



CORPORATE BRIEFING SESSION YEAR ENDED 2021

CBS Date: 7th April 2022

Pattern of Shareholding

| | |
|---|-------|
| AitkenStuart Pakistan (Pvt.) Limited | 55.8% |
| Muller & Phipps (Pakistan) (Pvt.) Limited | 13.5% |
| Baltoro Growth Fund | 9.6% |
| Aspin Pharma (Pvt.) Limited | 4.8% |
| Others | 16.3% |

Entity Rating



Entity Rating:
Long-Term : **A+**
Short-Term : **A1**
Outlook : **Stable**

“The ratings reflect AGP's established market position and long track record in the pharmaceutical industry. AGP's core profitability is strong and sustained over the periods in comparison with most of the peers. Ratings incorporate AGP's sizeable cash flows and their adequacy to service the debt. Consequently, debt servicing ratios and interest coverages showed improvement. AGP has planned its future diversification by expanding its plant facilities in Nutraceutical products, which is adding an additional flavor towards existing products range. Going forward AGP is also expected to receive benefits with new acquisition of a reputable brand, which will enable the Company to increase its product range and improved volumes.”

Extract from PACRA's Rating Report Oct-2021

Shariah Compliance



Meezan Bank Limited have reviewed the accounts of AGP and found them to be in compliance with Karachi Meezan Islamic Index – 30 Criteria set out by Pakistan Stock Exchange

Board of Directors

| | |
|--------------------------|--------------------------|
| Mr. Tariq Moinuddin Khan | Chairman |
| Ms. Nusrat Munshi | CEO & Managing Director |
| Mr. Naved Abid Khan | Independent Director |
| Mr. Zafar Iqbal Sobani | Independent Director |
| Mr. Kamran Nishat | Non - Executive Director |
| Mr. Mahmud Yar Hiraj | Non - Executive Director |
| Mr. M. Kamran Mirza | Non - Executive Director |

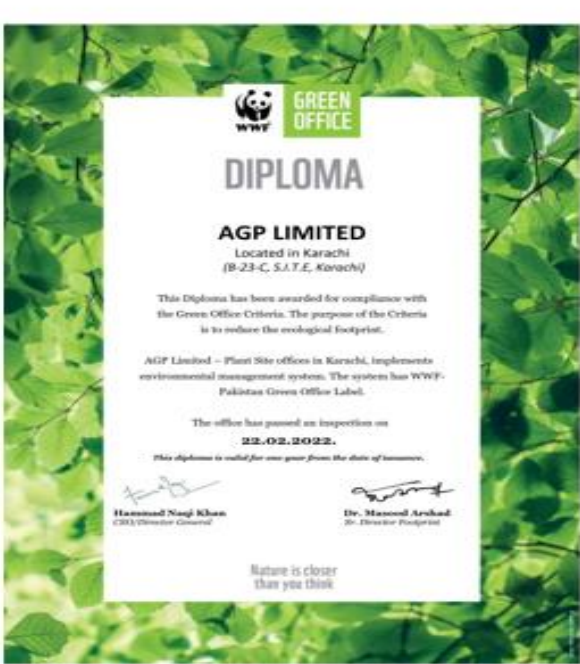
KEY HIGHLIGHTS NON-FINANCIAL MILESTONES DURING 2021



Won 6 Global Diversity & Inclusivity Benchmarks (GDIB) Awards in the category of Best Practices and Progressive Awards.



Achieved 2nd Position within the pharmaceutical sector in BCR Awards 2020 competition conducted jointly by ICAP and ICMAP



2nd Pharmaceutical in the industry to obtained Green Office Certificate from WWF.



