

Corporate Briefing Session

GSK Consumer Healthcare
Pakistan Limited

- Company Brief
- Our Vision, Values and Strategy
- Strategic / Operational developments
- Financial Details
- Questions and Answers



Company Brief

Company History

2015

GSK Consumer business demerged from GSK Pakistan Limited.

GSK Consumer Healthcare Pakistan Limited formed.

GSK OTC Private Limited formed from Novartis OTC portfolio.

2016

GSK Consumer Healthcare Pakistan Limited starts operations as an independent company.

2017

GSK Consumer Healthcare Pakistan Limited got listed on Pakistan Stock Exchange.

Transfer of Marketing Authorization and Jamshoro Manufacturing License to GSK OTC Private Limited.

2018

GSK OTC Private Limited merged with GSK Consumer Healthcare Pakistan Limited.

GSK Consumer Healthcare Pakistan Limited inherits manufacturing facility (Jamshoro) and its portfolio with leading brands like CAC-1000 plus and Qalsan-D.



West Wharf Office

Registered Office:

35-Dockyard Road, West Wharf, Karachi

Sales Offices:

Karachi – B 63, 65, Estate Avenue, SITE

Lahore – 880 B, Faisal Town

Islamabad – Aleem House, Plot 409, Sector I9,
Industrial Area



Jamshoro Factory

Factory:

- GSK CHC acquired the manufacturing facility of GSK OTC in Jamshoro, after the Court Order was received in December 2018.
- State of the art facility for manufacturing and packaging.
- Serving to Pakistan, Vietnam and Philippines markets.

Board Committees & Key Roles

<p>Audit Committee</p> <ul style="list-style-type: none"> • M.Z. Moin Mohajir (Chairman) • Syed Anwar Mahmood • Syed Azeem Abbas Naqvi • Varisha Shahid (Secretary) 	<p>Human Resource and Remuneration Committee</p> <ul style="list-style-type: none"> • Syed Anwar Mahmood (Chairman) • Sohail Matin • Syed Azeem Abbas Naqvi • Tania Zahid (Secretary) 	<p>Integration Supply & Network Optimization Committee</p> <ul style="list-style-type: none"> • Emine Tasci Kaya (Chairperson) • Syed Azeem Abbas Naqvi • Sohail Matin • Talal Javed Ahmed • Irfan Qureshi (Secretary) 	<p>Management Committee</p> <ul style="list-style-type: none"> • Sohail Matin • Talal Javed Ahmed • Sadia Nasiruddin • Ahmed Jamil Baloch • Shoaib Raza • Irfan Qureshi • Mazhar Shams 		
<p>Company Secretary</p> <ul style="list-style-type: none"> • Mehar Ameer 	<p>Chief Financial Officer</p> <ul style="list-style-type: none"> • Talal Javed Ahmed 	<p>Head of Internal Audit</p> <ul style="list-style-type: none"> • Varisha Shahid 	<p>Bankers</p> <ul style="list-style-type: none"> • Citibank N.A. • Standard Chartered Bank 	<p>Auditors</p> <ul style="list-style-type: none"> • Deloitte Yousuf Adil 	<p>Legal Advisors</p> <ul style="list-style-type: none"> • Hashmi & Hashmi

Risk Management Committee not formed due to the RMCB (Risk Management & Compliance Board), held every quarter.



Our Vision, Values, Strategy and Portfolio

A scenic view of snow-capped mountains at dusk or dawn. The sky is a mix of blue and purple, and the mountains are illuminated with a warm, golden light. The foreground is dark and rocky, with patches of snow. The text "BY THE TIME YOU FINISH WATCHING THIS VIDEO" is centered in white, bold, uppercase letters.

**BY THE TIME YOU
FINISH WATCHING
THIS VIDEO**

Our Purpose, Goal and Strategy



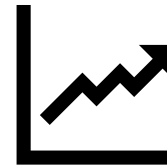
Purpose

To help people do more, feel better, live longer

Goal

To be one of the world's most innovative, best performing and trusted consumer healthcare companies

Strategy



Innovation

- Brilliant execution of launches
- Strong patient and payer focused pipeline
- The most competitive claims and labels

Performance

Sustained industry-leading growth with competitive costs, margin and cash flow

Trust

- Reliable supply
- Improved reputation
- Highly engaged employees

Our Values & Expectations are at the Heart of Everything We Do



Brands Portfolio

FMCG (Represents 20% business)

Oral Care



Skin Health



Nutrition



OVER THE COUNTER (Regulated by DRAP) (Represents 80% business)

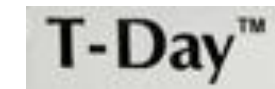
Nutrition & Digestive



Skin Health



Respiratory



Pain Relief



Top 3 Brands Contributing 66 % to Total Cx Business...

