



FFL Corporate Business Briefing – H1'2022



Keynote Speakers



Sarfaraz
Rehman

- Chairman of FFL Board
- CEO FFC

Usman Zaheer

- CEO Fauji Foods Limited

Waseem
Haider

- CFO Fauji Foods Limited

Key Strengths – Full Spectrum Portfolio & Shareholder Patronage



- **Extensive Dairy Portfolio**

- UHT Milk
- Tea Creamer
- Butter
- Cheese
- Flavored Milk
- Cream

Extensive Portfolio



- **Strong sponsorship & shareholder backing**
 - **Fauji Foundation** one of the largest business conglomerates
 - Rights Share Issue worth **PKR 8 billion** in 2021
- **Shareholding:** Fauji Group: 75.9%, Free Float: 19.7% and Others: 4.4%

Strong Shareholder Patronage



fauji foods

Key Highlights H1'2022



The Good

- **Topline Growth Momentum Continues:**
 - YTD performance on revenue exceeds by 7% vs. SPLY
- **Nurpur UHT Milk Fastest Growing Brand in Dairy Industry**
 - 51% volume growth vs. SPLY
 - UHT milk @46% of total FFL portfolio vs 28% SPLY. Dostea reduced from 67% to 49%
- **International Business Collaborations**



The Bad

- **Unprecedented Devaluation** has adversely affected all cost components
- **Local & international Inflationary pressure** has led to a sharp increase over last month for:
 - HFO +33%
 - Coal +58%
 - Diesel +62%
- Severe Milk Shortage, (5 year high at \$4,600)
- Reclassification of Tea Creamer Category; **17% GST** Implication

The Action

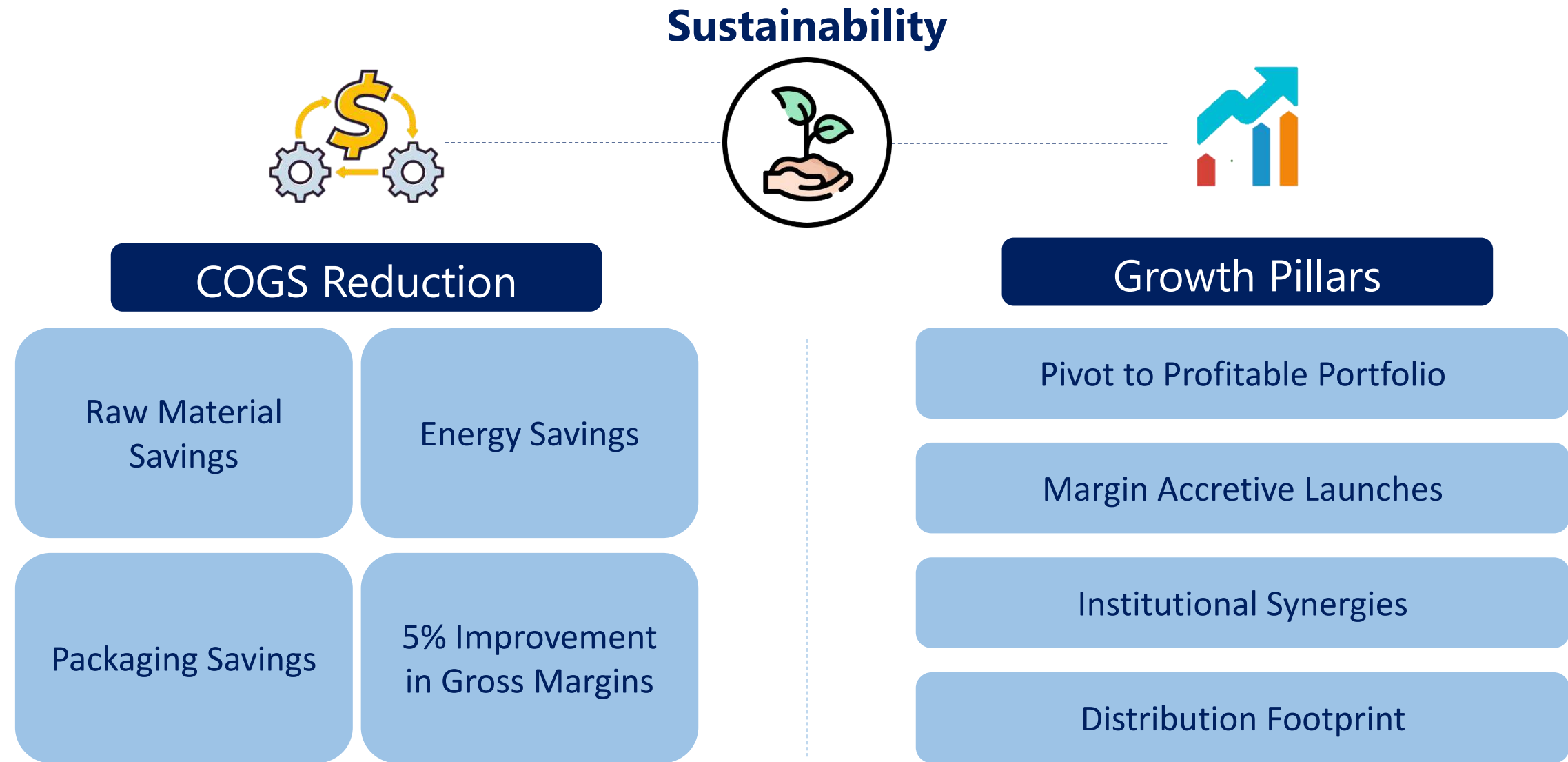
- **Multiple projects initiated to address environmental sustainability & COGS**
 - Bio Gas LOI signed
 - Solar proposal completed
 - Raw Material Cost optimisation
- **Commercial Update**
 - New Value Added Launches
 - Chocolate Flavored Milk
 - Slightly Salted Butter
 - Cheese 2 KG Blocks
 - Fit for Future Route to Market

