



# Analysts Briefing 2<sup>nd</sup> Quarter 2013

May 31, 2013



# Key Highlights of 2Q 2013

## Olpers – Ramazan Mubarak



## Omore – Monkey Peel



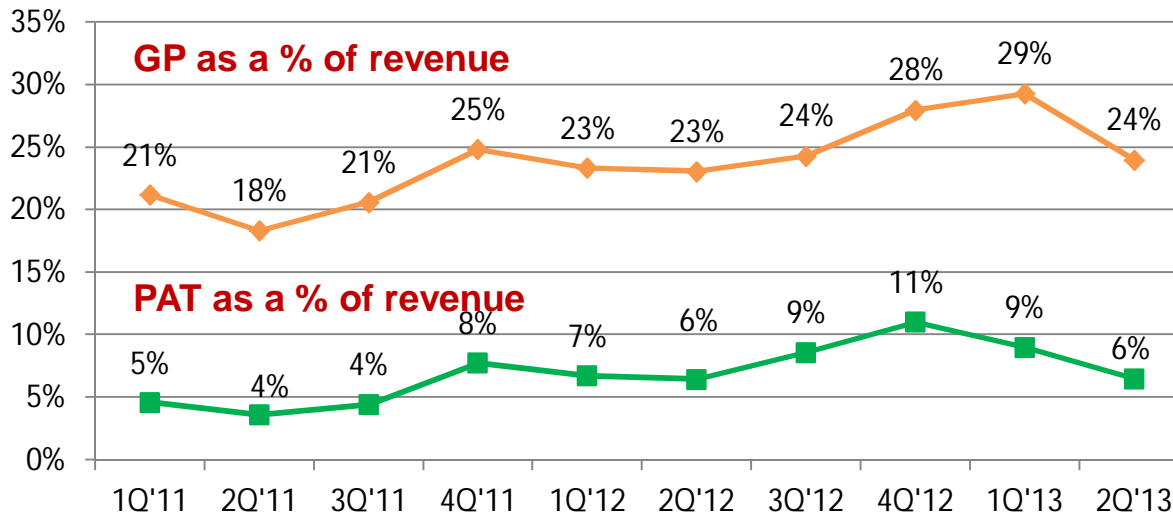
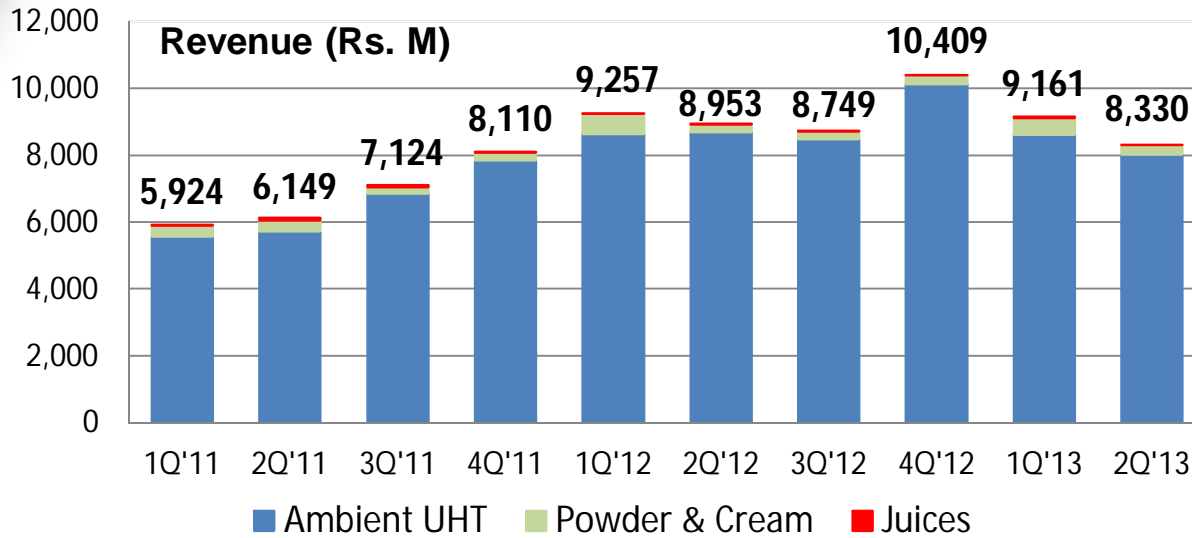
## Tarang – IIFA campaign



