



ANALYST BRIEFING – QUARTER END SEPTEMBER 2021

Pattern of Shareholding

AitkenStuart Pakistan (Pvt.) Limited	52.98%
Muller & Phipps (Pakistan) (Pvt.) Limited	13.54%
Baltoro Growth Fund	9.57%
Aspin Pharma (Pvt.) Limited	4.79%
Others	19.12%

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

HISTORY OF THE COMPANY



AGP is a 30 year old Company and has grown steadily through manufacturing and marketing of products

AGP was acquired by the OBS group in July 2014



The product portfolio of AGP is a blend of its own range of branded generics and products licensed from principals of international repute. It has exclusive licensing / supply arrangements with foreign partners

AGP has 2 pharmaceutical plants, one is for general medicines with various dosage forms and the 2nd one is Cephalosporin [joint venture with Eli Lilly]



The delivery of AGP's products, across the country, is managed by Muller & Phipps (M&P), one of the largest and state of art pharmaceutical distribution setups in Pakistan

KEY PERFORMANCE HIGHLIGHTS FROM 2016 - 2021



Revenue has increased from PKR 4.2 Billion in 2016 to PKR 6.9 Billion in 2020, showing a revenue CAGR of 13.4%

The Company has launched 18 brands and 9 line extensions in different therapeutic classes



Extended to new therapeutic classes of Hepatology, Oncology, Neuro-Psychiatry, Cardio-Metabolism and Ophthalmology



Acquired 3rd plant and equipped it with state-of-the-art facilities for manufacturing of Nutraceutical products



KEY HIGHLIGHTS DURING 2021 – YEAR TO DATE



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



Achieved 2nd Position within the pharmaceutical sector in BCR Awards 2020 competition conducted jointly by ICAP and ICMAP, elevated from the 3rd position last year



Acquired 22 pharmaceutical brands from Sandoz Business Division on July 29, 2021 through 65% owned subsidiary OBS-AGP



Won 3 Global Diversity & Inclusivity Benchmarks (GDIB) Awards for Recruitment & Development, Benefits and Social Responsibility