FFL – P&L Summary



	H1'2022		SPLY	
Revenue (Rs. Billions)	4.8	7%	4.5	39%
Gross Profit	3.7%		12.1%	
Profit / Loss After Taxation (Rs. Million)	(1,253)		(758)	

FFL Path to Sustainability



FFL Path to Sustainability



Sustainability



COGS Reduction

Raw Material
Savings

Energy Savings

Packaging Savings

5 Year Plan from
Shafaqat Savings

Growth Pillars

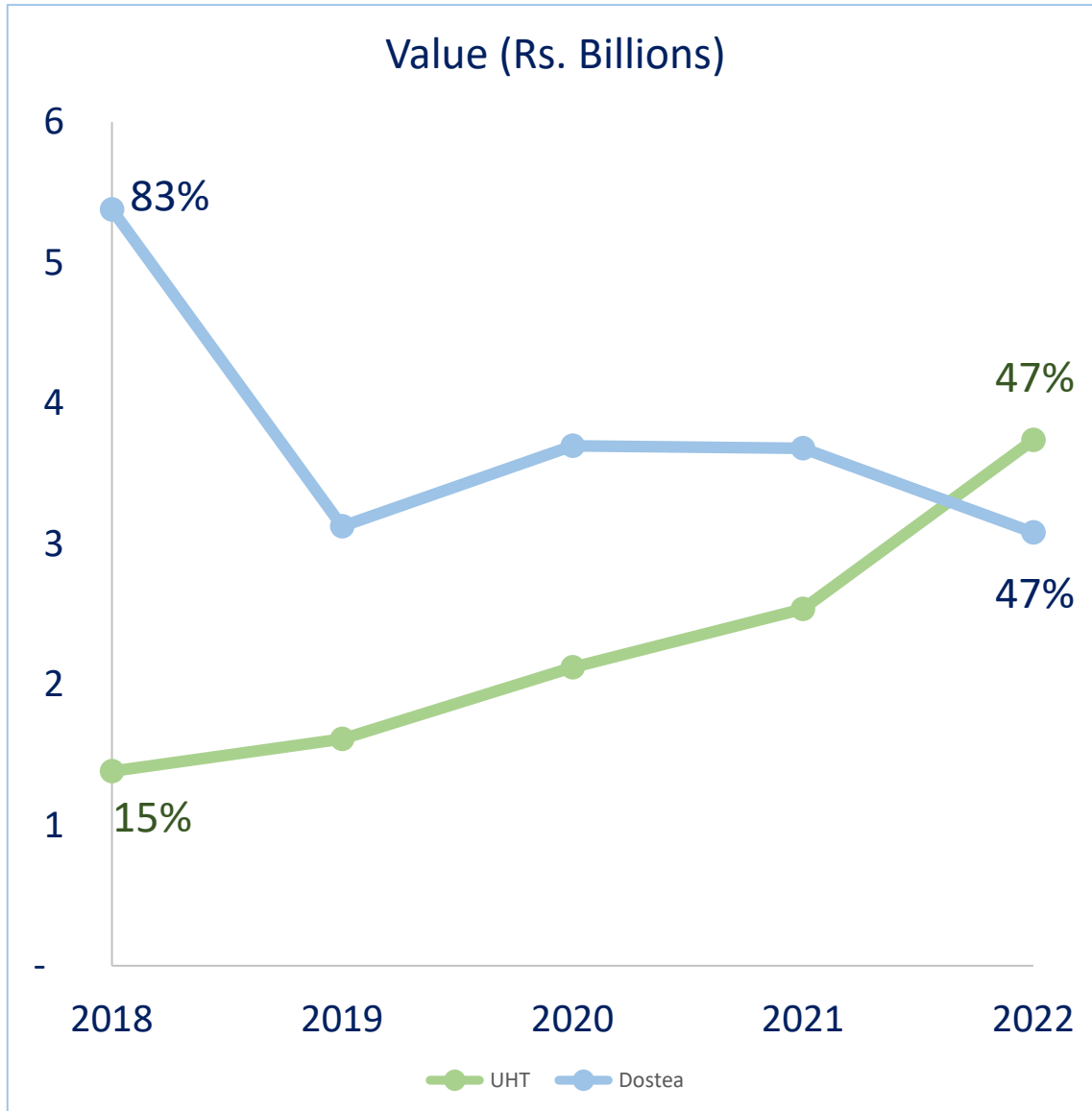
Shift To Stable Portfolio

Margin Accretive Launches

Institutional Synergies

Distribution Footprint





Path to Sustainability – Pivot to Profitable Portfolio



- Reduced dependence on Dostea & overall high focus on value added
- Improved product & value mix enables FFL to accentuate margin and profitability
- Dostea down to 47% of total product mix in 2022 vis a vis 83% in 2018
- UHT Milk now at 47% of total product mix as opposed to 15% in 2018

