



PHILIP MORRIS
(PAKISTAN) LIMITED

CORPORATE ANALYST BRIEFING SESSION

DECEMBER 2nd, 2021

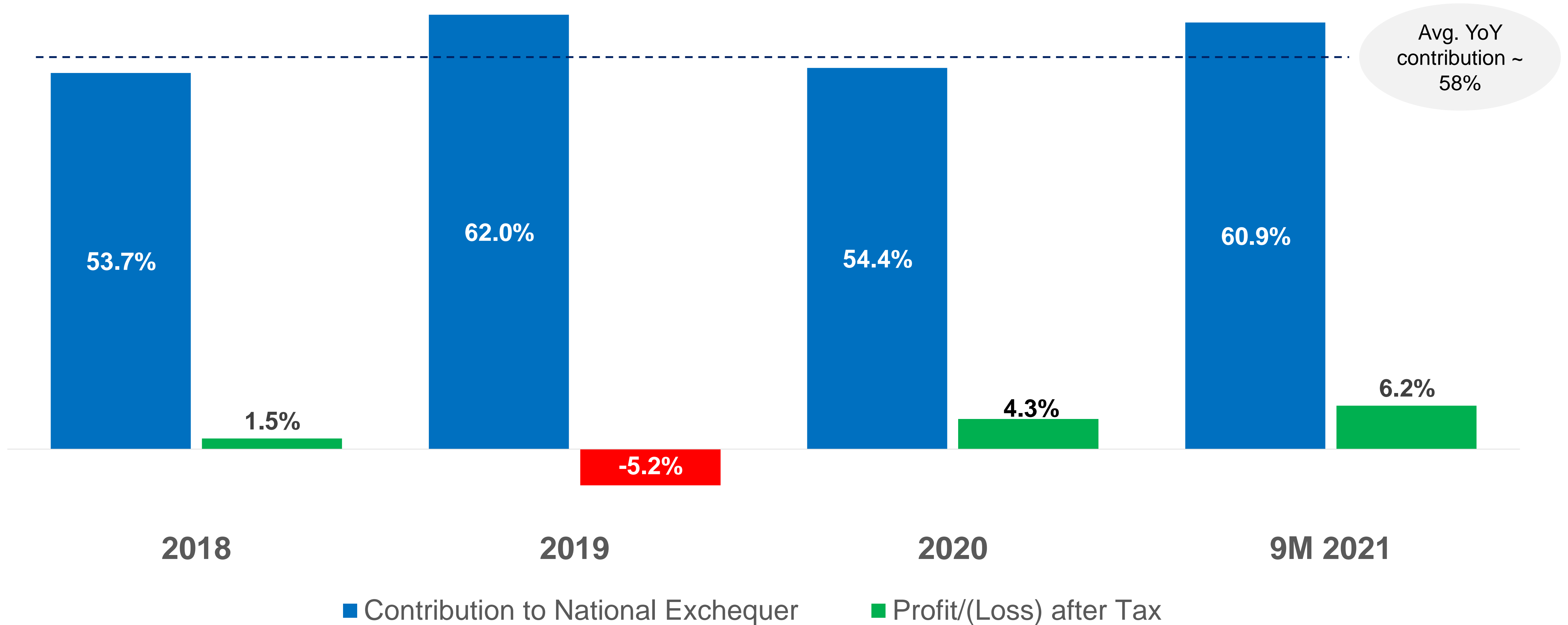
- Financial 9 months ended September 2021
- PMPKL Contribution to National Exchequer
- Tobacco Exports
- Illicit Prevalence
- Sustainability at PMPKL
- Q&A

Financial 9 months ended September 2021

	Jan – Sep 2021	Jan – Sep 2020	+/-	% var.	Key Ratios	%
PKR in Millions						
Net Turnover	12,789	11,898	891	7%		
Cost of Sales	6,699	6,688	11	0%		
Gross Profit	6,090	5,211	879	17%	Gross Margin	48%
Dist. & Marketing Expenses	2,043	1,481	562	38%		16%
Admin Expenses	1,103	1,126	-23	-2%	Expenses as % of Revenue	9%
Other Expenses	380	362	18	5%		3%
Other Income	-562	-283	279	99%		
Operating Profit	3,126	2,524	602	24%	Operating Margin	24%
Finance Cost	49	67	-18	-27%		
Profit Before Tax	3,077	2,457	620	25%		
Taxation Charge	1,006	629	377	60%		
Profit After Tax	2,071	1,828	243	13%	Net Margin	16%