With 15% Value Growth & 12% Volume Growth

#1 in Pain Relief Category



33.6% Contribution
GSK Share 16.5%
11.6% Volume Growth

#1 in Sensitivity Category



13.4% Contribution
GSK Share 13%
11.9% Volume Growth

#1 Prescribed Calcium supplement



18.9% Contribution
GSK Share 36%
11.7% Volume Growth

Oral Care



Pain Relief



Nutrition





Strategic / Operational developments

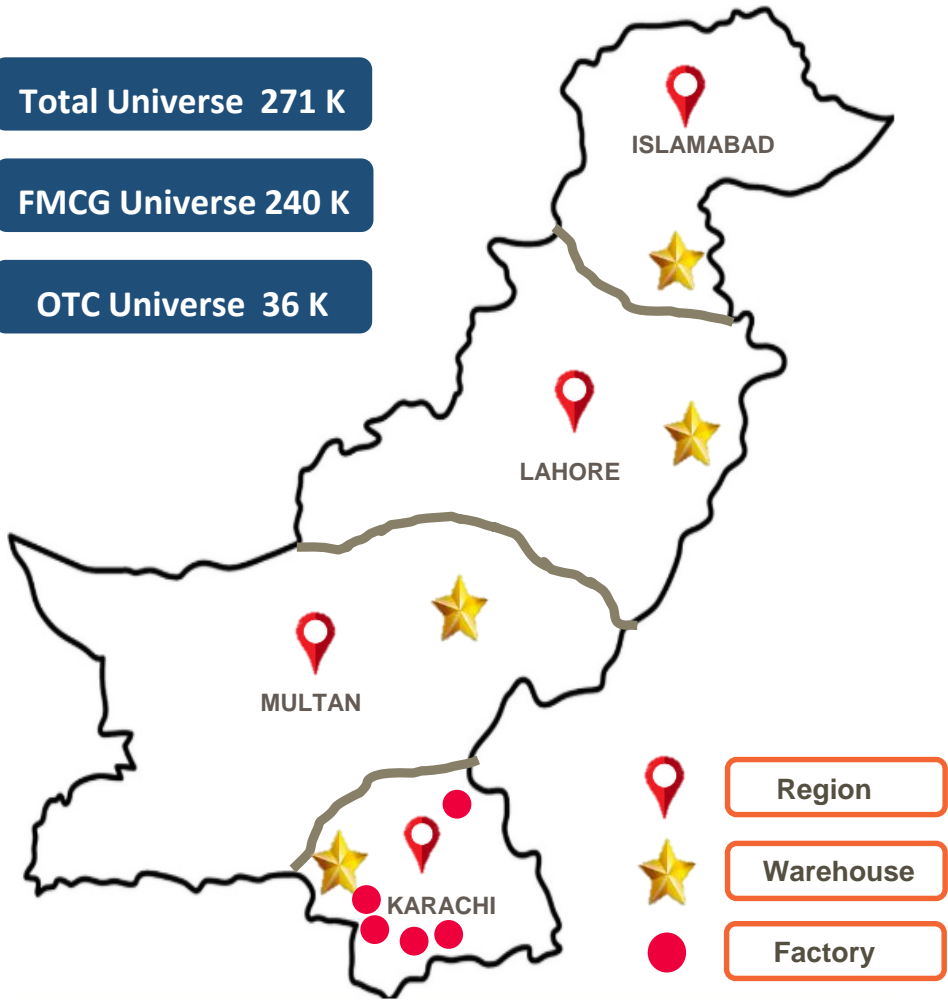
Route to Market



Total Universe 271 K

FMCG Universe 240 K

OTC Universe 36 K



Total Distributors
46

FMCG 55,000 DC Outlets

OTC 36,000 DC Outlets

TRADE CHANNELS

	Retail Chains	Mass Market *	Pharmacy
Total Contribution %	11%	25%	64%
• FMCG %	69%	47%	5%
• OTC %	31%	53%	95%