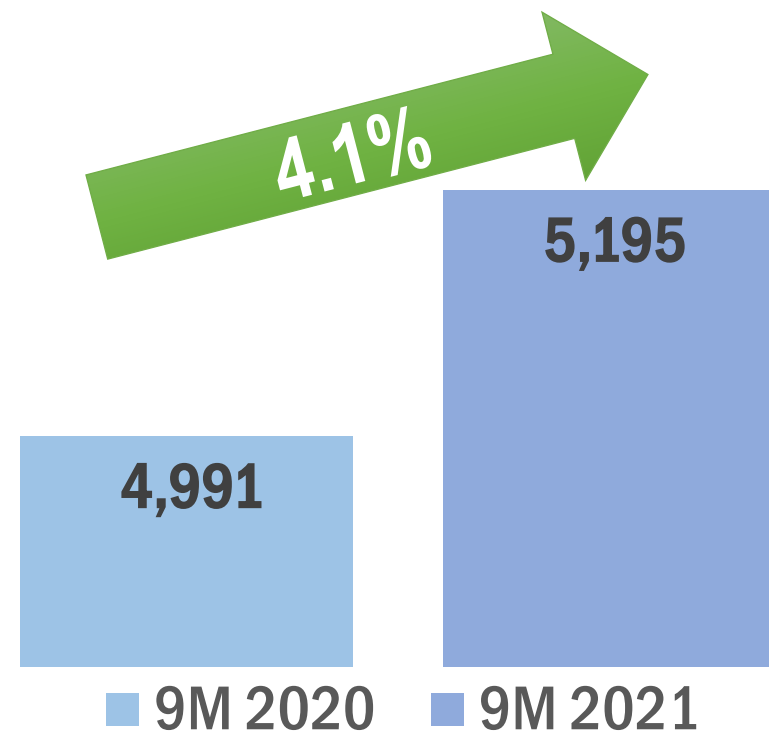
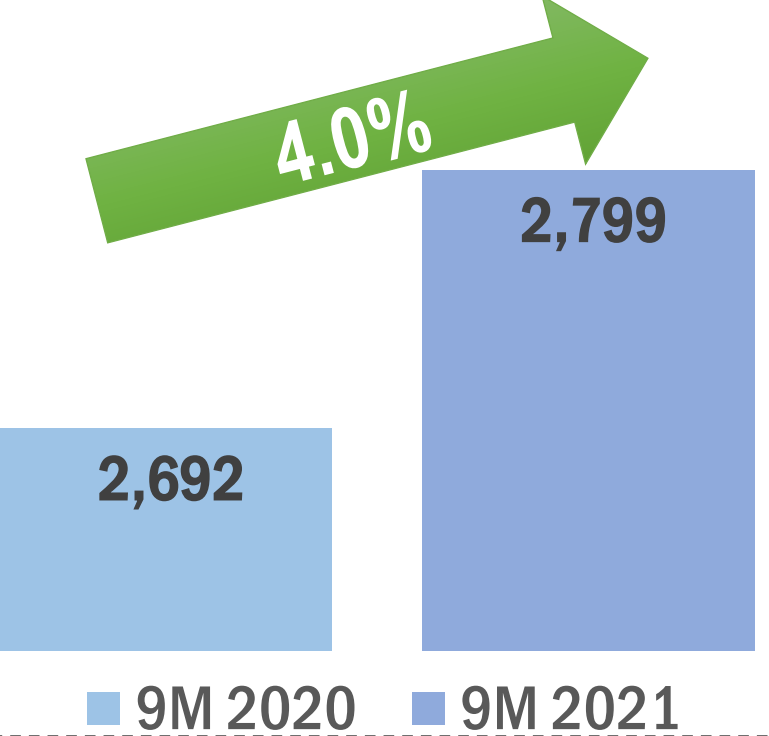
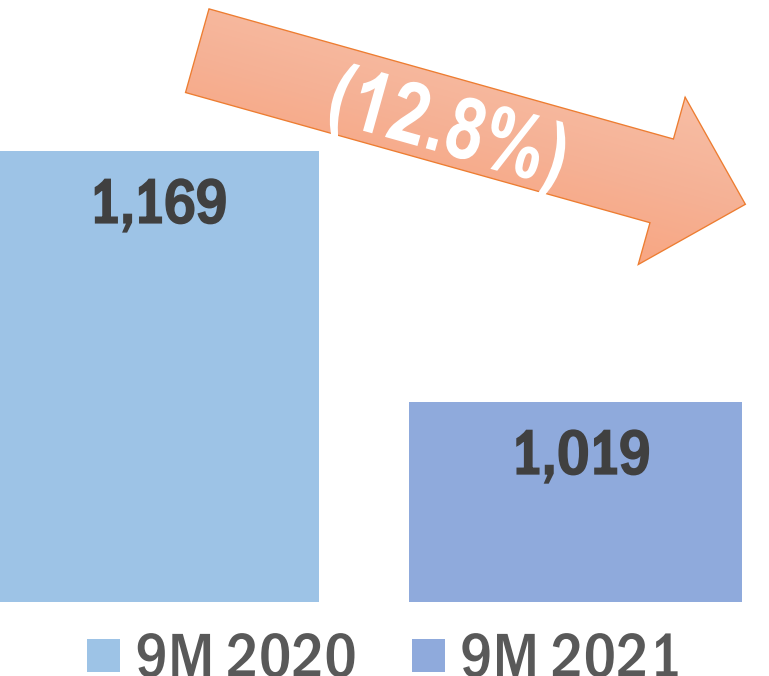
IQVIA MAT (12 MONTHS) AUG 2021	INDUSTRY
VALUE (PKR in Billion)	577
VALUE GOLY (%)	20.7
VALUE 5Y CAGR (%)	14.5
UNIT GOLY (%)	10.3
UNIT 5Y CAGR (%)	5.7