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

% of Gross Turnover



Exports for the period 2017 - 2020

Volume (million KG)

20.0



Revenue (PKR bio)

7.0

*\$40 mio



Illicit prevalence

37% - 40%

ILLICIT

SHARE OF MARKET

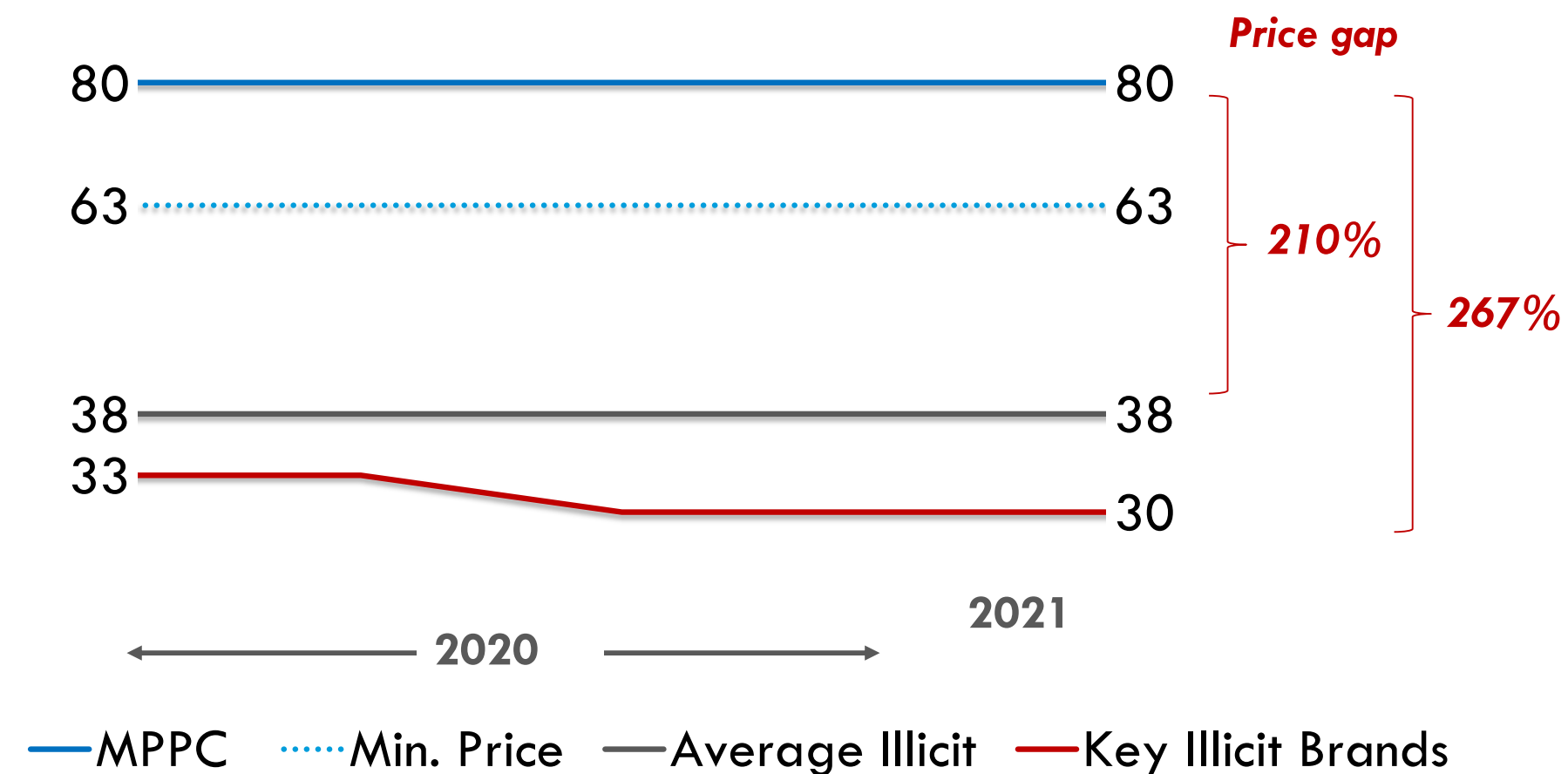
50+

MANUFACTURERS

200+

BRANDS

Domestic Discounted Brands - Price Evolution



~PKR 77 bio

LOSS TO EXCHEQUER

MARCH 2020

***NEW CTAG REGULATIONS**

* Committee for Tobacco Advertisement Guidelines

REGULATORY VIOLATIONS

1

Leading Domestic Discounted Brand

Pack price reduction to estimated street price* of **PKR 30/pack** from **~ 40/pack** with in market communication through poster despite prohibition under tobacco advertisement guidelines

