



PHILIP MORRIS  
(PAKISTAN) LIMITED



پاکستان

# CORPORATE ANALYST BRIEFING SESSION

December 22<sup>nd</sup>, 2022

## AGENDA

### CORPORATE ANALYST BRIEFING SESSION

Economic Environment

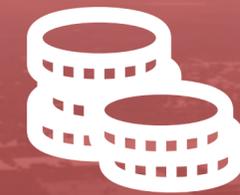
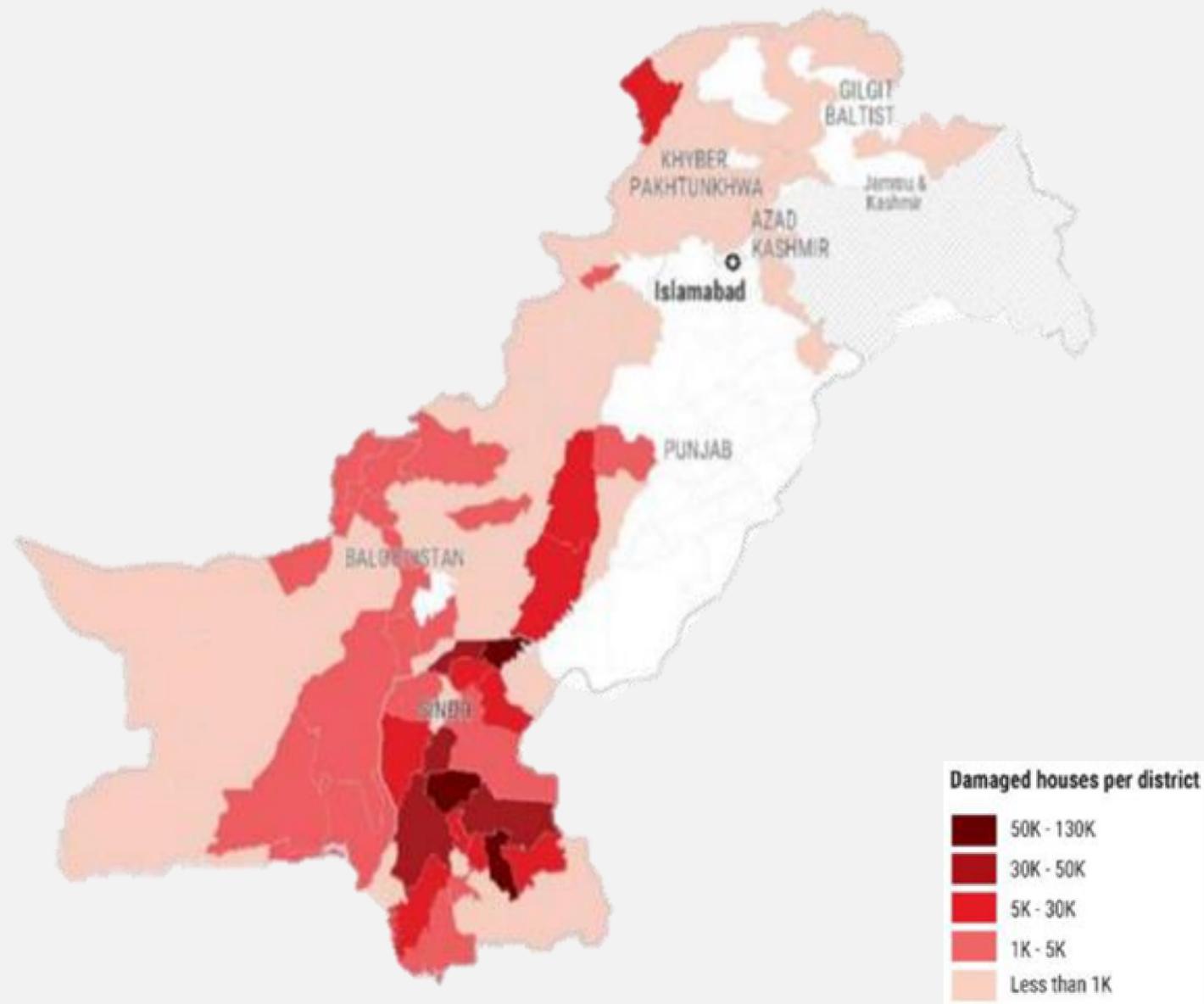
Excise & Price changes

