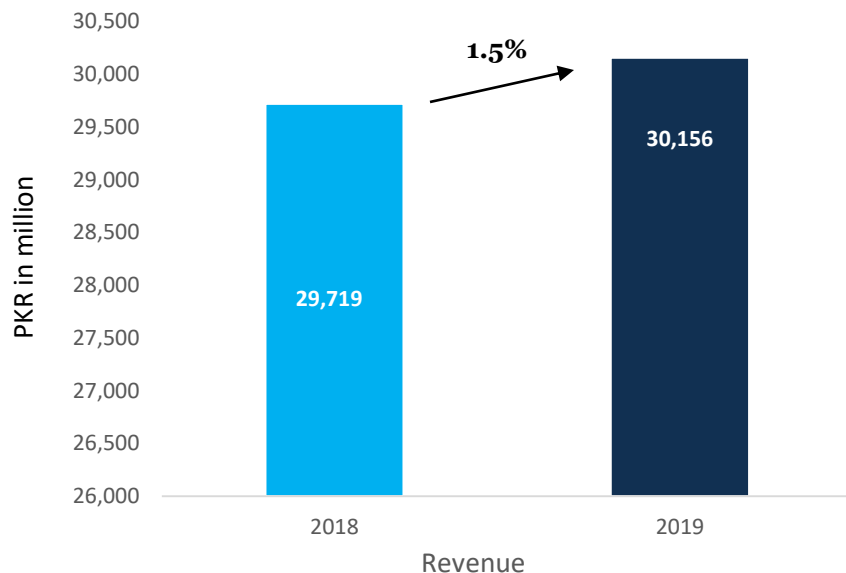
1.5%
Sales Growth

28.3%
Gross Profit
Margin

4.3%
Net Profit
Margin



Revenue Analysis – FY19



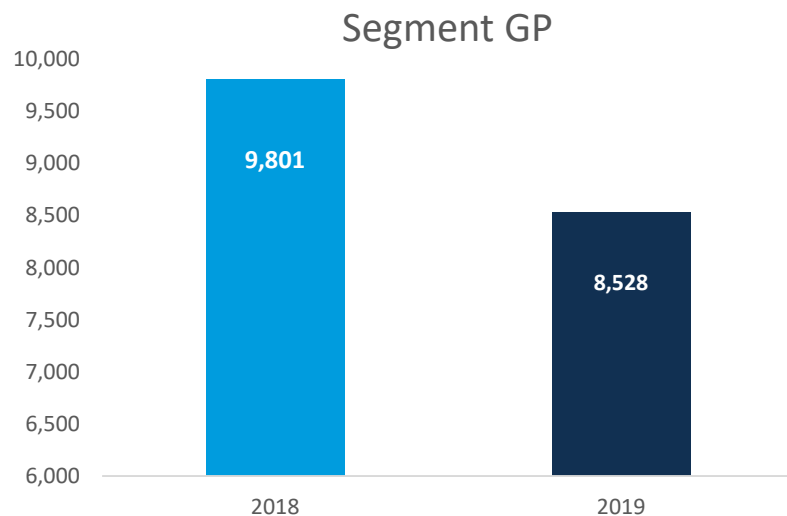
- *Pharmaceuticals declined on the back on challenging economic and regulatory environment.*
- *Nutrition sales increased by **16.0%** mainly by volume growth in **PediaSure**.*
- *Abbott market share as per IQVIA (formerly IMS) was **5.9%** for December 2019.*

Segment wise Revenue (PKR in millions)

Segment	2019	2018	% Inc / (Dec)
Pharmaceutical	21,202	21,879	(3.1)%
Nutritional	6,204	5,349	16.0%
Others	2,750	2,491	10.4%
Total	30,156	29,719	1.5%



Segment Gross Profit analysis – FY19



Segment profitability had been adversely affected on account of the following:

- Rupee devaluation;
- Increase in prices of raw materials; and
- General inflation.

Segment-wise GP (PKR in millions)

Segment	2019	GP %	2018	GP %
Pharmaceutical	6,058	28.6%	7,614	34.8%
Nutritional	1,545	24.9%	1,386	25.9%
Others	925	33.6%	801	32.2%
Total	8,528	28.3%	9,801	33.0%

Financial Results – Q3 2020



Key Highlights – Q3 2020

- *Overall revenue of the Company increased by **12.1%** reaching **Rs. 24.97 bn.***
- *Export sales declined by 30% on account of cancellation / delays in shipments due to COVID.*
- *Profitability driven by Product mix, Cost rationalization and Price adjustments.*