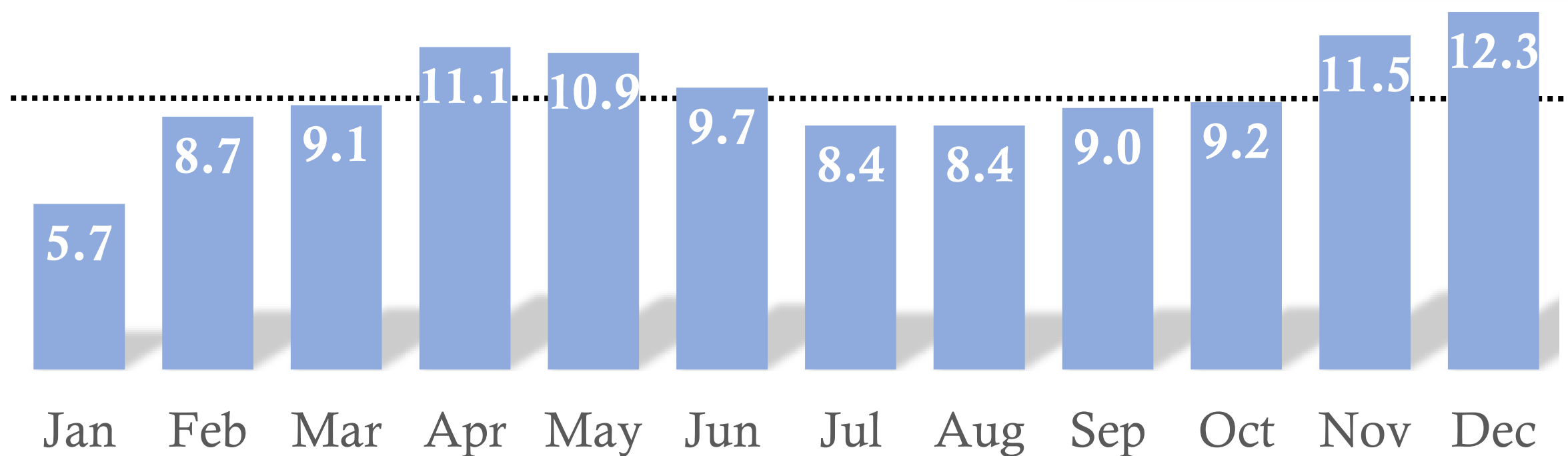
Amongst top 20 pharma companies in export sector and recognized at the first-ever “Pharma Export Summit and Awards 2021” held by the PPMA