## Tarang – Houseful Awards



# Business Update – Dairy & Beverages

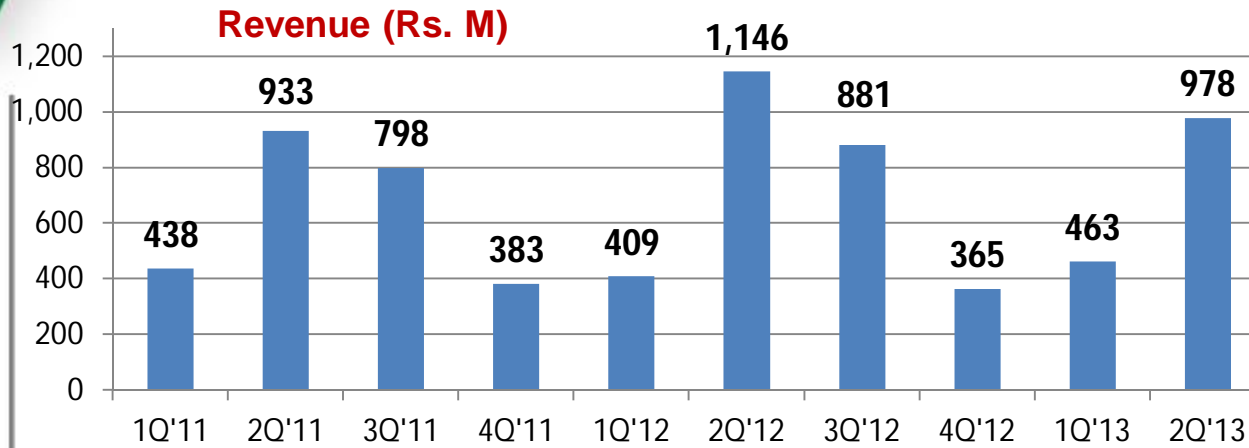


1H'12 vs. 1H'13	
Ambient UHT Market Share: May 2013 (Nielsen)	51%
Ambient UHT Volume Growth	(13%)
Ambient UHT Value Growth	(4%)
Powder Value Growth	(5%)
Juices Value Growth	15%

QoQ Dip in GP%	
Cost inflation	(3%)
Impact of volume dip	(2%)
Net drop in GP	(5%)

