CITI PHARMA LIMITED · PSX: CPHL

# Corporate Briefing Session

## Financial year ended 30 June 2026

November 30, 2026 · Lahore



AGENDA

# What we will cover today

**01** **Company profile**
Who we are and what we make

**02** **Economic overview**
Pakistan’s economy and the pharmaceutical sector

**03** **Strategic developments**
Capacity investment, Oncology plant, Citi Veterinary

**04** **FY2026 financial results**
Revenue, margins, profit, balance sheet and cash flow

**05** **Dividend and capital allocation**
Why profits are being reinvested this year

**06** **Outlook and Q&A**
Priorities for FY2027 and your questions

01 · COMPANY PROFILE

# Pakistan’s largest API manufacturer

Citi Pharma manufactures and sells Active Pharmaceutical Ingredients (APIs), finished formulations, nutraceuticals, biologics and related healthcare products from its site in Lahore, and holds five manufacturing licences on a single premises.

**Rs 14.0bn**
Net sales FY2026

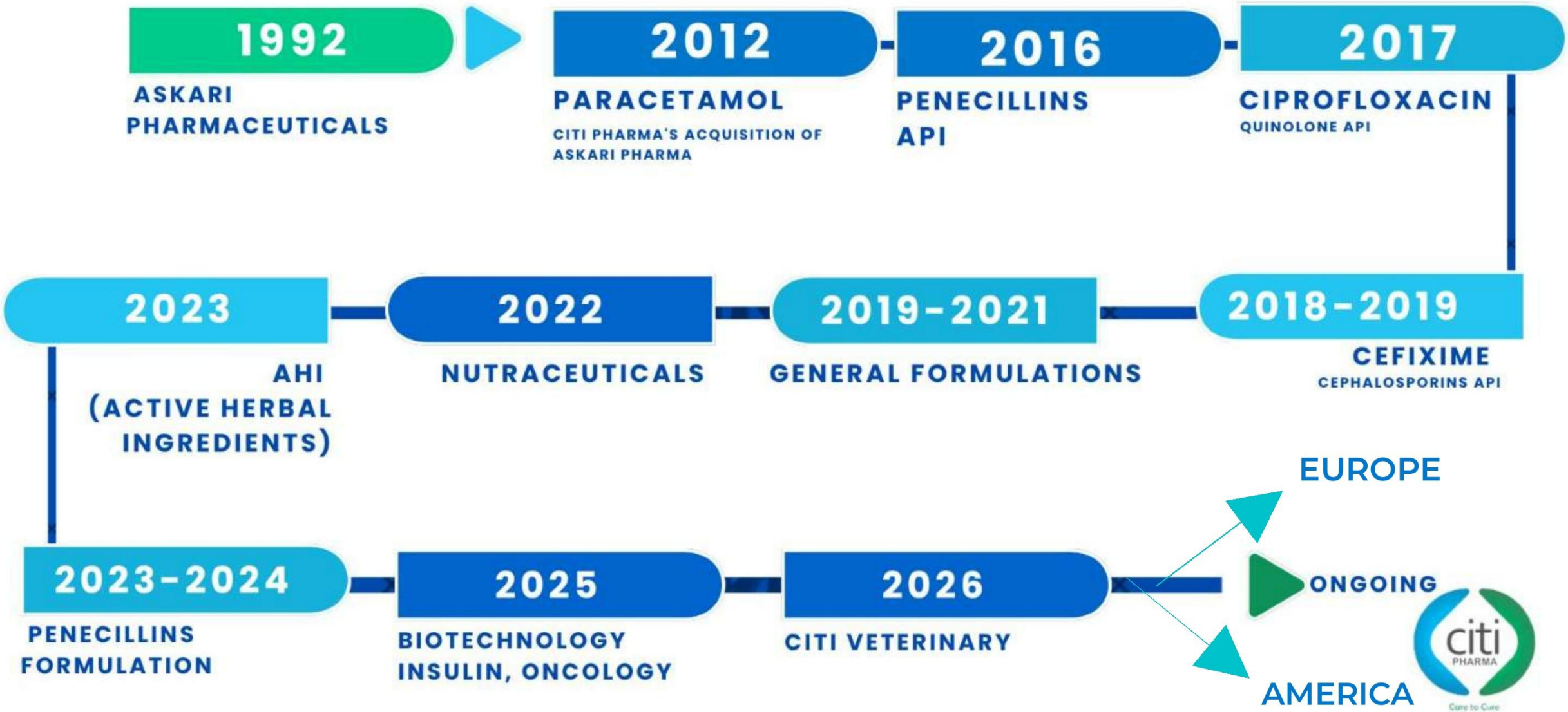
**5 licences**
API, formulations, biologics, nutraceuticals, R&D lab