Rs. 24.97bn
Sales Revenue

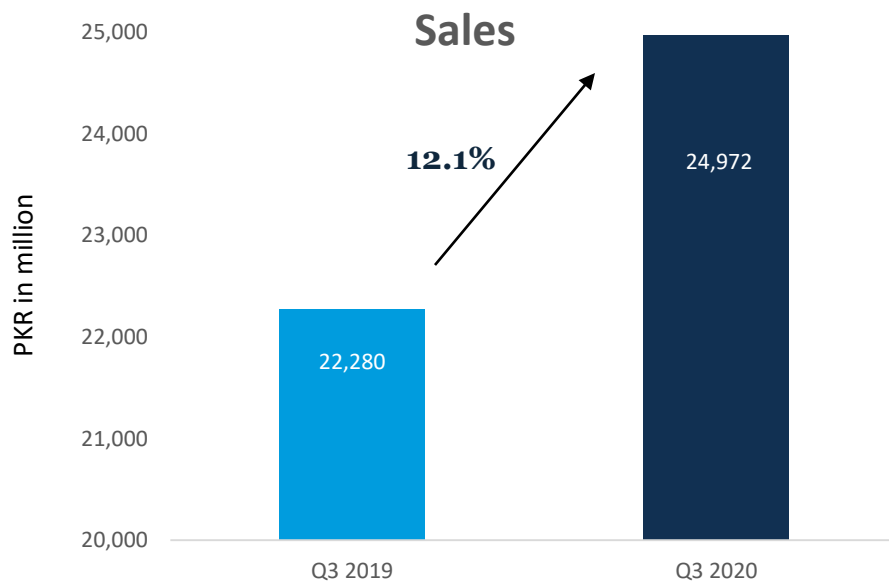
12.1%
Sales Growth

35.8%
Gross Profit
Margin

12.4%
Net Profit
Margin



Revenue Analysis – Q3 2020



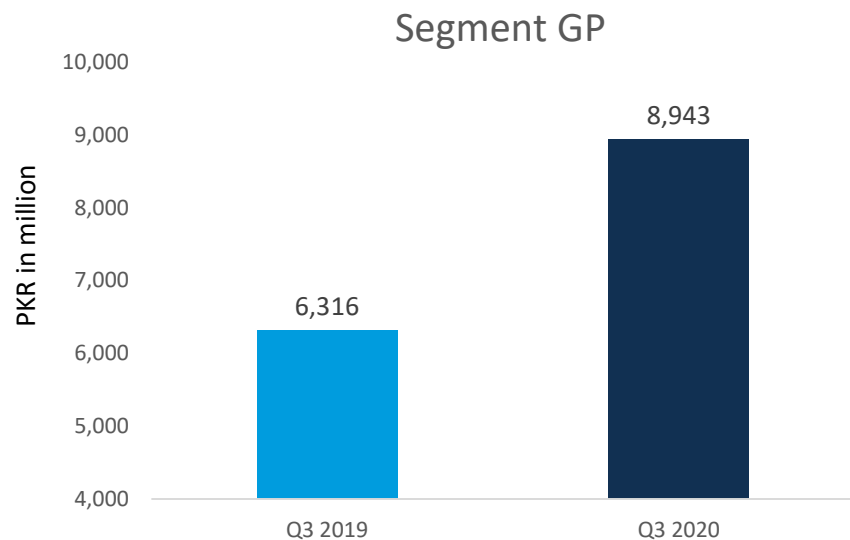
- *Pharmaceutical sales increased on account of sustained performance of established brands.*
- *Sales for Nutrition driven mainly by increase in sales of adult nutritional supplements.*
- *Others: Sales for the diagnostic division declined by 12% primarily on account of closures of OPDs during COVID.*

Segment wise Revenue (PKR in millions)

Segment	Jan - Sep 2020	Jan - Sep 2019	% Inc / (Dec)
Pharmaceutical	16,916	15,674	7.9%
Nutritional	6,141	4,545	35.1%
Others	1,915	2,061	(7.1%)
Total	24,972	22,280	12.1%



Segment Gross Profit analysis – Q3 2020



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 2020	GP %	Jan - Sep 2019	GP %
Pharmaceutical	5,487	32.4%	4,787	30.5%
Nutritional	2,762	45.0%	791	17.4%
Others	694	36.2%	738	35.8%
Total	8,943	35.8%	6,316	28.3%