*Mass Market includes Institutional Sales & GMS Universe Numbers taken from Nielsen

Strategic / Operational developments



*Global Joint Venture
between GSK Consumer
Healthcare and Pfizer
Consumer Healthcare*



*Ex-Novartis Consumer
portfolio merged with GSK
Consumer Healthcare
Pakistan Ltd*



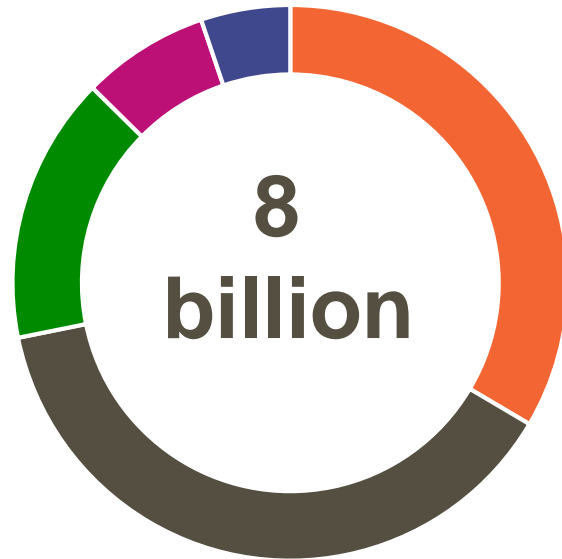
*SAP deployment
completed in
manufacturing division*



