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Analyst Briefing 2024

November 29th, 2024



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Who we are?

PURPOSE



How are we doing it?

ACTIONS



Where we are?

RESULTS

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Who we are?
PURPOSE

How are we doing it?
ACTIONS

Where we are?
RESULTS

Pakistan's market size and changing consumer trends are a positive base for businesses

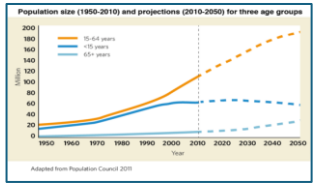
Large Populous Country



240m

Sixth largest country in the world in terms of population

Growing Youth Population



53%

Of the population is below the age of 24 years presenting a large demographic dividend

Untapped Rural Market



40%

population is urban presenting large potential of future urbanization

Rising Mobile & Digital Penetration



110m

Unique Mobile Connections

87m

Internet Users

Upgrading Lifestyle Choices



Young population spending more on Lifestyle categories such as Clothing, Electronics, F&B

Source: PBS (Pakistan Bureau Statistics), HHP DNA Sheet)

While milk is an integral part of the Pakistani diet



100%

Household penetration

Usage in multiple formats with Drinking, Tea, Desserts, Milkshakes, Cream, Yogurt etc.

40%

Of household spend is on food & Beverages

23%

Of food spend is on milk and related products

Source: Household Panel, Foresight Research, Tetra Milk Tree 2017

Most of the Dairy sold and consumed is in the unorganized informal sector



More than 90% of milk consumed in the country is unprocessed. That is around 24bn liters a year*.



Loose milk supply chain is littered with hygiene problems. There are hardly any temperature controls and adulteration leads to high aflatoxin and microbial load



Milk shops also deal in loose yogurt, milk beverages and desserts – all of them being several billions rupee categories.

Packaged industry has a smaller share in not just milk but all dairy categories

*Source: Tetra Milk Tree 2017

Which shows huge market potential for FCEPL



$14bn

24bn
liters/year

100%
Household penetration
Usage in multiple applications with Drinking, Tea, Desserts, etc.

60%
Breakfast is the biggest occasion for milk

1.9Ltrs
Of household food expense is on Milk

PACKAGED MILK
8%

LOOSE MILK
92%

*Source: Tetra Milk Tree 2017

OUR PURPOSE

"We will transform the health and wellbeing of Pakistanis now and for generations to come, by nourishing them through unlocking the goodness of milk from grass to glass, as well as by enhancing the livelihood of farmers."

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Who we are?

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Where we are?