Financial Performance 9M' 2022

Sustainability at PMPKL

# Floods – Impact to the Economy

## Majorly Impacted Areas



**>\$30<sub>bio</sub>**  
Economic Losses



**65%**  
of country's food  
basket affected

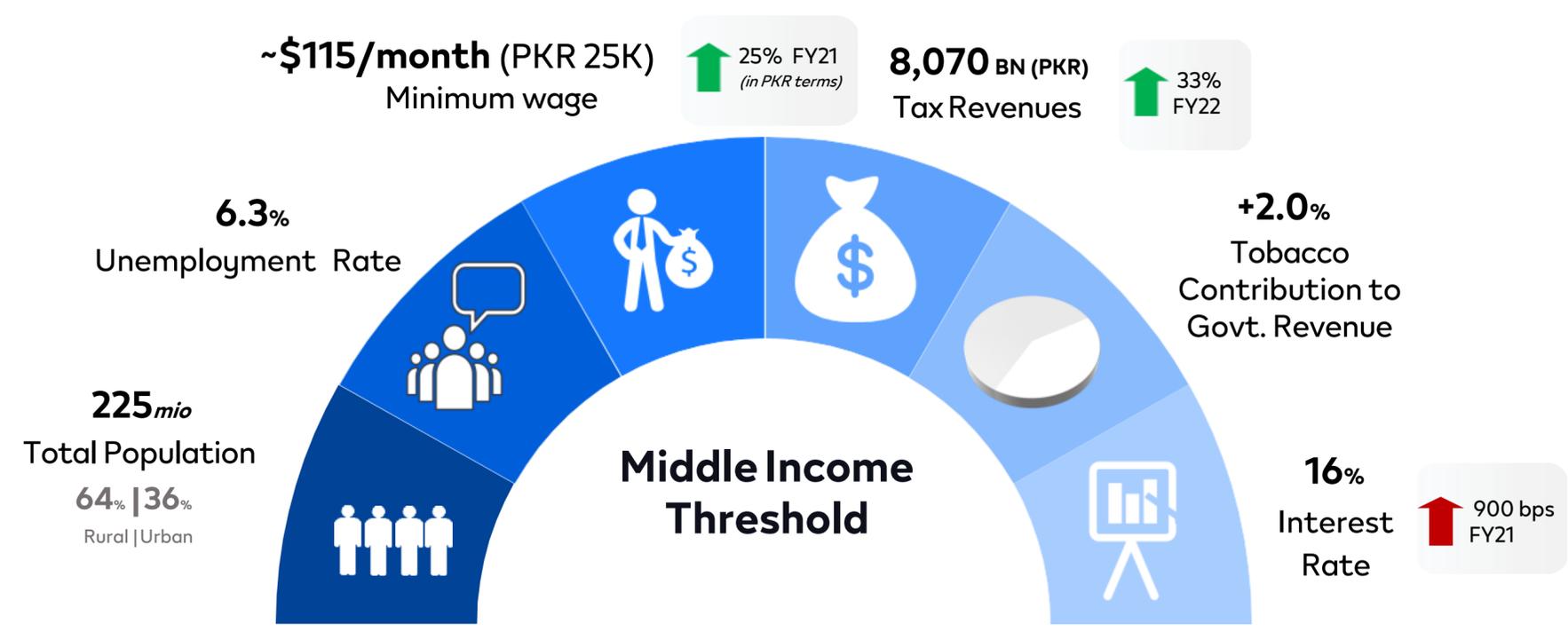


**33mio**  
People affected

## Impact on the Economy

- Domestic supply chain constrains
- Increased inflationary pressures
- Unemployment