Path to Sustainability – Pivot to Profitable Portfolio



Value Rs. Million	2019		2020		2021		H1'2022	
	1,613	14%	2,121	31%	2,536	10%	1,855	56%
	695	22%	949	37%	1,388	46%	820	14%
	250	67%	513	105%	708	38%	370	6%
	2,621	15%	3,675	40%	4,907	34%	3,257	35%

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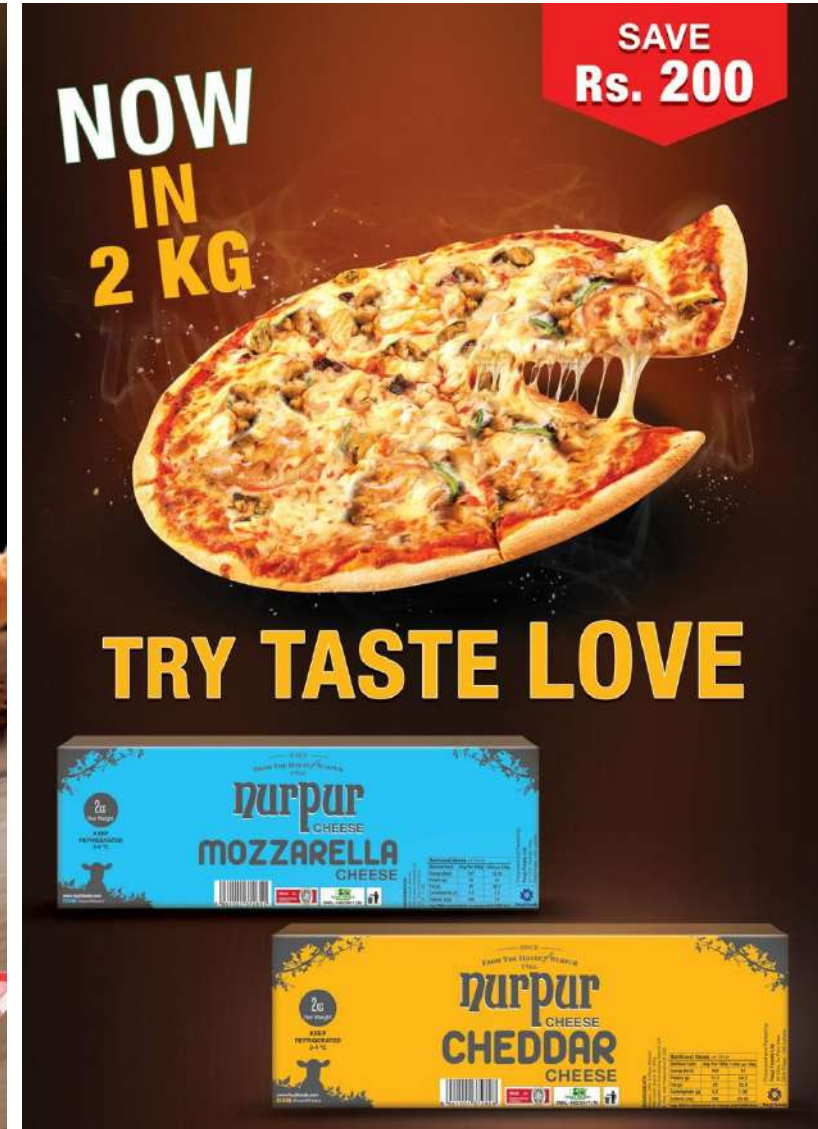
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Path to Sustainability – Margin Accretive Launches



FFL Path to Sustainability



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Path to Sustainability – Institutional Synergies



FFL Instructional Synergies Potential

Group Synergies



Approximately Rs 3 - 5 Billion
Annually



Other Synergies



Approximately Rs.1 Billion Annually



FFL Path to Sustainability



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Distribution Footprint

Path to Sustainability – Distribution Footprint Performance Since Exit 2020



Towns (Outlet Coverage)	2020	2022	% Change
Karachi	2,130	7,250	240%
Lahore	3,536	7,059	100%
Islamabad	5,176	7,072	37%
Total	10,842	21,381	97%

Karachi	2020 exit	2022	% Change
Total Volume	3,800	7,122	87%
Distributors	2	7	250%
NNS Average	20	39	95%
Coverage	2,130	7,250	240%
Chilled Volume	206	265	29%

Conclusion



- Food and Agriculture will gain in significance going forward
- Focus is on “Fixing the basics” of the business
- Successful Portfolio Pivot will drive sustainability
- Volume Growth, Pricing and cost efficiency will improve the exit margins

Thank You