RESULTS

Engagement with Government is Key

Stakeholders' Engagement

Strategically engage with the key stakeholders







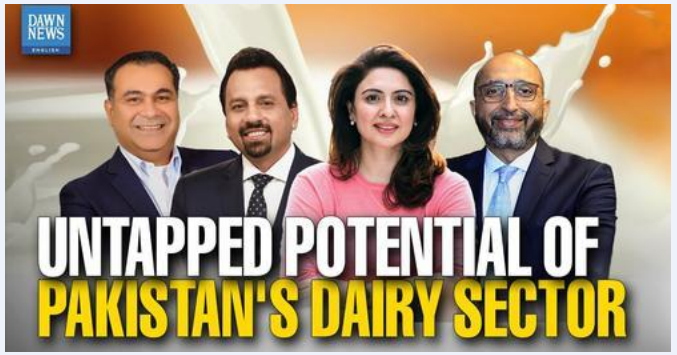






Communication

Amplify our message across media to keep issue alive











Along with driving category perception campaigns

Pakistan Medical Association + Pakistan Dairy Association



2018-19

Unbranded Public Service Campaign



2020-21

Advocacy and Amplification from News Channels & Anchors

ARY NEWS

dunya



2022

Promos & Animated content with Geo TV



Geo News

2023 – H1'24

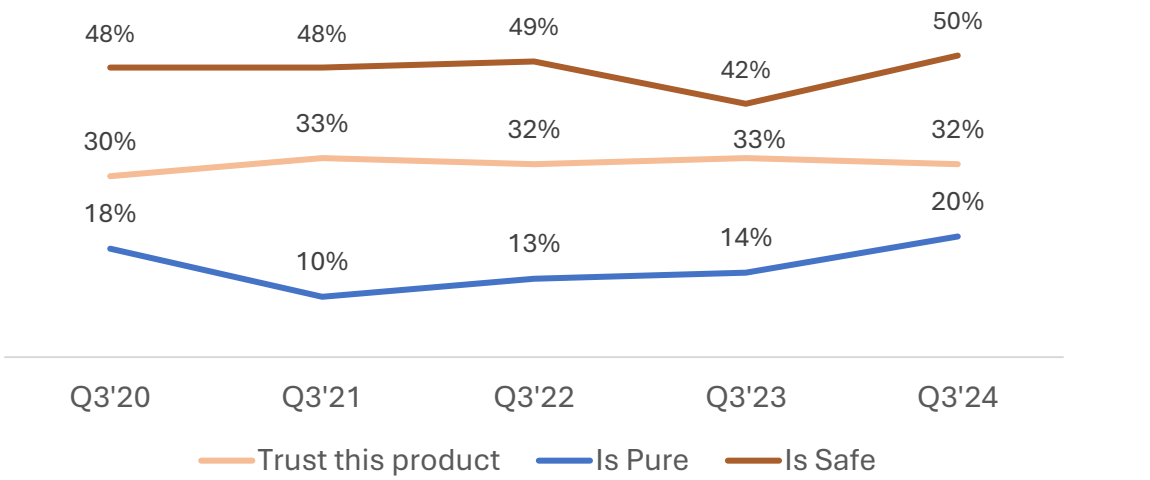
Continued Heavy Investment





This has resulted in improvement of Packaged milk perception over the years











> *There is no doubt that packaged milk is clean and pure*
>
> **Females, Karachi**

> *Packaged milk is processed in a clean and hygienic manner*
>
> **Females, Lahore**

> *Packaged milk has 6–7 layers of packaging that protect and preserve the milk*
>
> **Females, Karachi**

Source: NIQ Loose Milk Perception Tracker

Leading Dairy Development – To improve farmers' livelihood

Training for Farmers



41,000+ Dairy Farmer trained on good dairy farming practices & Animal welfare

Women Empowerment



1,000+ Female Farmers trained on good dairy farm practices

Education Scholarship



Scholarships awarded to children of dairy farmers.