# Macro Environment



## GDP OUTLOOK

**2.0%**  
vs 6.0% in FY22

## LOANS

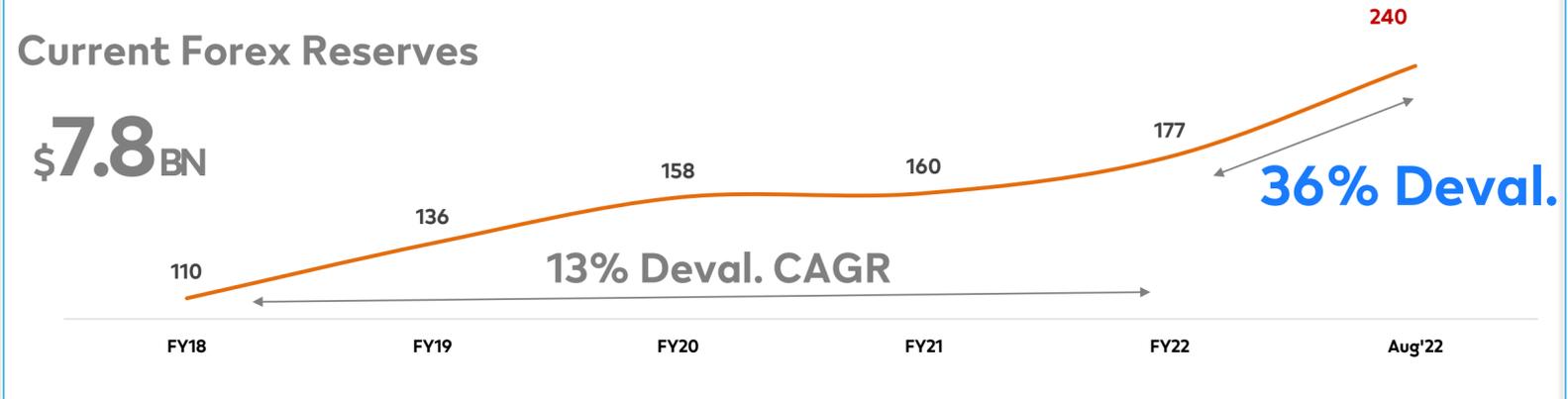
- \$1.2 bio IMF Tranche
- \$2.3 bio Chinese loan
- \$3 bio Saudi rollover loan  
*Temporary relief*

## PAKISTAN'S OUTLOOK

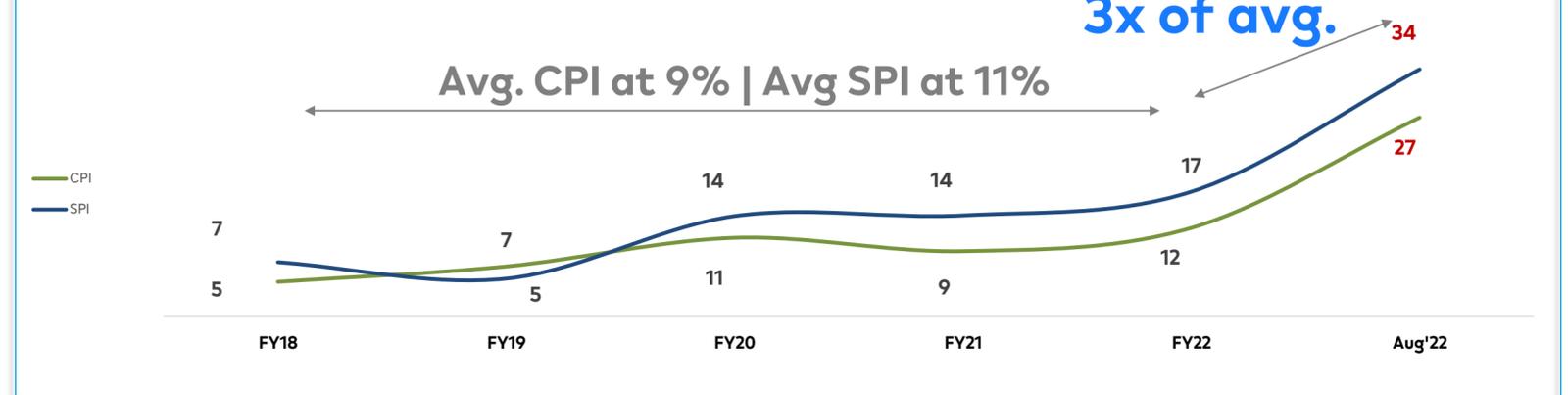
Ratings changed from **'STABLE'** to **'NEGATIVE'**

- Moody's, Finch, and S&P

## Forex Rate (\$)



## Inflation (%)



Price Chng. vs PY

% of Total Cons. (PBS)