Financial Details

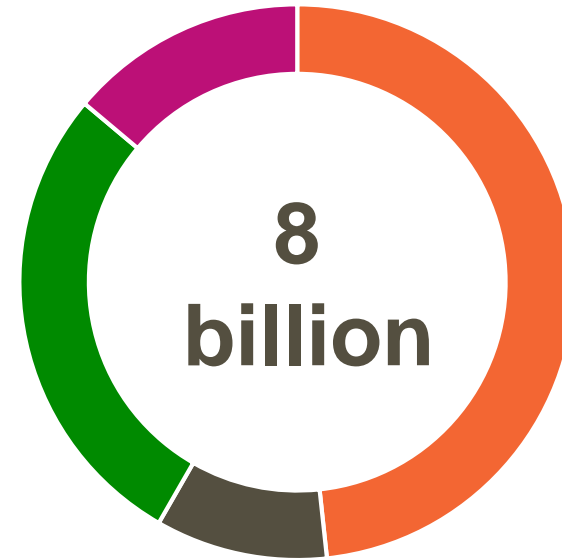
Net Assets

- Fixed Assets
- Inventories
- Trade Debts & advances
- Tax refundables
- Others

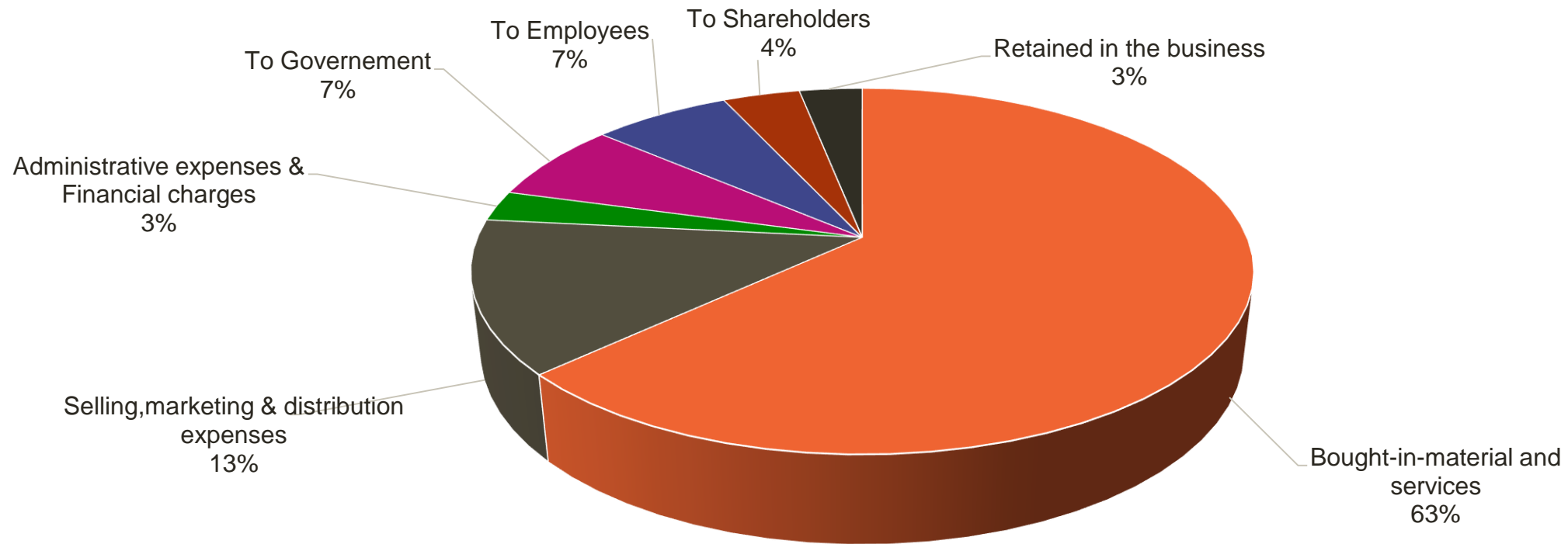


Funded by

- Equity
- Debt
- Trade payables
- Others

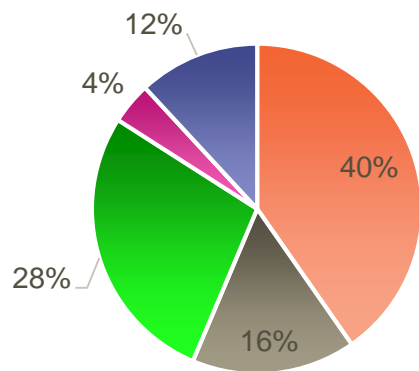


Revenue Distribution



Amounts in PKR million

Sales Mix by portfolio



- OTC Portfolio
- FMCG Portfolio
- Ex-Novartis Portfolio
- Exports
- Toll Manufacturing - Novartis

	Quarter 2			Half Year		
	2019	2018	Growth	2019	2018	Growth
OTC Portfolio	1,415	1,203	17.23%	3,184	2,949	7.9%
FMCG Portfolio	678	602	12.5%	1,269	1,198	5.9%
Ex-Novartis Portfolio	1,265	947	33.5%	2,186	1,784	22.6%
Exports	154	0	>100%	321	0	>100%
Toll Manufacturing - Novartis	515	537	-4.1%	939	986	-4.8%
Total	4,027	3,289	22.28%	7,899	6,918	14.14%

Performance over time



Key Performance Ratios

Balance Sheet Ratios	June 30, 2019	December 31, 2018
Return on equity	22.6%	17.4%
Current Ratio	1.31	1.29
Quick Ratio	0.53	0.74
Inventory days	90	74
Receivables days	18	17
Payable days	27	26