IQVIA AS AT AUG YTD	INDUSTRY
VALUE (PKR in Billion)	393
VALUE GROWTH (%)	23.6
UNIT GROWTH (%)	11.8

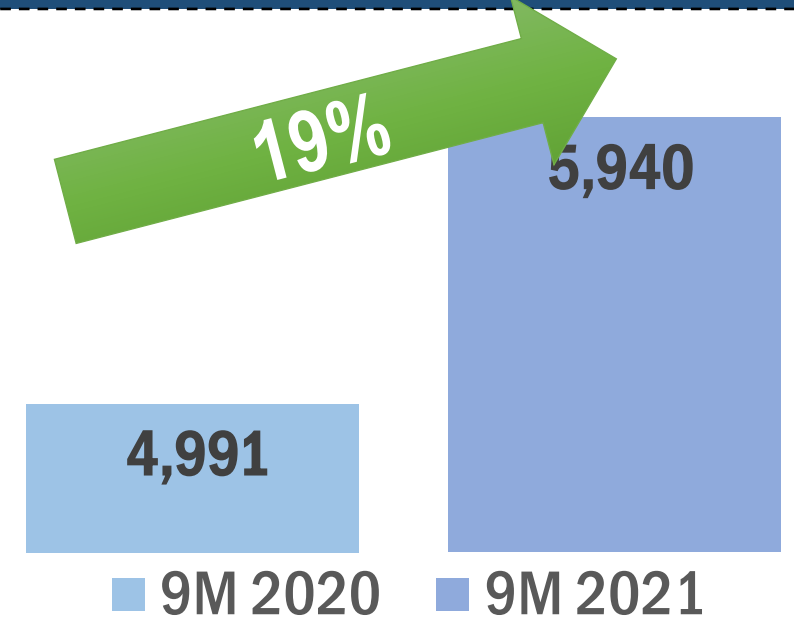
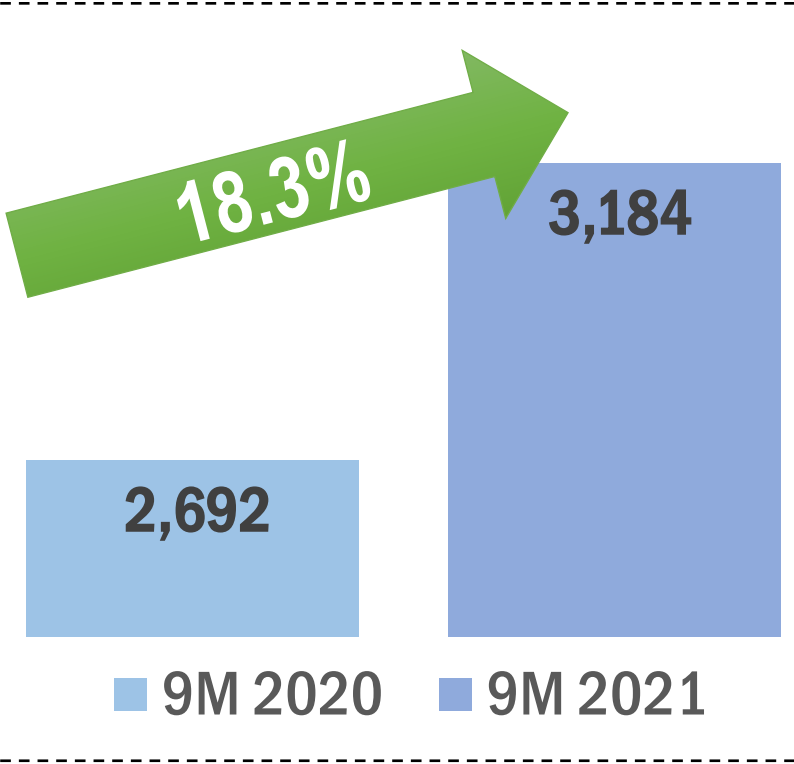
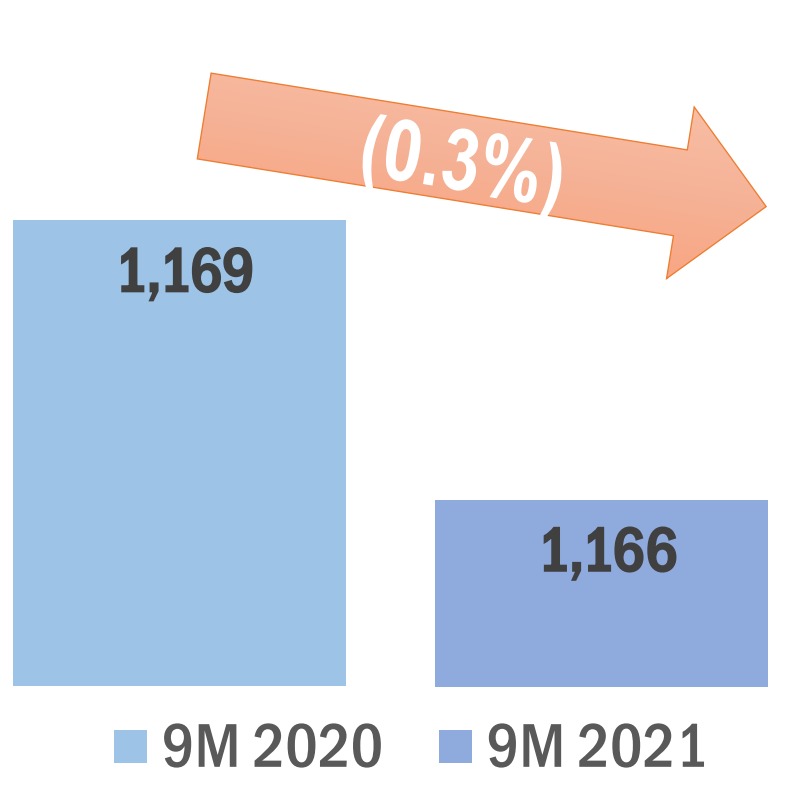
In terms of IQVIA ranking, AGP moved to 19th position post acquisition of Sandoz Portfolio from 25th position