ECONOMIC INDICATORS JAN-DEC 2021 Vs 2020

CPI Inflation % (YoY) 2021

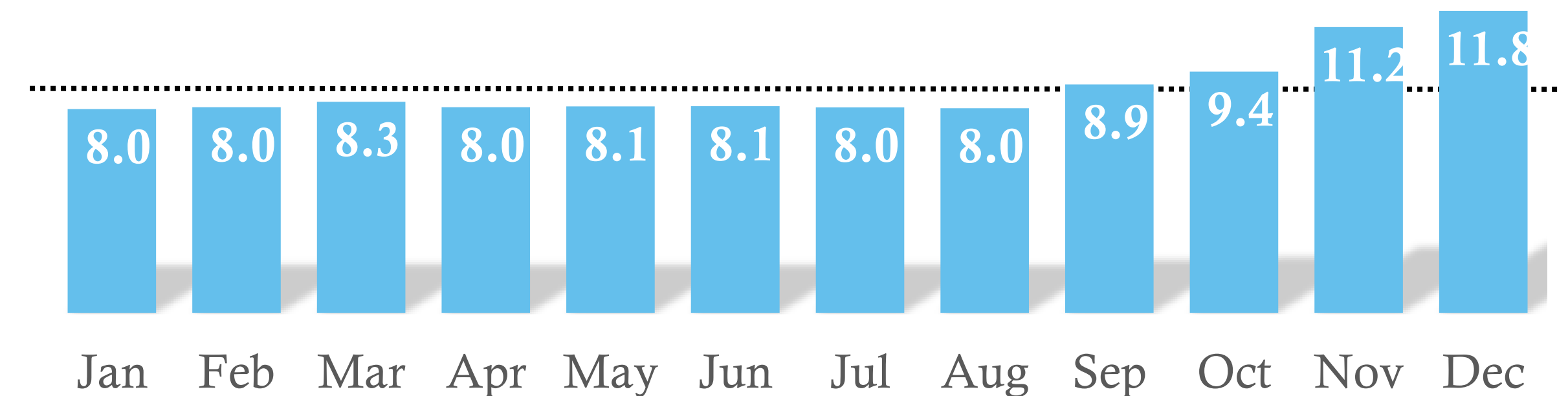
12M Avg 2021: 9.5
12M Avg 2020: 9.5

The economy witnessed adverse trend at the end of the year



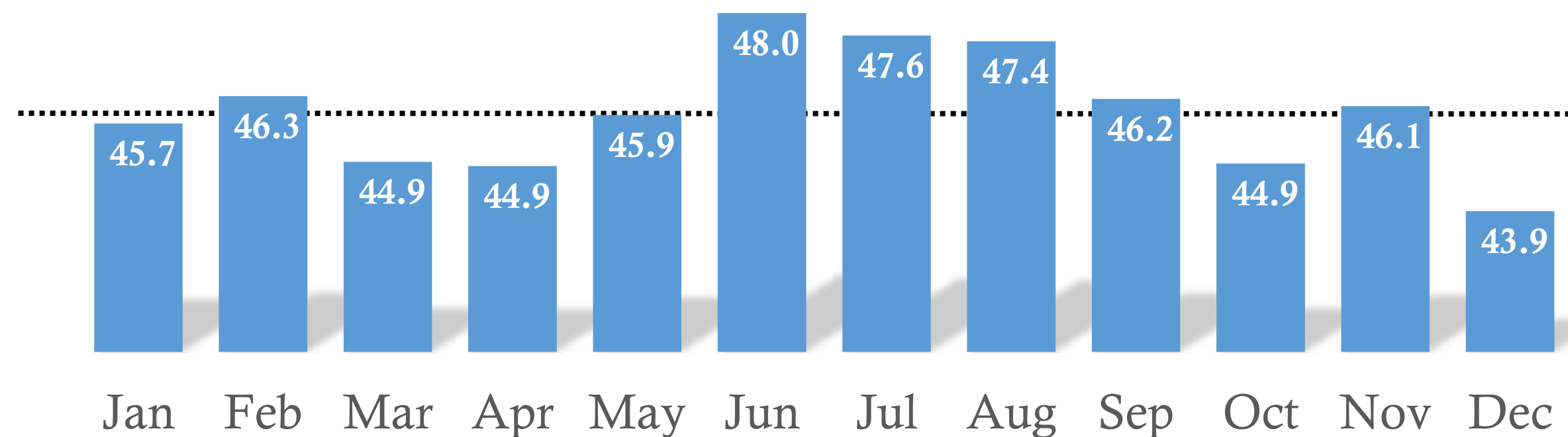
KIBOR % (Month end - 1 Year Rate)