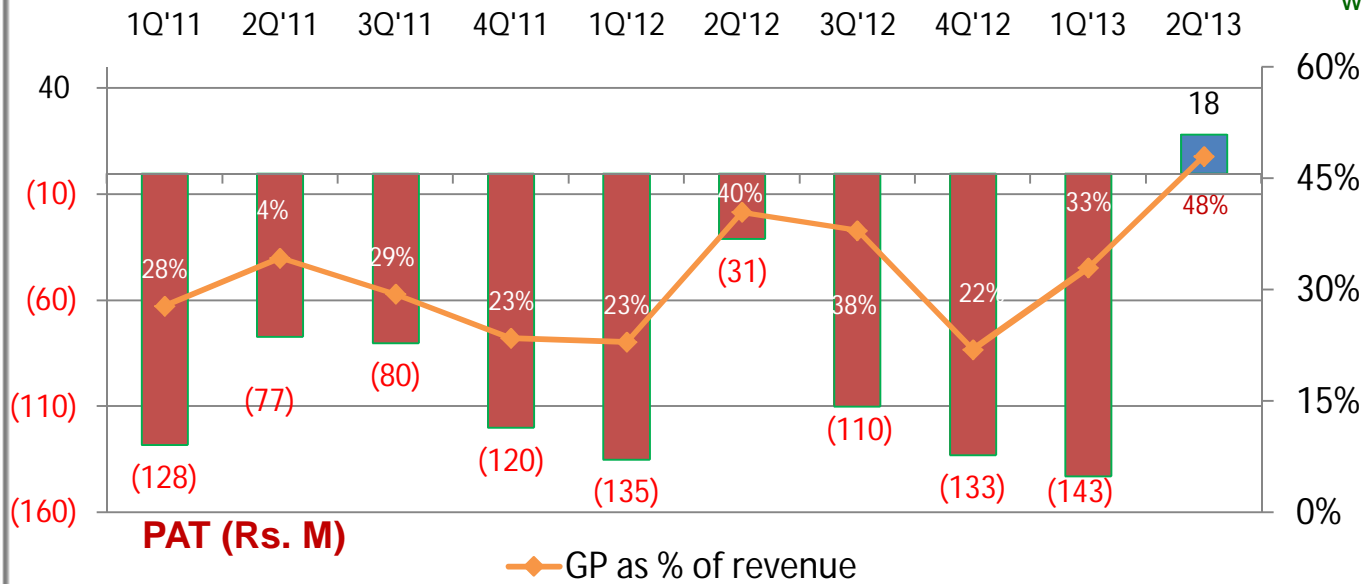


# Business Update – Ice cream & Frozen Desserts



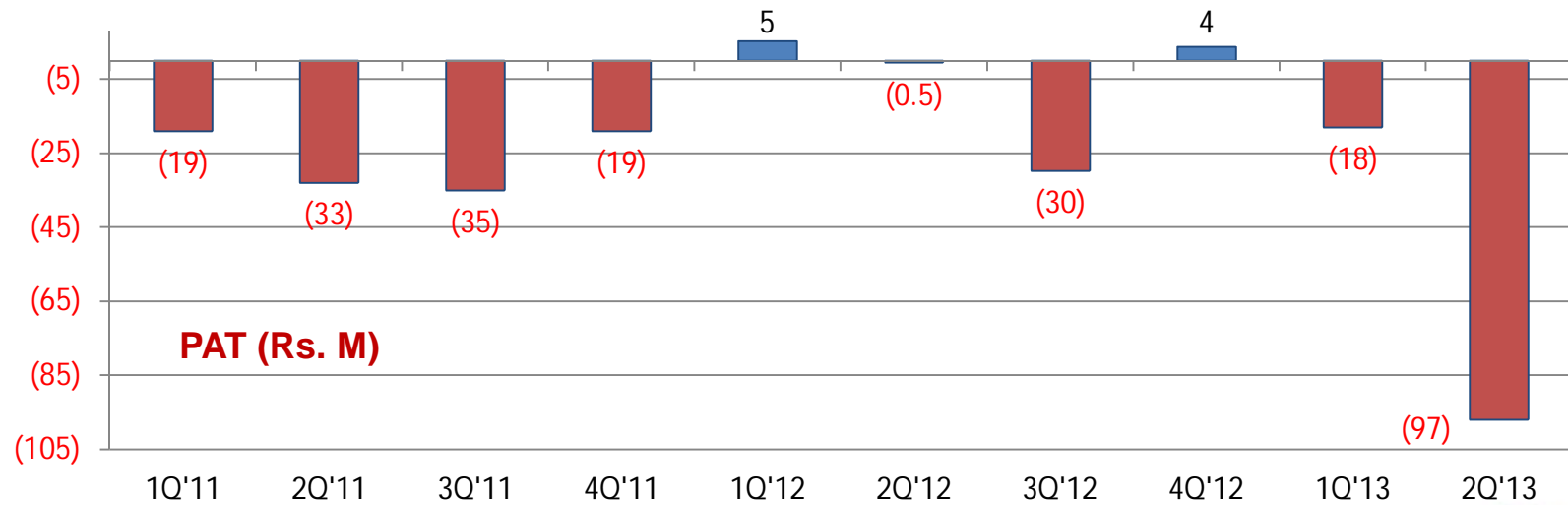
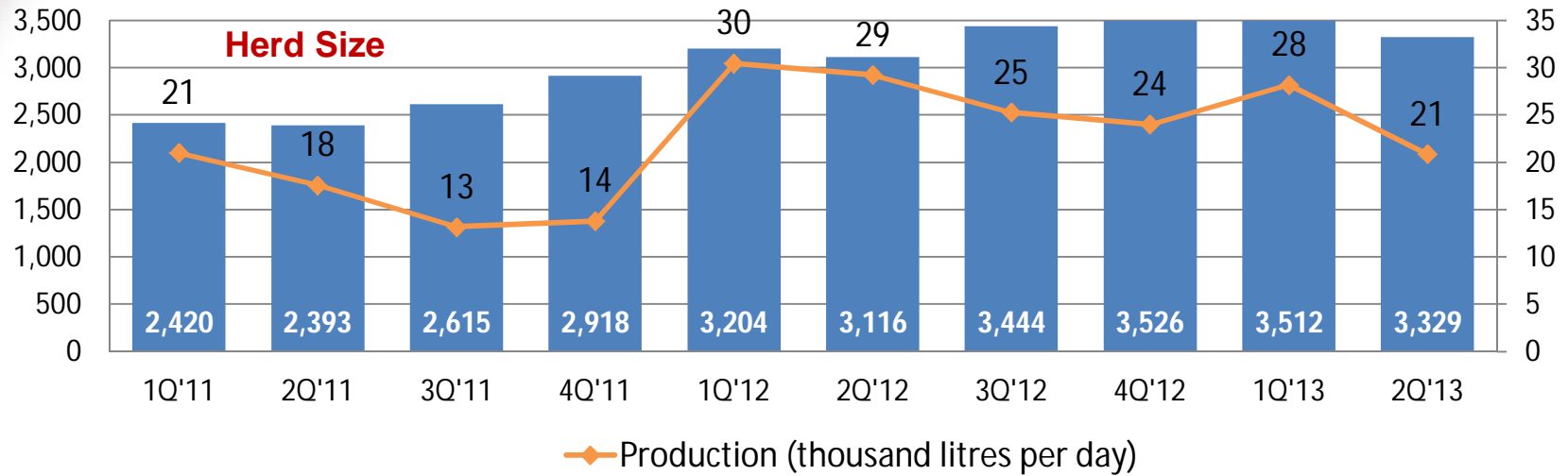
1H'12 vs. 1H'13	
Market Share	25%
Volume Growth	(20%)
Value Growth	(7.3%)