SEPTEMBER 30, 2021 & 2020				
PARTICULARS	CONSOLIDATED			
	Nine Months Ended September 30			
	Units	2021	2020	Variation %
Net Sales	PKR IN MILLION	5,940	4,991	19.0
Gross Profit	PKR IN MILLION	3,184	2,692	18.3
<i>Gross Profit Margin</i>	%	<i>54</i>	<i>54</i>	-
Net Profit	PKR IN MILLION	1,166	1,169	(0.3)
<i>Net Profit Margin %</i>	%	<i>20</i>	<i>23</i>	<i>(3)</i>
Owners of the Parent Company	PKR IN MILLION	1,115	1,169	(4.7)
Earnings per Share	PKR	3.98	4.17	

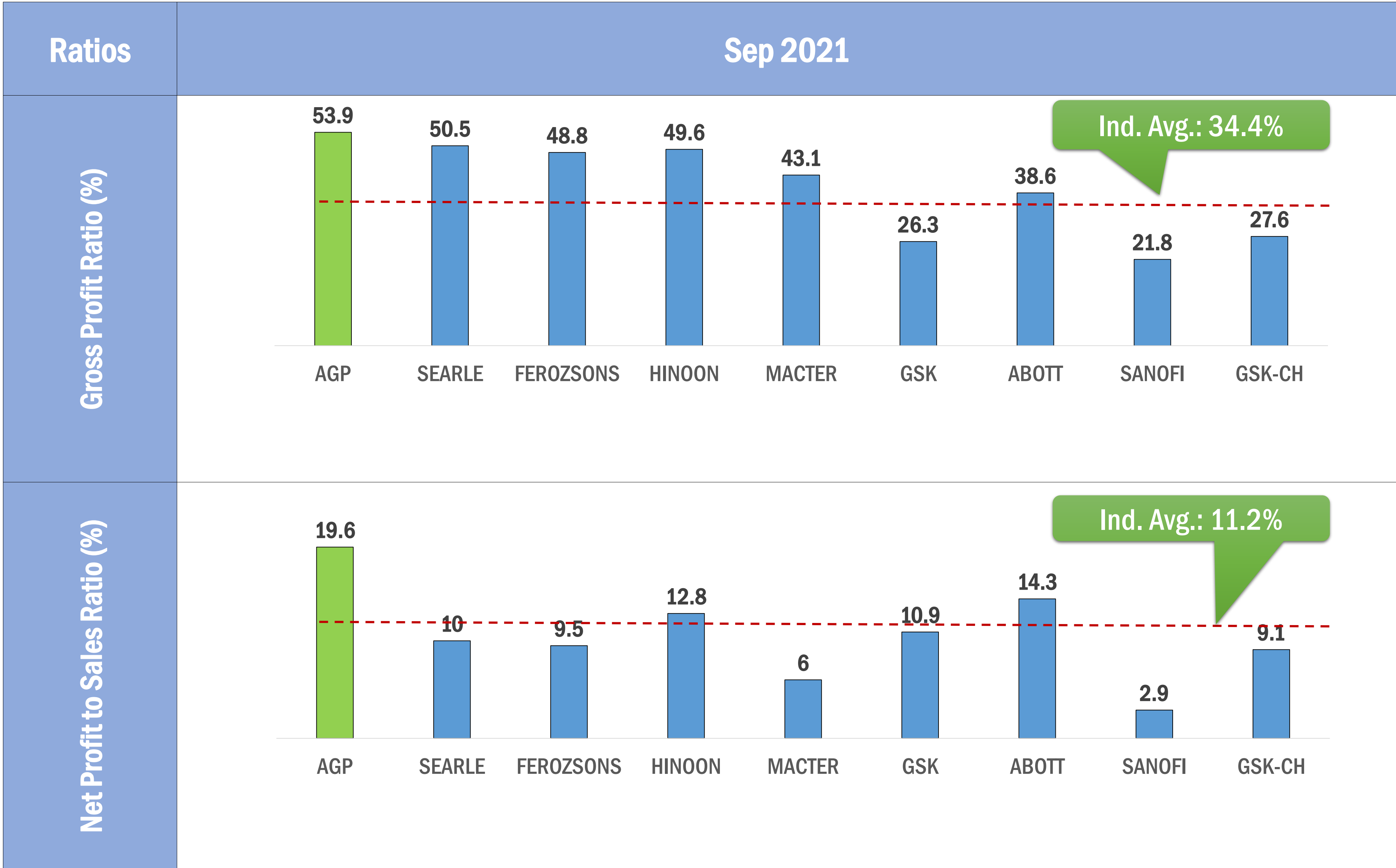
AGP's CURRENT PERFORMANCE STANDALONE – NINE MONTHS 2021

PARTICULARS	BAR GRAPHS (PKR in MILLION)	REMARKS						
SALES	 <p>A bar chart comparing sales for the first nine months of 2020 and 2021. The 2020 bar is at 4,991 and the 2021 bar is at 5,195. A green arrow points from the 2020 bar to the 2021 bar with '4.1%' written above it.</p> <table border="1"> <tr> <th>Year</th> <th>Sales (PKR in Million)</th> </tr> <tr> <td>9M 2020</td> <td>4,991</td> </tr> <tr> <td>9M 2021</td> <td>5,195</td> </tr> </table>	Year	Sales (PKR in Million)	9M 2020	4,991	9M 2021	5,195	<p>Domestic sales have shown an increase of 13.5%; However, exports to Afghanistan during the quarter were adversely impacted due to the recent political developments in the country; Institutional sales have also underperformed during the period; Resultantly, overall net sales of the Company grew by 4.1% to PKR 5,195 Million.</p>
Year	Sales (PKR in Million)							
9M 2020	4,991							
9M 2021	5,195							