12M Avg 2021: 8.8
12MAvg 2020: 8.9



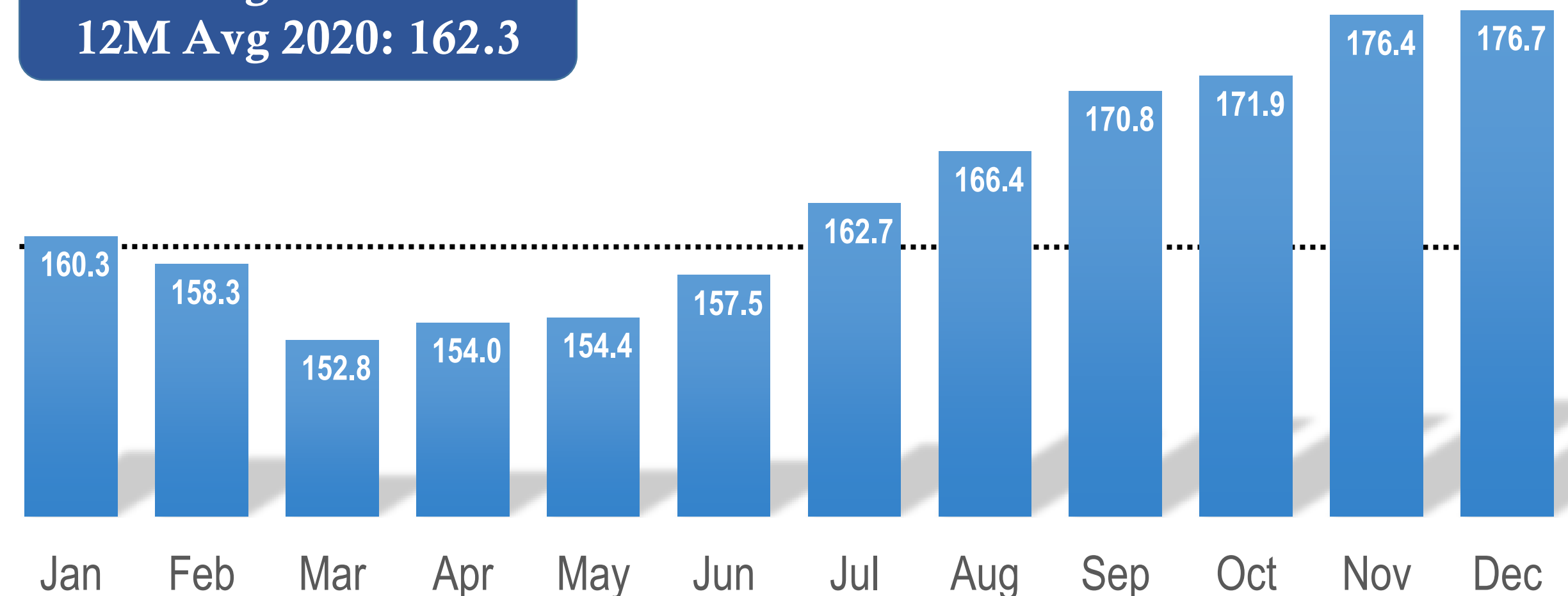
KSE-100 (Monthly average)

12M Avg 2021: 46.0
12M Avg 2020: 38.2



Exchange rates (Month end average)

12M Avg 2021: 163.4
12M Avg 2020: 162.3



- MAT industry growth is mainly driven by molecules used for COVID-19 management, chronic ailments treatment and infant milk;
- Top 10 molecules including Colecalciferol, Azithromycin, Mecobalamin, Paracetamol, Infant Milk GOLY > 22.5% constitute ~ PKR 114 Billion, 18.5% of industry.

| IQVIA MAT DEC 2021 | INDUSTRY |
|--------------------|----------|
| VALUE (PKR in Bn) | 615.5 |
| VALUE GOLY (%) | 22.5 |
| VALUE 5Y CAGR (%) | 15.6 |
| UNIT GOLY (%) | 12.0 |

RANKING IN TERMS OF REVENUE

Standalone AGP
stands at
23rd Position

Consolidated
AGP [AGP +
OBS-AGP]
stands at
15^h Position

OBS as a group
stands at
10th Position

FINANCIAL RESULTS FOR THE YEAR ENDED 2021

| ALL NUMBERS ARE IN MILLION EXCEPT FOR EARNING PER SHARE | | | |
|---|----------------------------|----------|---------|
| PARTICULARS | [----- CONSOLIDATED -----] | | |
| | Dec 2021 | Dec 2020 | Inc % |
| Net Sales | 9,317 | 6,946 | 34.1 |
| Cost of Sales | (4,262) | (3,086) | 38.1 |
| Gross Profit | 5,055 | 3,861 | 30.9 |
| <i>GPM</i> | 54.25% | 55.58% | (2.39) |
| Net Profit | 1,846 | 1,587 | 16.3 |
| <i>NPM</i> | 19.81% | 22.85% | (13.30) |
| Owners of the Parent Company | 1,747 | 1,587 | 10.1 |
| Earnings per Share | Rs. 6.24 | Rs. 5.67 | |



Domestic Sales showed encouraging growth of 14.8% with Rigix, Osnate, Spasler P, Urso and Navidoxine being the main growth drivers

Rigix and Osnate remained top performing brands, each recording revenue > PKR 1 Bn [Rigix – PKR 1.6 Bn & Osnate PKR 1.1 Bn]