For the first time, Omore reported profit for Quarter with 48% GP



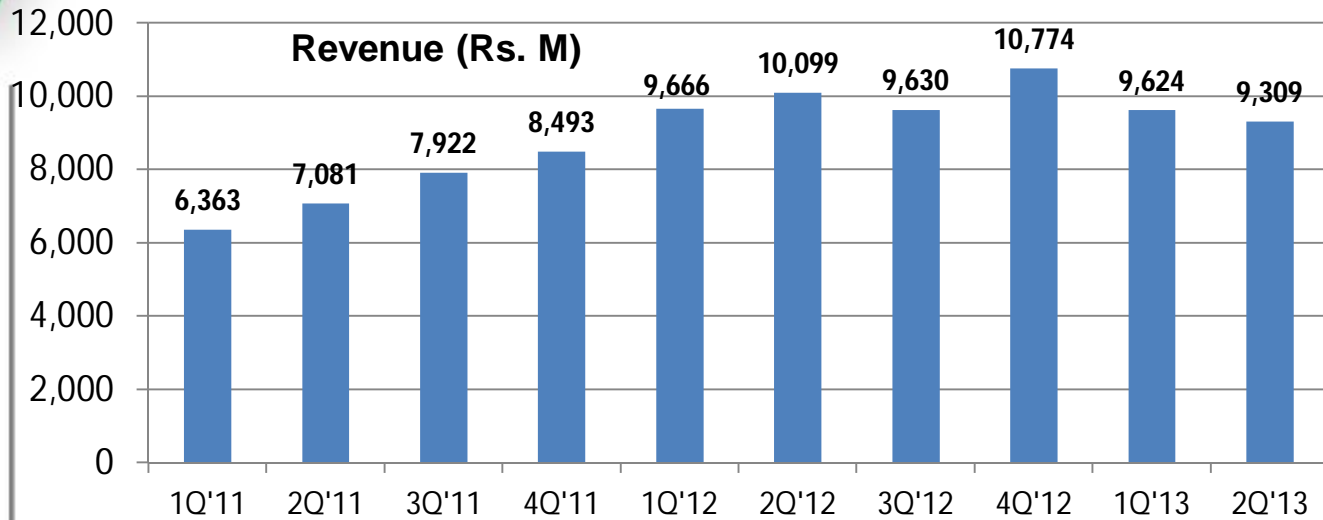


# Business Update - Farm

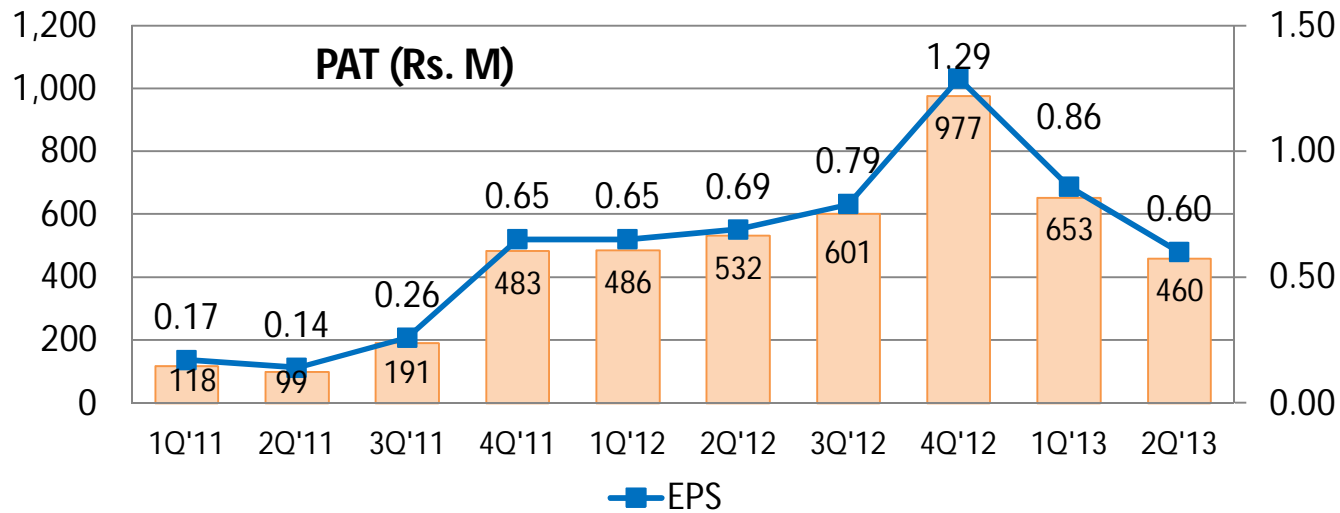




# Overall Performance



- 3% decline QoQ
- 8% decline YoY

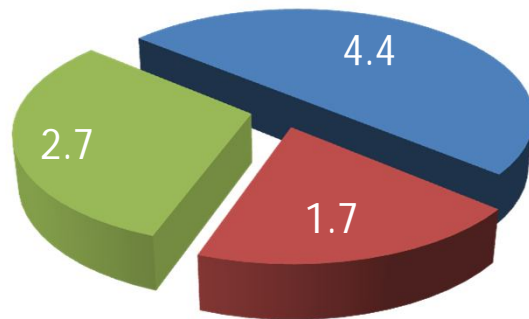


- 30% decline in EPS QoQ
- 13% decline in EPS YoY

# Investment and Balance sheet

## CAPEX – Rs bn

■ Cash Outlay ■ Committed ■ Remaining



- remaining CAPEX will be committed by end 2013 / early 2014

### Healthy Balance sheet

Long Term Debt to Equity Ratio	33 : 67
Current Ratio	2.2 : 1
Ending Cash Balance	Rs. 979 Mln



# WHAT'S AHEAD?





## Pilot project – Fresh Dairy

City	Karachi
Opportunity	Loose milk consumption in Karachi is 3.8 mn liters per day (Rs 104 bn annually)
Milk collection	Use of existing infrastructure
Plant	Leased plant of an existing player
Distribution	Develop own infrastructure
Sales / Marketing	Various model will be tried and evaluated

	2013	2014
Revenue – Rs mn	91	1,239
PAT – Rs mn	(101)	(264)
CAPEX	101	103

Way forward will be dependent on results of pilot project

# Pilot project – Meat

City	Lahore
Opportunity	Nationwide Market size <ul style="list-style-type: none"> <li>▪ Beef 548 Bln</li> <li>▪ Mutton 339 Bln</li> <li>▪ Chicken 188 Bln</li> <li>▪ Seafood 256 Bln</li> <li><b>Total Market 1,331 Bln</b></li> </ul>
Animal procurement	Our existing milk collection infrastructure will be used. Middle man will be removed from supply chain/animal procurement