GROSS PROFIT	 <p>A bar chart comparing gross profit for the first nine months of 2020 and 2021. The 2020 bar is at 2,692 and the 2021 bar is at 2,799. A green arrow points from the 2020 bar to the 2021 bar with '4.0%' written above it.</p> <table border="1"> <tr> <th>Year</th> <th>Gross Profit (PKR in Million)</th> </tr> <tr> <td>9M 2020</td> <td>2,692</td> </tr> <tr> <td>9M 2021</td> <td>2,799</td> </tr> </table>	Year	Gross Profit (PKR in Million)	9M 2020	2,692	9M 2021	2,799	<p>The Company maintained gross margins of 54% primarily due to favorable sales mix despite thin margins in COVID-19 Vaccine business.</p>
Year	Gross Profit (PKR in Million)							
9M 2020	2,692							
9M 2021	2,799							
PROFIT AFTER TAX	 <p>A bar chart comparing profit after tax for the first nine months of 2020 and 2021. The 2020 bar is at 1,169 and the 2021 bar is at 1,019. An orange arrow points from the 2020 bar to the 2021 bar with '(12.8%)' written above it.</p> <table border="1"> <tr> <th>Year</th> <th>Profit After Tax (PKR in Million)</th> </tr> <tr> <td>9M 2020</td> <td>1,169</td> </tr> <tr> <td>9M 2021</td> <td>1,019</td> </tr> </table>	Year	Profit After Tax (PKR in Million)	9M 2020	1,169	9M 2021	1,019	<p>Marketing expenses were normalized owing to the resumption of promotional activities that were restricted during the same period last year due to COVID-19; Administrative expenses also witnessed an increase mainly on account of expenses associated with COVID-19 Vaccine business, annual increments, CSR activities and donations.</p>
Year	Profit After Tax (PKR in Million)							
9M 2020	1,169							
9M 2021	1,019							