Thank You



Backup slides

Economic indicators



Economic forecasts

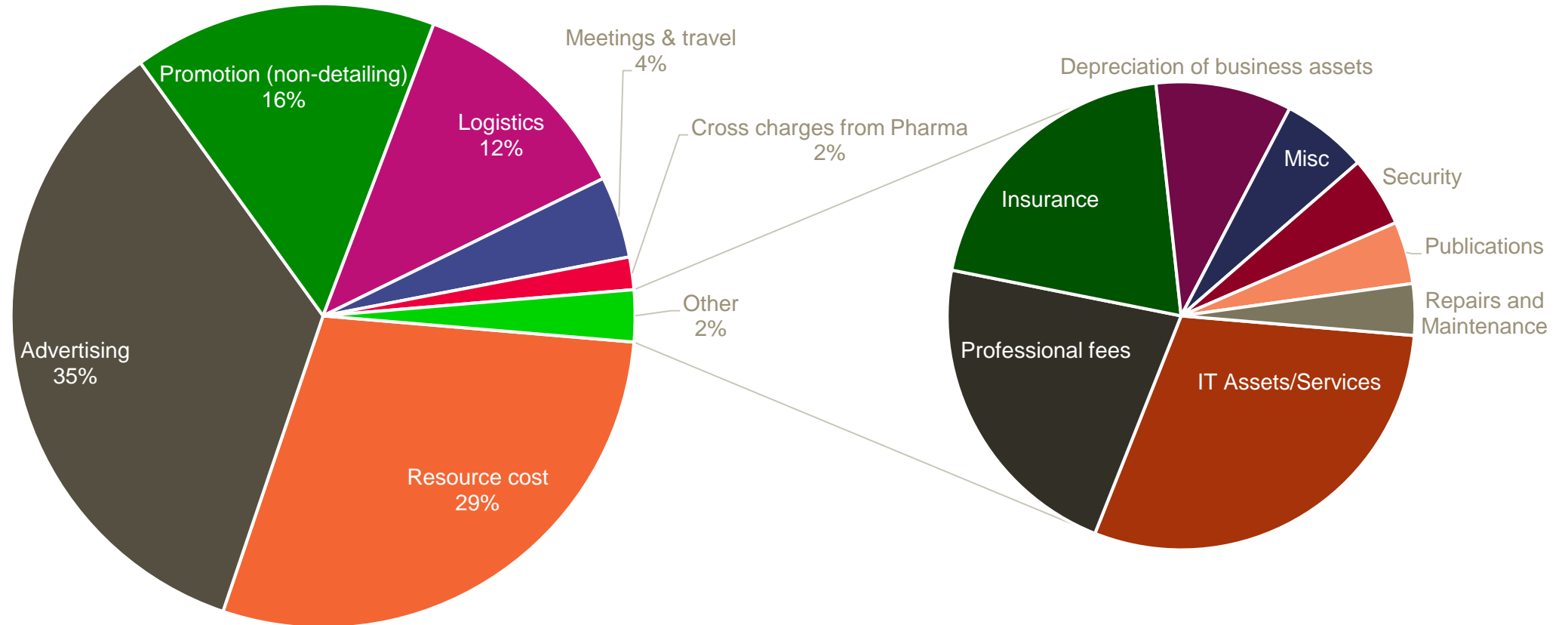
	2017	2018	2019F	2020F	2021F
GDP growth (%)	5.40	5.80	3.30	4.00	5.00
Inflation (yearly average %)	4.20	4.00	7.40	13.60	9.90

FX forecasts

CURRENCY	SPOT	3M WEIGHTING	3-12M WEIGHTING	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
USD-PKR	157.5	NOT RATED	NOT RATED	166.0	170.0	172.0	174.0	176.0



Opex Overview



Cash Flow Statement

Amounts in PKR million



	June 30, 2019	June 30, 2018 (Restated)
Profit before taxation	841	711
Adjustments for non-cash charges and other items	256	220
Profit before working capital changes	1,097	931
Effect on cash flow due to working capital changes	(307)	(616)
Cash generated from operations	791	315
Payments	(460)	(509)
Net cash used in investing activities	(123)	(109)
Net cash used in financing activities	(80)	(75)
Cash at beginning and transferred from GSK OTC Pvt Ltd	(884)	(157)
Cash and Cash Equivalents	(757)	(534)

Balance Sheet



Amounts in PKR million

		June 30, 2019	Dec 31, 2018	Variance	Percentage
Non-current Assets	Property, Plant and Equipment	2,676	2,650	26	1.0%
	Intangible	128	128	0	0%
	Long-term loans to employees	11	7	3	47.0%
	Long term deposits	6	3	2	65.5%
Current Assets	Stores and spares	55	48	7	14.8%
	Inventories	3,063	2,231	831	37.3%
	Trade debts	791	755	36	4.8%
	Loans and advances	452	262	191	72.8%
	Trade Deposits and Prepayments	66	77	(11)	-14.6%
	Refunds due from government	80	107	(28)	-25.8%
	Other receivables	108	614	(507)	-82.5%
	Taxation – payments less provision	512	364	149	41.0%
	Bank Balances	43	707	(665)	-94.0%
Share Capital & Reserves	Share capital	1,171	1,171	0	0%
	Reserves	2,688	2,664	24	0.9%
Non-current liabilities	Staff retirement benefits	41	38	3	8.4%
	Deferred Taxation	127	90	38	42.1%
	Long term portion of finance lease liabilities	3	0	3	
Current Liabilities	Trade and other payables	2,222	1,957	265	13.6%
	Running finance under mark-up arrangement	800	1,592	(792)	-49.7%
	Accrued mark-up	31	44	(13)	-30.0%
	Current portion of finance lease liabilities	2	0	2	
	Unpaid dividend	906	400	506	126.5%