Renewable energy at Dairy Farms



Solar systems installed at 64 Dairy Farms

Delivering goodness of milk through wide range of dairy products



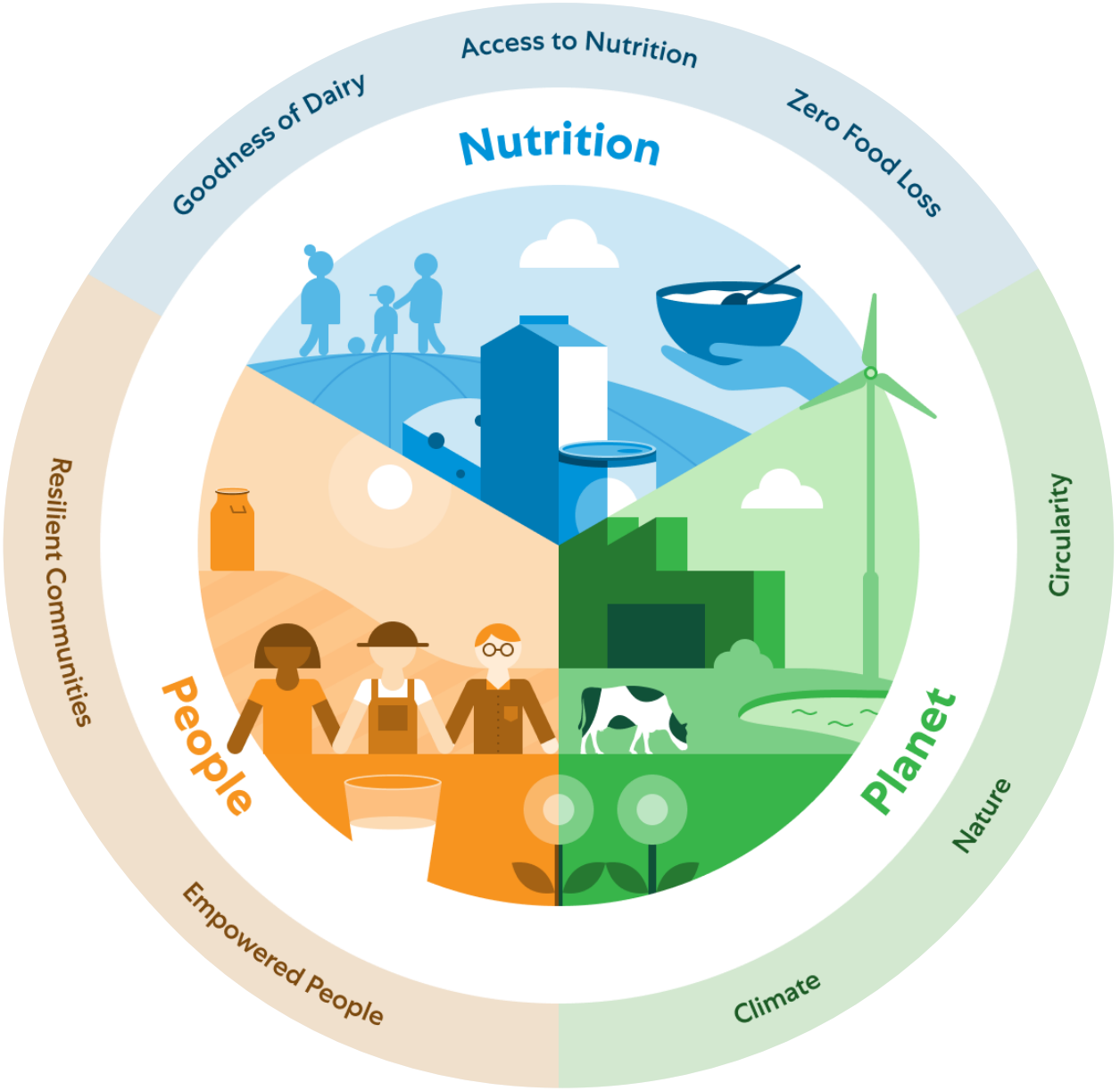






And the best-in-class market execution

While staying sustainable.....



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Offering relevant nutrition

In balance with people and planet



3.4 MW Solar Project

Expected Energy Generation

5,013.6 MWH

Annual CO2 Reduction

2,506 Tons

Tree Plantation Drive 2022-24

> 40,000 Trees planted













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Who we are?

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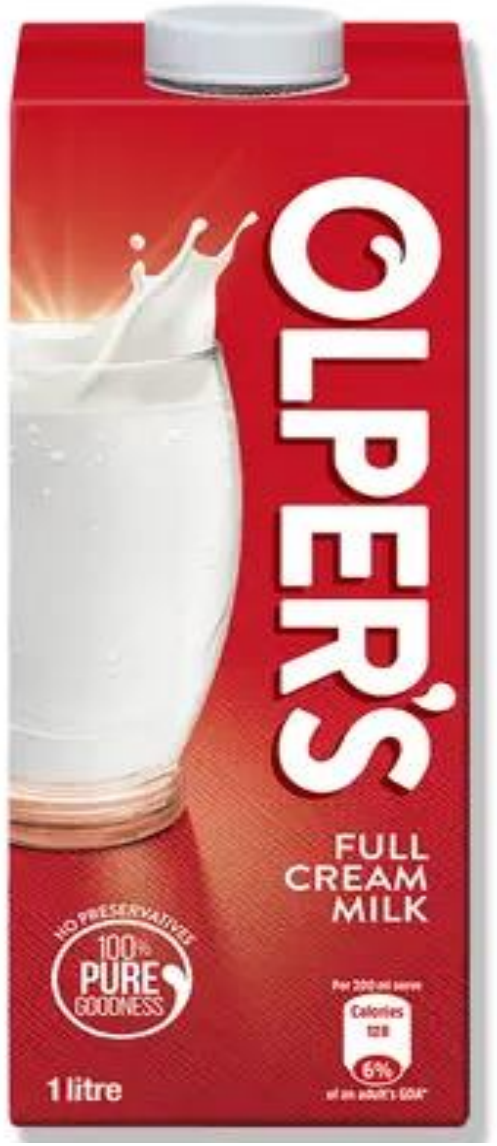
Where we are?