2

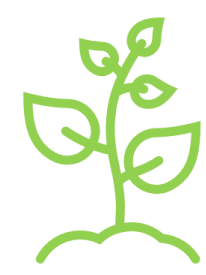
Branded visual deployment by local tobacco manufacturers despite prohibition imposed under law

3

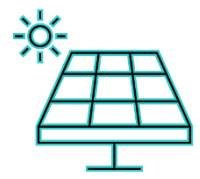
BRAND INNOVATIONS

Some Leading Domestic Discounted brands have introduced Pack Format with **25 sticks / pack**
*Est. street price: **PKR 30-40/pack**
(minimum retail price **PKR 63/pack**)

Sustainability at PMPKL



Protecting the Environment



Green Energy Generation and Energy Efficiency



Installation of solar panels for generation of green electricity in 2016 in its factories leading to double solar electricity generation in last two years



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

41% energy reduction compared with 2018 baseline due to energy saving initiatives such as optimization of manufacturing footprint, equipment upgradations & reduction in energy consumption of all utilities system



Sustainable Fuelwood and Crop Diversification

100% of PMPKL's contracted farmers utilize wood from sustainable & fully traceable sources as the entire 36.5 Million KG wood used by its contracted farmers come from fully sustainable & traceable forests. This effort has been validated by a globally renowned auditing firm, PricewaterhouseCoopers.



Efforts have been made for crop sustainability for PMPKL's contracted farmers by increasing their living income through cultivation of alternative and non-traditional crops through initiatives like Kitchen gardening and Mushroom production

Protecting the Environment



#MissionCleanerPakistan- Anti-littering Campaign



We have launched #MissionCleanerPakistan across all major cities of Pakistan and are carrying out anti-littering drives, awareness sessions and placing waste disposal bins across major cities in all four provinces. All the collected waste is being recycled in a sustainable manner through our recycling partners and communities are being engaged

We have till now engaged **more than 1100 volunteers** and collected **more than 1600 KGs** of trash across Pakistan and counting



On 19th September 2021, PMPKL conducted a beach cleanup drive as #MissionCleanerPakistan at Seaview Beach, Karachi in collaboration with Seed Ventures under strict COVID-19 measures. We had more **than 200 volunteers** from all over Karachi and collected **653 KGs** of trash which was then recycled with our recycling partners, and we are using the non-recyclable trash to create an art piece to create awareness about the impact of our littering



Innovating For A Sustainable Future



Social Technology and Entrepreneurship Program (STEP)

We partnered with SEED ventures to launch a social innovation challenge in Pakistan. The focus of this challenge was to identify, mentor and develop social start-ups and entrepreneurs that are using technology to deliver social interventions to alleviate socio-economic issues with a focus on eco-friendly and sustainable solutions

We engaged with **40** start-ups

The Top-3 Finalists

The three finalists received USD 10,000 each and continued mentorship to enable them to learn and grow

Greenovation

Greenovation is Pakistan's first plastic waste to energy company. They process plastic waste into liquified petroleum gas, and as a result they are not only targeting waste management but are also helping supplement the country's demand for energy.

As plastic waste is now a global issue, Greenovation is doing its part in giving an added push to sustainable ways of utilizing non-recyclable waste.

"Our experience within the Social Technology Entrepreneurship Program was amazing, especially the connection to mentors. We were guided like a company and not just a start-up. The mentors continually helped us achieve our goals every step of the way. Saad - Co-founder at Greenovation"

Saad
Co-founder at
Greenovation

"The young entrepreneurs of Pakistan have always had brilliant ideas to solve the problems of our society but are, unfortunately, unable to showcase their talent due to lack of opportunity. However, it was thoroughly refreshing to see STEP provide a platform for these voices to be heard and foster such exciting solutions. Through interactions with other startups and an expert panel of mentors, we gathered invaluable insights and made meaningful connections! A thoroughly enjoyable journey! Thank you to all those who made it possible!"

Usama Tanzeem
Co-founder at Modulus Tech

Modulus Tech

ModulusTech is a startup that aims to revolutionize the construction sector through the use of prefabricated housing technology that integrates industrialized manufacturing with economical and green building materials.

Their goal is to provide rapidly deployable self-sustaining housing units, which will be used to replace informal settlements and provide disaster relief shelters.