Profit & Loss Statement

Amounts in PKR million



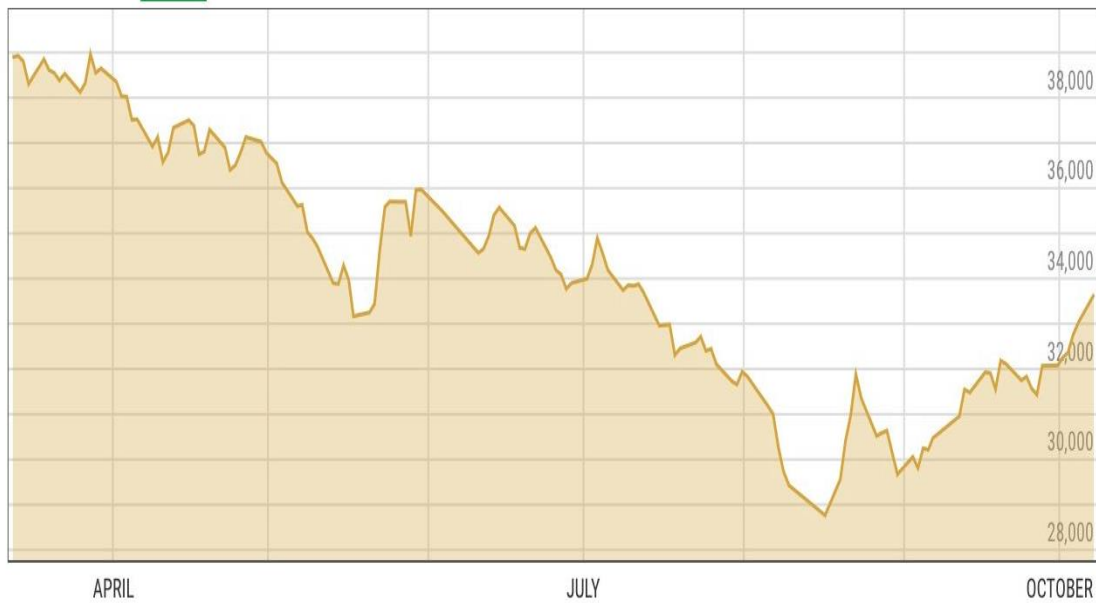
	Q2 2019	Q2 2018 (Restated)	Variance %	H1 2019	H1 2018 (Restated)	Variance %
Net sales	4,026	3,290	22.4%	7,899	6,918	14.2%
Cost of sales	(2,511)	(2,219)	13.2%	(5,311)	(4,649)	14.2%
Gross Profit	1,514	1,071	41.4%	2,588	2,269	14.1%
Gross Profit %	37.6%	32.6%		32.8%	32.8%	
Selling Marketing & Distribution	(738)	(646)	14.2%	(1,435)	(1,312)	9.4%
Administrative Expenses	(42)	(60)	-29.6%	(113)	(133)	-14.7%
Other operating expenses	(46)	(29)	60.3%	(69)	(61)	12.3%
Other Income	17	84	-79.3%	28	105	-73.0%
Operating Profit	705	420	67.9%	999	869	15.0%
Financial Charges (including exchange losses)	(120)	(91)	32.3%	(158)	(158)	0.5%
Profit before tax	585	329	77.7%	841	711	18.2%
Taxation	(144)	(134)	6.8%	(232)	(248)	-6.3%
Effective tax %	24.5%	40.9%		27.6%	34.8%	
Profit After Tax	441	195	126.2%	609	463	31.4%
Profit after tax %	10.9%	5.9%		7.7%	6.7%	

Market Vs GSKCH: 6 Month



KSE 100

1D 1M 6M YTD 1Y 3Y 5Y



GSK CH

1D 1M 6M YTD 1Y 3Y 5Y

As of Tue, Oct 8, 2019 11:13 AM



KSE 100



GSK CH