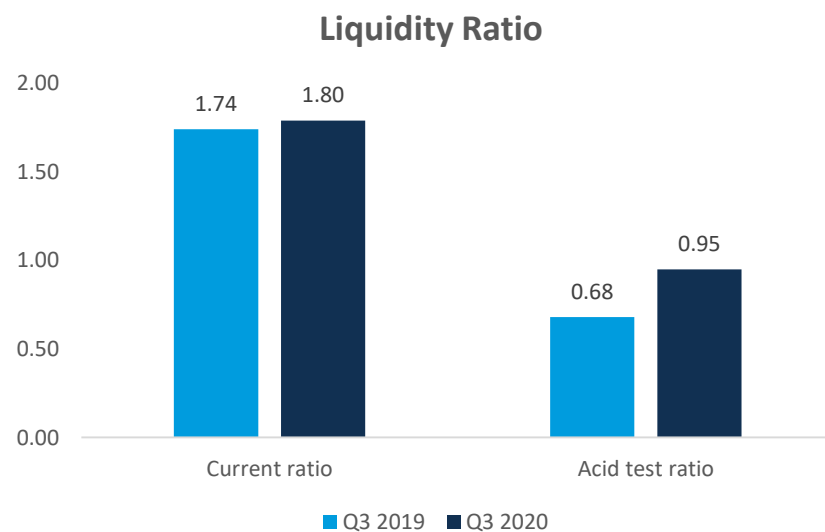
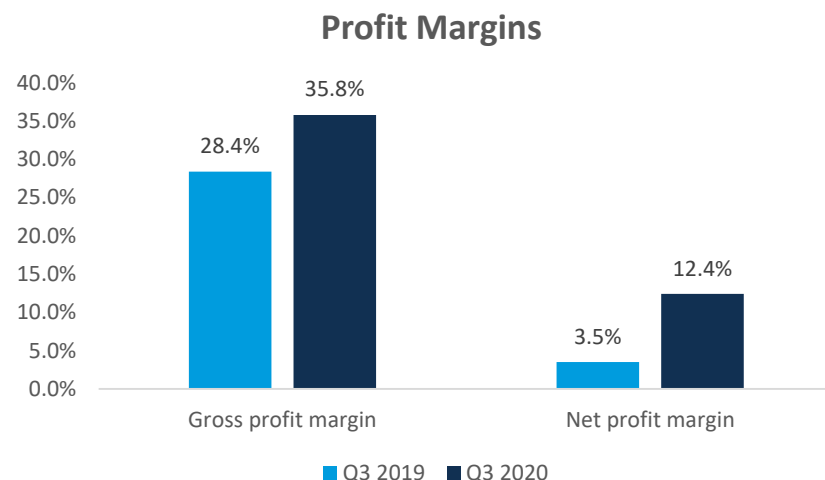


Statement of Profit or Loss – Q3 2020

Description	%	Jan - Sep 2020	%	Jan - Sep 2019	Variance – Favorable / (Unfavorable)		
		<i>Rupees in millions</i>					%
Sales	100	24,972	100	22,280	2,692	12	
Cost of Sales	64	16,029	72	15,964	(65)	(0)	
Gross Profit	36	8,943	28	6,316	2,627	42	
Selling and Distribution expenses	16	3,945	18	3,928	(18)	(0)	
Administrative Expenses	2	481	2	477	(4)	(1)	
Other income	2	583	1	248	335	135	
Other charges	2	565	2	450	(115)	(26)	
Operating Profit	18	4,535	7	1,709	2,825	165	
Finance costs	0	41	0	35	(6)	(17)	
Profit before taxation	18	4,494	7	1,674	2,819	168	
Taxation	6	1388	4	902	(485)	(54)	
Profit after taxation	12	3106	3	772	2,334	302	
----- <i>Rupees</i> -----							
Earnings per share		31.72		7.89	23.83	302	

Key Financial Ratios

Ratio	Unit	Sep – 2020	Sep – 2019
Profitability Ratios			
Gross profit margin	%	35.8	28.4
Net profit margin	%	12.4	3.5
Return on Equity	%	21.6	5.9
Return on assets	%	13.3	3.6
Liquidity Ratios			
Current ratio	Times	1.80	1.74
Acid test ratio	Times	0.95	0.68
Operating cycle	Days	26.94	56.80
Inventory Turnover	Times	2.35	2.07
Investment Ratios			
Earning per share	Rupees	31.72	7.89
Price earnings ratio	Times	18.13	33.45
Dividend per share	Rupees	15	10
Market value per share	Rupees	766.64	351.88
Market Capitalization	Rs. in Mn	75,054	34,449



Statement of Financial Position – Sep 30, 2020



Description	Sep 2020	Dec 2019	Variance	
	<i>Rupees in Millions</i>			%
Non-current assets				
Property, plant and equipment	8,213	8,268	(55)	(1)
Intangible assets	72	78	(6)	(8)
Long-term loans and advances	71	57	14	25
Long-term deposits	8	8	0	0
Long-term prepayments	2	4	(2)	(50)
Total non-current assets	8,366	8,415	(49)	(1)
Stores and Spares	259	276	(17)	(6)
Stock-in-trade	6,817	6,049	768	13
Trade debts	526	904	(378)	(42)
Loans and advances	434	133	301	226
Trade deposits and short-term prepayments	566	559	7	1
Interest accrued	6	6	0	0
Other receivables	406	639	(233)	(36)
Taxation – net	794	1013	(219)	(22)
Cash and bank Balances	5,209	2,758	2451	89
Total current assets	15,017	12,337	2680	22
Total Assets	23,383	20,752	2631	13

Description	Sep 2020	Dec 2019	Variance	
	<i>Rupees in Millions</i>			%
Share capital and reserves				
Issued, subscribed and paid-up capital	979	979	-	-
Reserves – Capital	736	649	87	13
Reserves – Revenue	12,646	11,744	902	8
Total share capital and reserves	14,361	13,372	989	7
Deferred taxation	287	239	48	20
Long-term lease liabilities	381	298	83	28
Trade and other payables	8,193	6,711	1,482	22
Unclaimed dividend	58	49	9	18
Current maturity of lease liabilities	103	83	20	24
Total liabilities	9,022	7,380	1,642	22
Total Equity and Liabilities	23,383	20,752	2,631	13

Q & A

Thank you