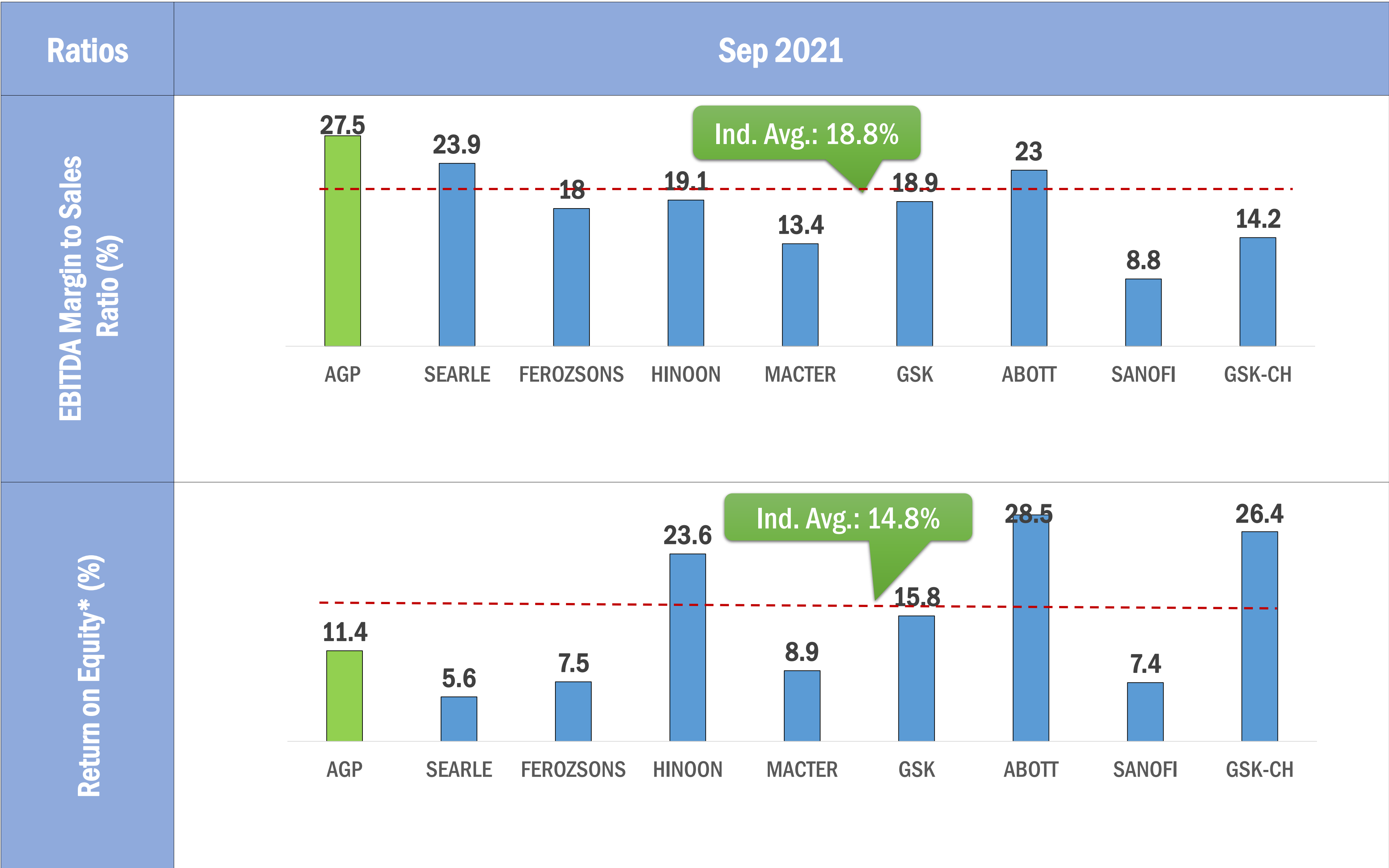
CURRENT PERFORMANCE CONSOLIDATED (AGP + OBS-AGP) – NINE MONTHS 2021

PARTICULARS	BAR GRAPHS (PKR in MILLION)	REMARKS						
SALES	 <p>Bar chart showing Sales for 9M 2020 (4,991) and 9M 2021 (5,940). A green arrow indicates a 19% increase.</p> <table border="1"> <tr> <th>Year</th> <th>Sales (PKR in Million)</th> </tr> <tr> <td>9M 2020</td> <td>4,991</td> </tr> <tr> <td>9M 2021</td> <td>5,940</td> </tr> </table>	Year	Sales (PKR in Million)	9M 2020	4,991	9M 2021	5,940	<p>Sales of OBS AGP contributed about 15% to the topline growth; Domestic sales of AGP have shown an increase of 13.5%. This was partially offset by underperformance of institution sales and exports sector due to political situation in Afghanistan underperformed during the period; Resultantly, on a consolidated basis overall net sales of the Company grew by 19% to PKR 5,940 Million.</p>
Year	Sales (PKR in Million)							
9M 2020	4,991							
9M 2021	5,940							
GROSS PROFIT	 <p>Bar chart showing Gross Profit for 9M 2020 (2,692) and 9M 2021 (3,184). A green arrow indicates an 18.3% increase.</p> <table border="1"> <tr> <th>Year</th> <th>Gross Profit (PKR in Million)</th> </tr> <tr> <td>9M 2020</td> <td>2,692</td> </tr> <tr> <td>9M 2021</td> <td>3,184</td> </tr> </table>	Year	Gross Profit (PKR in Million)	9M 2020	2,692	9M 2021	3,184	<p>On a consolidated basis, the Company maintained gross margins of 54% primarily due to favorable sales mix despite thin margins in COVID-19 Vaccine business.</p>
Year	Gross Profit (PKR in Million)							
9M 2020	2,692							
9M 2021	3,184							