<p><b>FOOD &amp; BEV.</b> <b>+29.5%</b></p>	<p><b>HOUSING &amp; UTILITIES</b> <b>+27.6%</b></p>	<p><b>CLOTHING &amp; FOOTWEAR</b> <b>+17.6%</b></p>	<p><b>TRANSPORT</b> <b>+63.1%</b></p>	<p><b>TOBACCO</b> <b>+37.7%</b></p>
<b>35%</b>	<b>24%</b>	<b>9%</b>	<b>6%</b>	<b>1%</b>

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# Excise & Price changes

**Annual Budget Excise (PKR/pack)**  
 Premium: + PKR 14  
 Value: +PKR 4

**Mini Budget Excise (PKR/pack)**  
 Premium: +PKR 12  
 Value: +PKR 4

Street Prices (PKR/pack)

PREMIUM

VALUE

## Mar'22

## Apr/May'22

## Jun/Jul'22

## Aug'22

PKR 243

PKR 213

PKR 193

PKR 173 

**Crossover Price: PKR 139.5**

PKR 107

PKR 100

PKR 97

PKR 92/94 

PKR 90 

PKR 87   

PKR 77 

PKR 72

PKR 65 

**Min. Legal Price: PKR 62.8**

**Non – Tax Paid products above + 300**

PKR 193 

**+ PKR 20**

**Crossover Price: PKR 139.5**

PKR 92/94  

PKR 90 

PKR 87   

**+ PKR 10**

PKR 77 

**Min. Legal Price: PKR 62.8**

**Many Non-Tax paid brands below the minimum price**

PKR 213 

**+ PKR 20**

**Crossover Price: PKR 155.8**

**+ PKR 10**





**Min. Legal Price: PKR 70.1**



**+ PKR 30**

**Crossover Price: PKR 155.8**

**+ PKR 10**



**+ PKR 10**



**Min. Legal Price: PKR 70.1**

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Brand-board & Price movement

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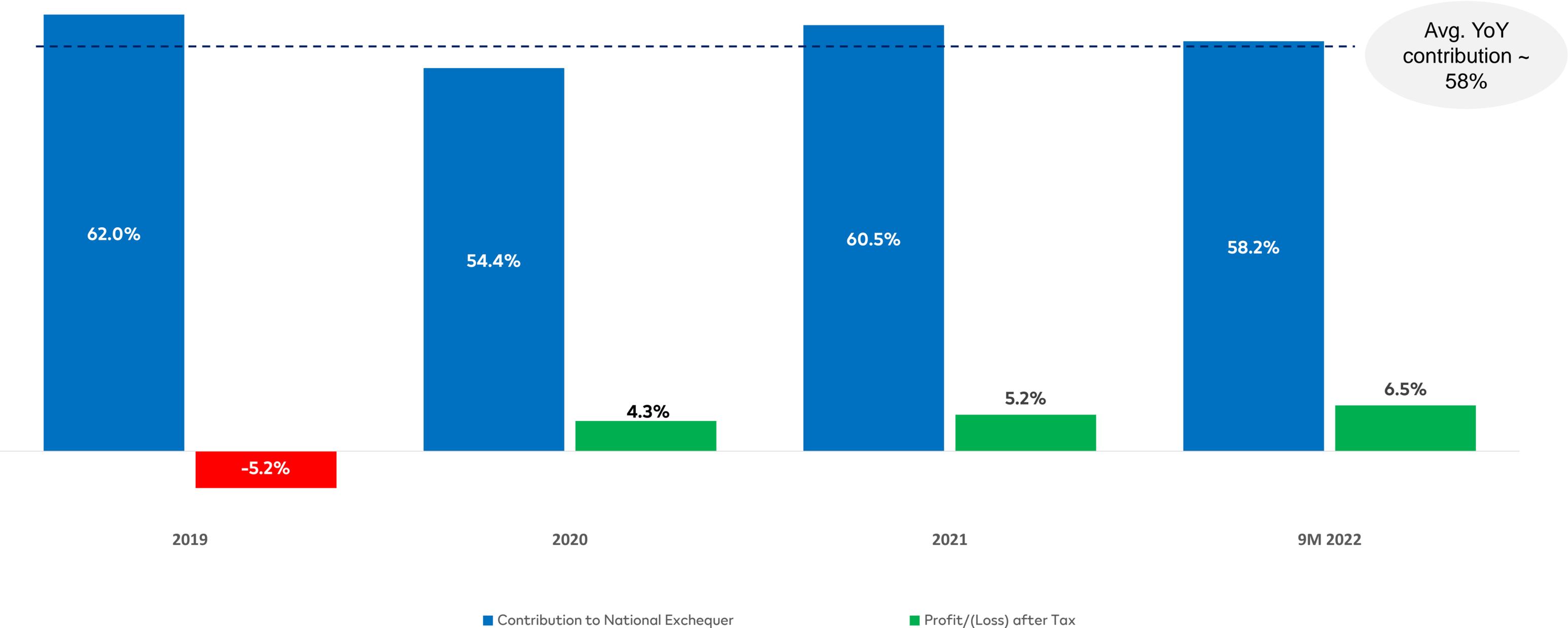
Q&A