5 new products are launched, contributing ~ PKR 100 Mn in the topline

Achieved a milestone of crossing PKR 2.2 Bn in Q4, marking as highest ever quarter



Afghan sales remained under pressure and dropped by 22.9% because of border closure and political disruptions

Afghan sales have resumed from end of the year 2021 and progressing with an impressive growth rate with export realization in PKR



Maintained healthy Gross Margins at 55.5% due to favorable sales mix despite FX volatility and inflationary pressures

Posted net profit and earnings per share of PKR 1,565 Mn and PKR 5.59



OBS-AGP BUSINESS UPDATE



Acquired 22 pharma brands from Sandoz AG in July 2021 through 65% owned subsidiary [OBS AGP (Private) Limited]



OBS AGP posted net profit and earnings per share of PKR 282 Million and PKR 28.23 respectively

Achieved annual sales of 1.9 Bn with Gross Profit of 0.9 Bn in 5 months of operations



Field force is strengthened approximately by 84%, numbers are increased from 125 to 231, resulted in increased share of voice



Attain post acquisition average monthly sales of ~PKR 380 Mn vs pre acquisition sales of ~PKR 266 Mn depicting a growth > 40%



Increased number of territories from 34 to 59

Recorded Gross Margins of 49%



Relaunched major products Ospamox, Amoxi-Clav and Clomfrasil

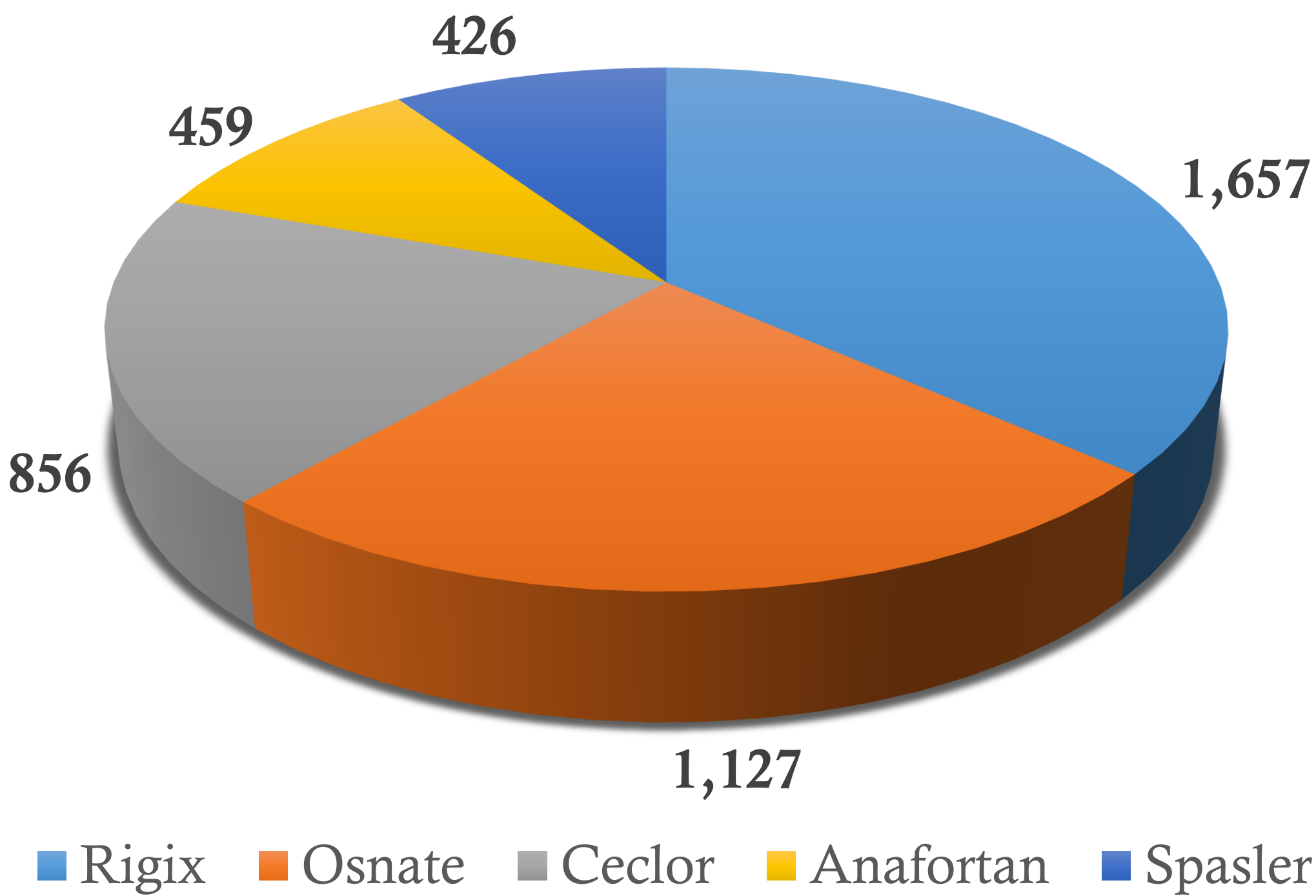


AGP TOP PRODUCTS OVERVIEW - 2021

Launched 5 new products in 2021

Top 5 products contribute 61% to the total sales

TOP PRODUCTS CONTRIBUTION TO SALES (2021)