PROFIT AFTER TAX	 <p>Bar chart showing Profit After Tax for 9M 2020 (1,169) and 9M 2021 (1,166). An orange arrow indicates a (0.3%) decrease.</p> <table border="1"> <tr> <th>Year</th> <th>Profit After Tax (PKR in Million)</th> </tr> <tr> <td>9M 2020</td> <td>1,169</td> </tr> <tr> <td>9M 2021</td> <td>1,166</td> </tr> </table>	Year	Profit After Tax (PKR in Million)	9M 2020	1,169	9M 2021	1,166	<p>The topline performance could not be translated into bottom-line results due to rise in marketing and administrative expenses and finance cost. Marketing expenses were normalized owing to the resumption of promotional activities that were restricted during the same period last year due to COVID-19; Admin. expenses witnessed an increase mainly on account of expenses associated with COVID-19 Vaccine business, annual increments, CSR activities and donations; Finance cost also increased as OBS-AGP has obtained long-term finance of PKR 2.6 Billion through the issuance of Sukuk.</p>
Year	Profit After Tax (PKR in Million)							
9M 2020	1,169							
9M 2021	1,166							

OVERVIEW OF FINANCIAL RATIOS (AGP STANDALONE)



OVERVIEW OF FINANCIAL RATIOS



*Searle, Ferozsos and Macter September results of 3 months have been prorated OVER 9 months to achieve comparability



Acquired Sandoz brands on July 29, 2022 comprising of 22 brands out of which following 4 are market leaders, Azomax, Zatofen, Clomfranil and Lectrum



Transfer of Marketing Authorizations is in process and the margins are likely to increase post market authorizations



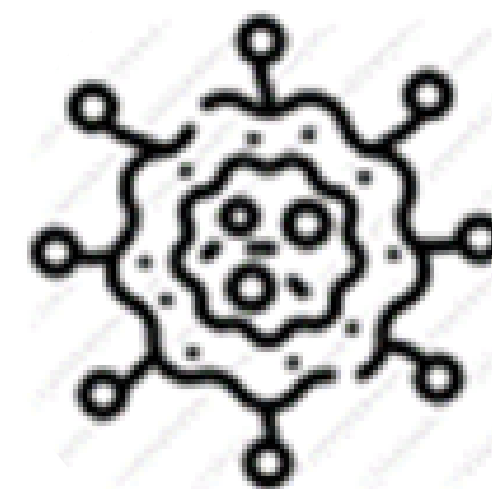
Started with an encouraging performance and achieved net sales and gross profit of PKR 745 Million and PKR 387 Million respectively