RESULTS

This has led us to become the largest premium UHT company in Pakistan

Highest

UHT Premium Market Share

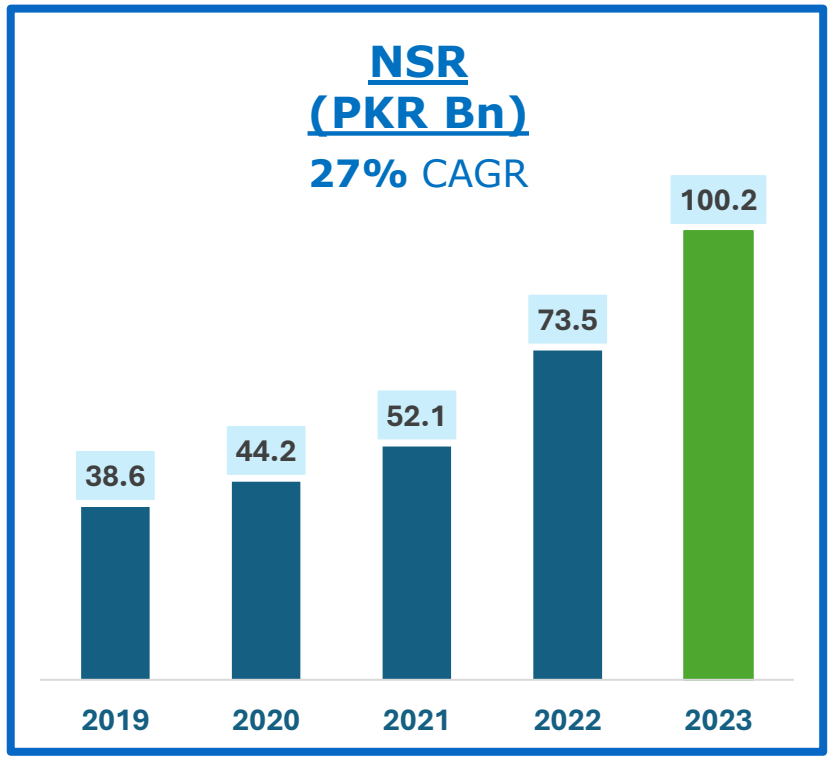


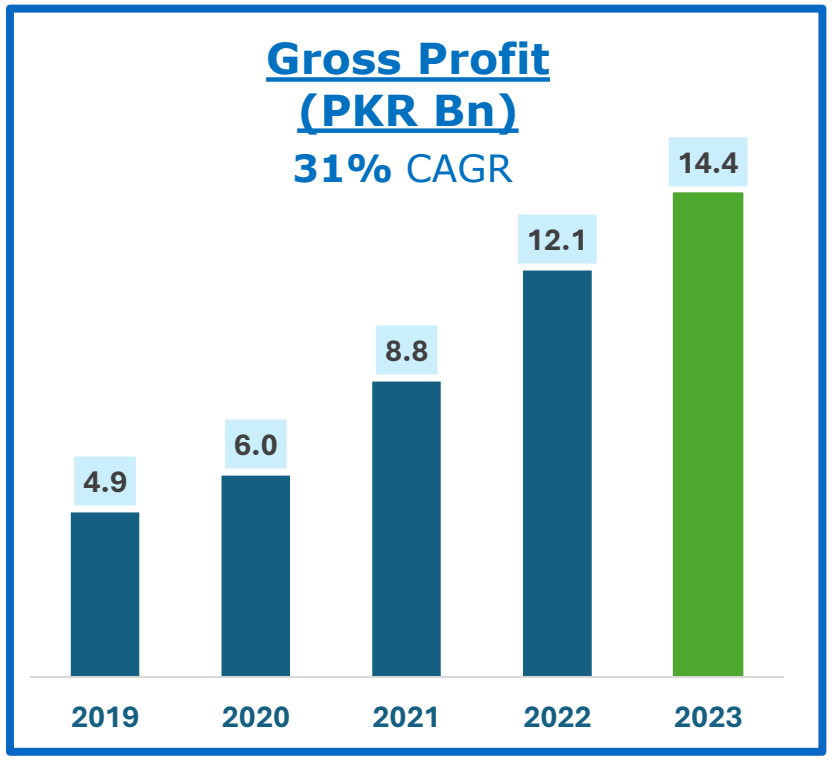
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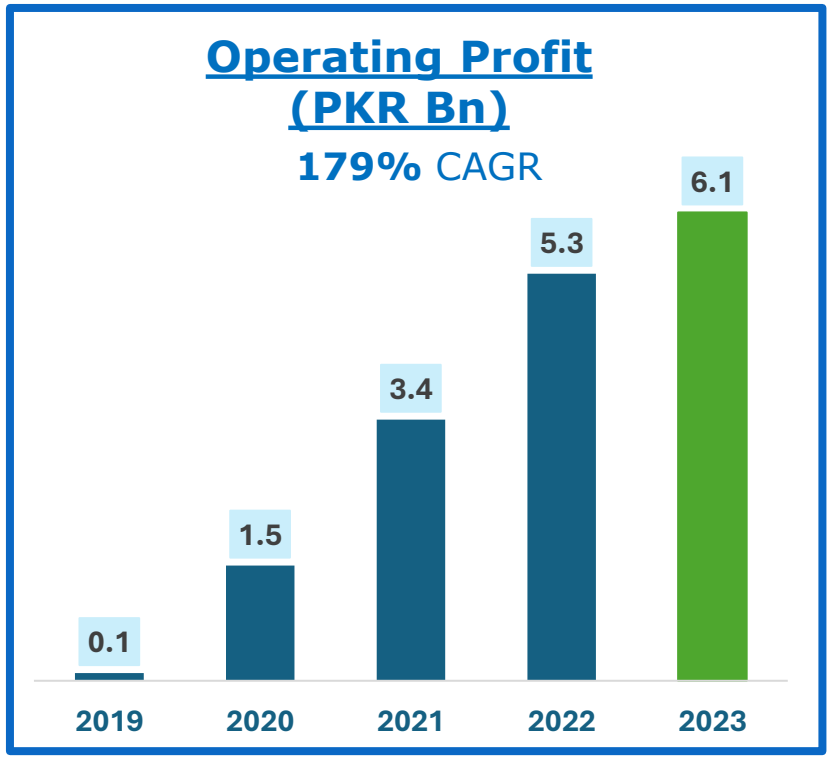
UHT Premium Brand Equity

Source: NIQ Brand Health Tracker and NIQ Retail Audit

Leading to our best-ever results in 2023...







And these results continued in H1 of 2024…

Highest Ever Sales

17% growth in

H1 2024 vs H1 2023

Highest Ever Gross Profit

16% growth in

H1 2024 vs H1 2023

Highest Ever Operating Profit

3% growth in

H1 2024 vs H1 2023



18% Sales Tax on Packaged Milk

However, a new challenge has now risen



In an already difficult economic environment

Inflation

Double Digit

In H1 2024

Currency Devaluation

Double Digit

MAT 18 months

Policy Rate

Highest Ever

Requiring an immediate action from FCEPL

Ensuring Availability





Across all channels

Cost optimization



Reduction in cost via vendor renegotiations and operational efficiencies

Discretionary Spend Reduction

Minimizing discretionary spends to inject back profitability in the business

FCEPL also increased emphasis on exports

YTD'24

2X

Exports vs LY

Tajikistan

Turkey

Uzbekistan

Saudia & U

Hong Kong

Oman

Somalia

Yemen

Seychelles

Mauritius



Post which we have been able to grow our Sales and Profitability (Q3’24 Results)

Sales Growth	+2.6%
Gross Profit Growth	+17%
Op. Profit Growth	+34%



And we will

CONTINUE

pushing

FURTHER


Thank
You