# Financials 9 months ended September 2022

	Jan – Sep 2022	Jan – Sep 2021	+/-	% var.	Key Ratios % of Revenue	%
PKR in Millions						
<b>Net Turnover</b>	<b>14,966</b>	<b>12,789</b>	<b>2,177</b>	<b>17%</b>		
Cost of Sales	8,088	6,699	1,389	21%		
<b>Gross Profit</b>	<b>6,878</b>	<b>6,090</b>	<b>788</b>	<b>13%</b>	<b>Gross Margin</b>	<b>46%</b>
Dist. & Marketing Expenses	2,113	2,043	70	3%		14%
Admin Expenses	1,018	1,103	-85	-8%		7%
Other Expenses	755	380	375	99%		5%
Other Income	-1,015	-562	453	81%		
<b>Operating Profit</b>	<b>4,007</b>	<b>3,126</b>	<b>881</b>	<b>28%</b>	<b>Operating Margin</b>	<b>27%</b>
Finance Cost	50	49	1	2%		
<b>Profit Before Tax</b>	<b>3,958</b>	<b>3,077</b>	<b>881</b>	<b>29%</b>		
Taxation Charge	1,582	1,006	576	57%		
<b>Profit After Tax</b>	<b>2,376</b>	<b>2,071</b>	<b>305</b>	<b>15%</b>	<b>Net Margin</b>	<b>16%</b>

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

## % of Gross Turnover



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## Green Energy Generation

Installation of solar panels for the generation of green electricity in its factories led to **41%** energy reduction compared with the 2018 baseline.

## Conversion of boiler fuel

Conversion of boiler fuel for its Green Leaf Threshing Plant's operation from furnace oil to Liquefied Petroleum Gas (LPG) which is expected to reduce CO2 emissions by **30%** which translates into a reduction of **2200 tons** of carbon emissions in the next five years



## Make Your Come Back 2.0

The second 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

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

## 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 **470 Stringing machines in 2022** to farmers.



## World Clean-up Day-Anti-littering Campaign

To play its part in building a sustainable world this World Cleanup Day, Philip Morris (Pakistan) Limited (PMPKL), in collaboration with Pak Mission Society (PMS), a humanitarian and development organization, conducted awareness sessions, an anti-littering drive, and tree plantation drive in Sahiwal.



During the cleanup drive, **over 90 KG** of trash was collected from the litter hotspot which was then sent ahead for proper disposal. To help restore and rejuvenate the surrounding environment, more than **100 trees** were also planted in the vicinity. Coming out in support of the cause, **more than 250 volunteers** were mobilized who actively participated in the anti-littering drive. During the awareness sessions, **around 400 people** were engaged.

## Recycling Facility in Islamabad

Philip Morris (Pakistan) Limited in collaboration with Pak Mission Society set up a Haryali and Khushali Hub in Islamabad.

Under the initiative, recycling of paper, plastic, organic, waste, and upcycling of clothes will be done in a way to make it marketable for sustaining the venture. The initiative aims to address the issues of Littering and Waste management.

The initiative will aim to provide awareness around waste management to 1000 households and will also provide livelihoods to 25 people by training them on recycling of waste. 50 women will also be trained on Household and community-level composting kitchen gardening, organic vegetation, and tree-plantation





**Thank You**