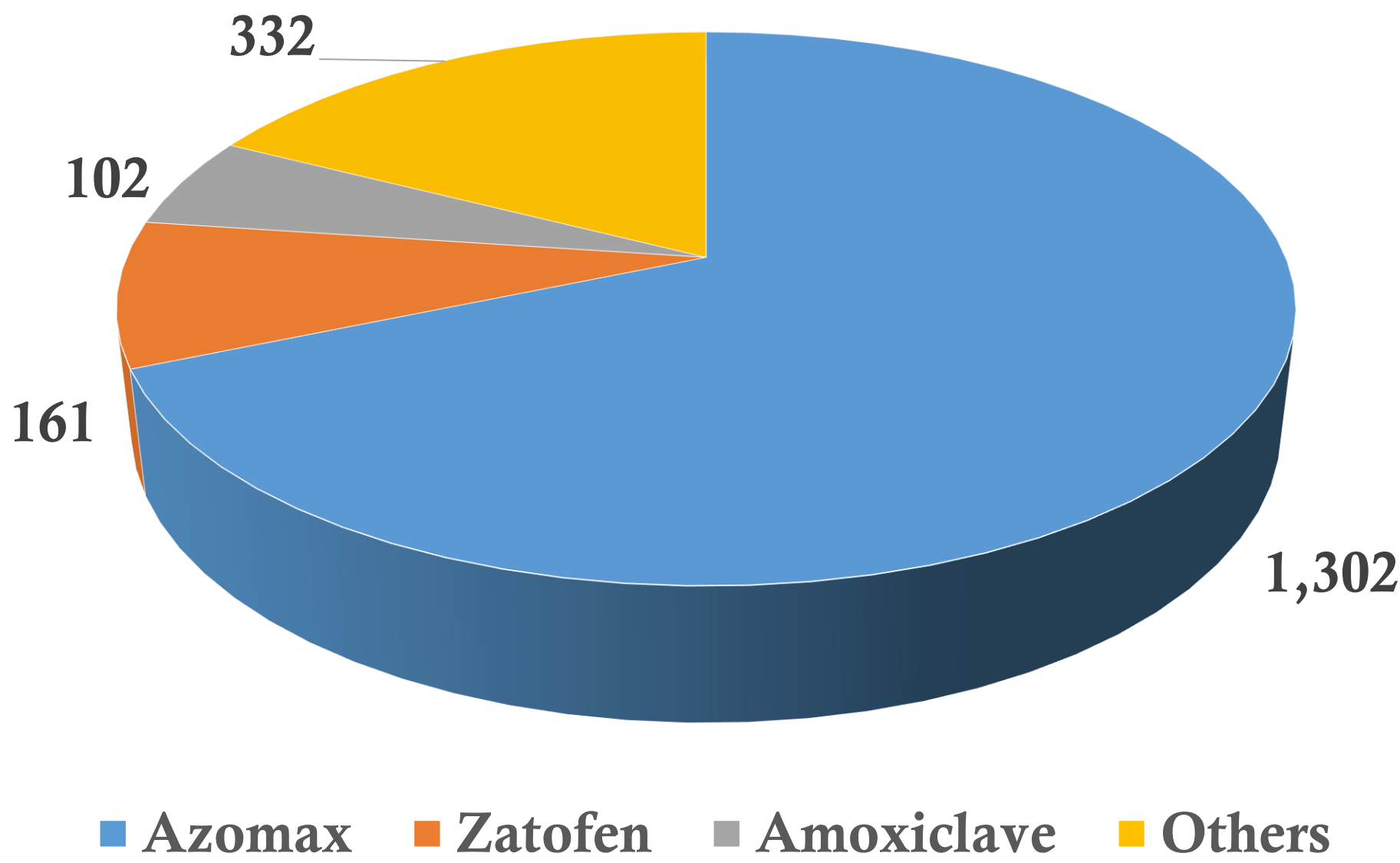


| BRANDS | SALES 2021 (PKR IN MILLION) |
|-----------|--------------------------------|
| Rigix | 1,657 |
| Osnate | 1,127 |
| Ceclor | 856 |
| Anafortan | 459 |
| Spasler | 426 |
| Others | 2,896 |
| Total | 7,420 |

OBS AGP TOP PRODUCTS OVERVIEW - 2021

Top 3 products contributes 83% to the total sales

TOP PRODUCTS CONTRIBUTION TO SALES (2021)