Plant	Tolling arrangement with existing slaughter house
Distribution	Develop own infrastructure
Sales / Marketing Export	Various model will be evaluated.

	2013	2014
Revenue – Rs mn	-	723
PAT – Rs mn	(53)	(221)
CAPEX – Rs mn	134	142

Way forward will be dependent on results of pilot project



# Contingencies & ESOS

## SHC judgment on Minimum Tax:

- SHC judgment (May 2013) in case of a textile company - minimum tax is not recoverable if the Company had taxable loss in that year;
- Efoods recoupable minimum tax of Rs. 607 million;
- As advised by consultants, this decision is against the intention of law; and
- We believe that this will be reversed in Supreme court

## Sales tax Exemption – one month impact:

- In recent budget, Dairy products were put in “Exempt” category from 13<sup>th</sup> June;
- Subsequently, the “Zero-Rating” status was restored thru SRO dated 18<sup>th</sup> July;
- As advised by Tax consultant, effective date is from 13<sup>th</sup> June.
- Hence, Input Sales Tax paid during 13<sup>th</sup> June to 18<sup>th</sup> July (approx. Rs. 208 million) has been recorded as receivable (and not as expense).

## Employee Share Option Scheme (ESOS):

ESOS scheme was approved by Shareholders in EoGM on March 22, 2013;

After tax charge (year wise) on 13.9 million shares is as under:

	2013	2014	2015	2016	Total
After tax charge	83.2	110.9	61.0	11.1	266.2

Charge will be evaluated again on the date of grant



THANK YOU