Affordable housing is a human right. Modulus Tech is taking this initiative forward by also making their accommodations not only affordable but also environmentally friendly.



DeafTawk

DeafTawk aims to empower the deaf community across the globe by providing quality sign language services through their digital platform.

Half a billion people in the deaf community are facing barriers in acquiring interpreters, but DeafTawk is bridging this gap through their mobile app which is available 24/7, and in 6 different languages.

"STEP by Seed Ventures is one of the best accelerator programs for social enterprises and impact startups like us. It was a great learning journey for 2 months which provided great insights into the ecosystem, but the strength of this program is the mentoring. Two mentors were assigned to each startup. They not only guided us for future goals and strategies but also helped us to overcome current challenges. Winning this program is the icing on the cake. The recognition we received was overwhelming and is the key which will lead us to develop great linkages with the investors and partners."

Ali Shabbar
Co-founder at DeafTawk



An inclusive society is the only way to lessen gaps in accessibility. DeafTawk is providing a platform to all hearing impaired individuals to be an integral part of society.

Pakistan derives much of its energy from coal. Greenovation is hoping to provide a sustainable solution to resolve much of Pakistan's energy shortfall

Caring For People We Work With



Inclusion and Diversity



PMPKL partnered with Kashf Foundation to train **250 women** by providing them professional training in food catering. This program also focused on assisting these women to develop market linkages and join digital platforms to sell their products which provided these women a means to earn sustainable livelihood.

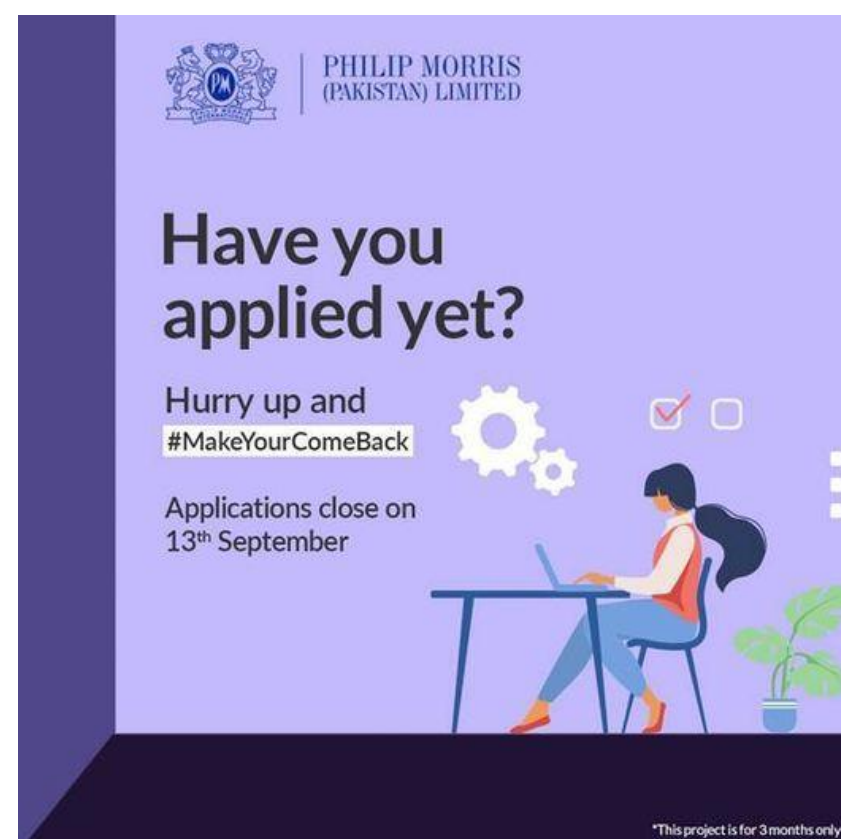


Socioeconomic well-being of tobacco farming communities

PMPKL designed a special program for children aged 6-14 years. Under this program, **around 5000 children** were engaged in 200 Centers set up across Swabi, Charsadda & Mardan with the goal of engaging such children in healthy, playful & educational activities.



700 Children aged 15-17 years were engaged in skills training program with the aim of imparting lifelong skills in young girls & boys which can lead to their financial empowerment. Skills for girls include "Tailoring & Stitching" & "Electrical Work" for Boys



As part of PMPKL's commitment towards inclusion and diversity, 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. The program is a 3-month extensive opportunity to help successful female applicants hone and polish their functional skills as well as providing relevant training and coaching.

Q&A Session

THANK YOU