| BRANDS | SALES 2021 (PKR IN MILLION) |
|------------|-----------------------------|
| Azomax | 1,302 |
| Zatofen | 161 |
| Amoxiclave | 102 |
| Others | 332 |
| Total | 1,896 |

OVERVIEW OF FINANCIAL RATIOS

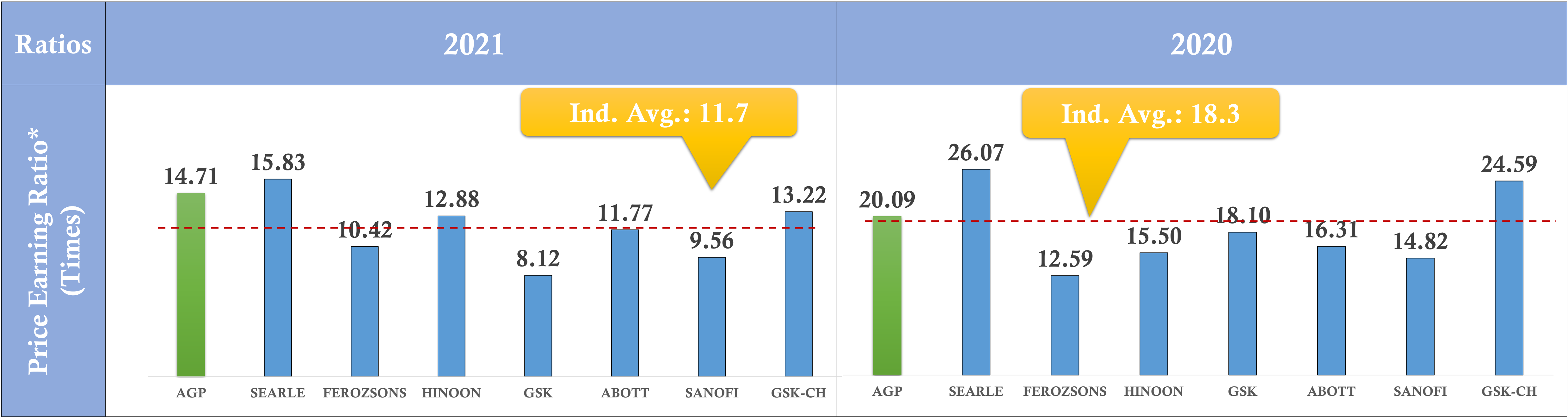


OVERVIEW OF FINANCIAL RATIOS



*December figures have been annualized for Searle, Ferozs... and Macter for a better comparison