AGP's consolidated revenue will increase to PKR 10+ Billion in the next 12 months along with enhanced profitability



Managed to achieve healthy gross profit of 52%



The acquired Oncology portfolio is expected to establish AGP as a major player in the Oncology Market

KEY CHALLENGES FACED

CHALLENGES

IMPACT

STRATEGY



Adverse exchange rate movement

Major inputs comprise of imports leading to a direct impact on the cost of production

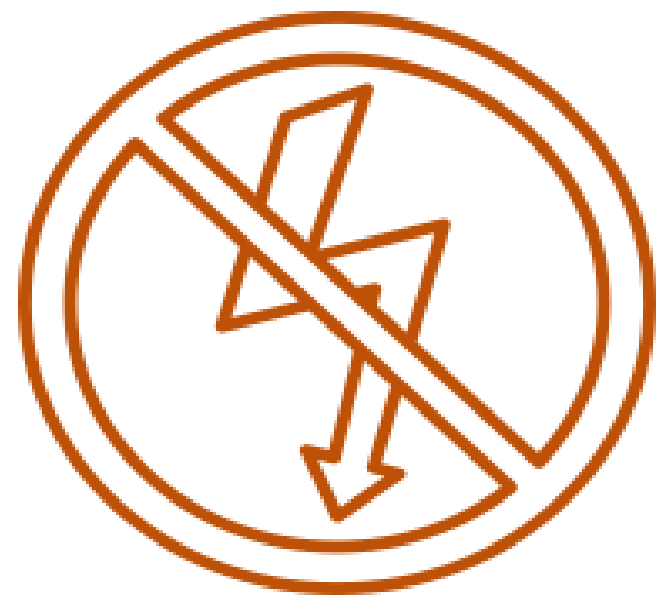
This would be partially offset by implementing CPI based price increase as per DRAP pricing policy which will be effective on batches manufactured from end of Sep for AGP and from start of Nov for OBS-AGP.



Rising freight rates due to container shortages and rising oil prices

Increase in direct cost of the Company

Prices will be locked and early orders will be placed considering volatility of lead time to avoid shortage of materials.



Power cuts in few provinces of China

Volatile transit times

Orders booking of key Chinese materials for the period of around 06 months ahead with spread delivery over months to optimize the space utilization and mitigate the holding costs of the inventories.



HIGH POTENTIAL PRODUCTS

Continue to drive growth from high potential products with high margins;
Increasing market share and penetrating further in relevant segments.



NEW LAUNCHES

Focus on robust product pipeline and new therapies;
Over the last 5 years, the Company has launched 18 brands and 9 line extensions in different therapeutic classes. This trend will continue



EXPORTS

Develop a strong footprint in international business;
Explore and identify new avenues and regions for export business;
Penetrating further in Afghanistan market. With recent state of affairs, we are cautiously optimistic for increasing market share.



NUTRACEUTICAL SEGMENT

Commenced commercial operation in Q4 of 2020;
Current portfolio consist of 10 Nutra products, out of which 7 are manufactured in-house;
Nutraceutical – *the future of healthcare*, has great potential and going forward the Company will add more product to its this range



STRATEGIC ALLIANCES

The Company will form strategic alliances with reputed global pharmaceuticals to introduce their products in Pakistan;
The possibility of tech transfer will be explored depending on success of trading model



INORGANIC GROWTH

The Company will capitalize on the recent acquisition of Sandoz brands;
The Company will look for further inorganic growth opportunities depending on it financial capacity

AGP ON A HEALTH MISSION



DONATED FOC HEPATITIS MEDICINES TO VARIOUS INSTITUTIONS TO CATER PATIENTS IN NEED



DONATED HAND SANITIZERS TO AKHUWAT FOUNDATION, SOS VILLAGE, TCF & SHAHID AFRIDI FOUNDATION

AGP HOLDS VARIOUS AWARENESS SESSIONS



FIRST-EVER CALCIUM AWARENESS RADIO SERIES FOR WOMEN



BREAST CANCER AWARENESS PROGRAMME



THANKYOU