OVERVIEW OF FINANCIAL RATIOS



*Dec figures have been annualized for Searle, Ferozsos and Macter for a better comparison



HIGH POTENTIAL PRODUCTS

Continue to drive growth from high potential products with better margins;

Increasing market share and penetrating further in relevant segments



INORGANIC GROWTH

The Company will integrate and capitalize on the recent acquisition of Sandoz brands;

The Company will continue to explore further options for inorganic growth depending on its financial capacity, project feasibility and viability



NEW BUSINESS






Commenced Nutra's commercial operation in Q4 of 2020; Current portfolio have 10 Nutra brands consist of 14 SKUs, out of which 11 SKUs are manufactured in-house.

Focus on robust product pipeline and new therapies;

Over the last 5 years, the Company has launched 26 products including line extensions in different therapeutic classes.

The Company will form strategic alliances with reputed global pharmaceuticals to introduce their products in Pakistan

KEY CHALLENGES FACED BY THE COMPANY

| CHALLENGES | | IMPACT | STRATEGY |
|--|---|--|---|
|  | Adverse exchange rate movement | <ul style="list-style-type: none"> ➤ Major inputs comprise of imports leading to a direct impact on the cost of production ➤ For every 1 PKR depreciation, Consolidated PAT impact would be c. PKR 14 Mn | <ul style="list-style-type: none"> ➤ Would be partially offset with CPI based price increase as per DRAP's pricing policy ➤ In process to possibly change foreign vendor payment base from USD to Yuan. |
|  | Rising freight rates due to container shortages and rising oil prices | <ul style="list-style-type: none"> ➤ Increase in cost of doing business of the Company | <ul style="list-style-type: none"> ➤ Prices are being locked and early orders are placed considering volatility of lead time to avoid shortage of materials / economies of scale ➤ However, in the longer run, the cost of doing business will rise and profitability of the Company will be affected |
|  | Hike in interest rates | <ul style="list-style-type: none"> ➤ For every 1% change, Consolidated PAT impact is 14.5mn | <ul style="list-style-type: none"> ➤ Strong internal cash flows ➤ AGP sukuk will end in June 2022 ➤ OBS AGP sukuk repayments will start from Oct 2022 and end in July 2026 |
|  | Delayed registration approval process | <ul style="list-style-type: none"> ➤ Business gets adversely affected as it takes around 1.5 to 2 years to approve generic products and 2.5 to 3 years for new molecules | <ul style="list-style-type: none"> ➤ Lobbying with association to suitably amend policies and rules in favor of the industry to speed up registration / approval process |
|  | Implementation of Sales tax | <ul style="list-style-type: none"> ➤ Through the Finance (Supplementary) Bill, 2022, import of pharmaceutical raw material will now be subject to 17% sales tax whereby the supply of pharmaceutical goods is now subject to zero rates of sales tax. | <ul style="list-style-type: none"> ➤ As per law, input tax / refund shall be allowed on consumption basis whereas pharma industry is proposing to make the input tax adjustable available on purchase basis ➤ Resultantly, pharma industry would have to face the liquidity burden of holding cashflows in the form of input taxes with FBR |

CONTRIBUTING TO SOCIETY: EDUCATIONAL FUNDING

- Joined hands for a purpose-driven partnership with three (3) of the well-known organizations to provide quality education to under privileged students;
- AGP established a scholarship fund with IBA for underprivileged students;
- AGP made sponsored 300 students in collaboration with SKMF & TCF.



Institute of Business Administration (IBA)

AGP established a scholarship fund with IBA to support students from underserved communities students to sponsor complete bachelors' program



AGP on a mission: Learn Today, Lead Tomorrow!

The Citizens Foundation

AGP adopted a school of 200 students at Jacobabad, Sindh, for the year 2022.



AGP on a mission: Learn Today, Lead Tomorrow!

Sharmeen Khan Memorial Foundation

AGP supported education of 100 students for the entire year 2022 at SKMF's adopted schools (7 schools combined), GBHS Quaideen Campus, Karachi.

THANK YOU