**Rs 10.8bn**
Shareholders’ equity

**100%**
Owner of Citi Veterinary Limited, set up in FY2026



# OUR ROUTE TO **SUCCESS**



02

# Economic overview

Pakistan’s economy in FY2026 and what it meant for the pharmaceutical sector

02 · ECONOMIC OVERVIEW

# A steadier economy, with a late spike in inflation and rates

**Real GDP growth**
**3.7%**
Four-year high, led by a recovery in large-scale manufacturing

**Average CPI inflation**
**7.1%**
Within target for the year, but 11.1% year-on-year by June 2026

**SBP policy rate**
**11.5%**
Raised 100 bps late in the year after a cut to 10.5% in December 2025

**PKR / USD, June 2026**
**278.2**
Broadly stable; 283.8 a year earlier

**SBP FX reserves**
**$18.4bn**
Up from $14.5bn, helping import cover

> **What it meant for Citi Pharma:** a stable rupee eased import costs, but higher oil prices raised the cost of petroleum-linked raw materials such as PAP, as well as energy, salary and financing costs.

# Sector tailwinds, and the risks we are watching

### Tailwinds

- **Price deregulation** of non-essential medicines (February 2024) improved availability and supported investment
- **Exports at a 20-year high:** pharma exports rose 34% to $457m in FY2025

### Risks we are watching

- **Policy risk:** the industry has warned against any reversal of deregulation
- **Working capital:** long collection cycles on government sales
- **Afghanistan:**

### Where Citi Pharma fits

As a local API producer, Citi Pharma helps cut the industry's reliance on imported APIs. Its export sales grew 30.5% in FY2026.

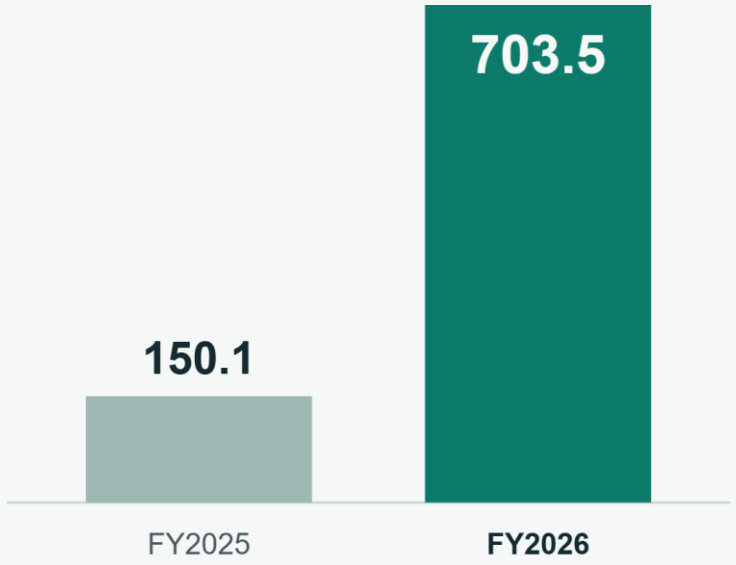
03

# Strategic & operational developments

Investing in capacity, entering oncology and launching Citi Veterinary

03 · INVESTING IN CAPACITY

# We invested Rs 703.5m in plant and capacity in FY2026




Capital expenditure (purchases of property and equipment plus capital work in progress), Rs million. FY2026 is 4.7× FY2025.

## Where the money went

- **Plant & machinery: Rs 562.5m**, including the new **Oncology plant.**
- **Solar panels and inverters:** grid electricity cost in production fell 12.3%
- **Capital work in progress: Rs 109.8m**, for projects still being built.

03 · NEW SUBSIDIARY

# Citi Veterinary: profitable from the start

Citi Veterinary Limited was incorporated on 28 August 2025 as a wholly owned subsidiary, with Rs 30m of share capital. It imports, develops, manufactures and markets veterinary drugs and related healthcare products.

Operations began in mid-April 2026, so these results reflect only about 2.5 months of sales.

**Net sales**
**Rs 71.2m**
Mid-April to June 2026

**Gross profit**
**Rs 23.4m**
32.8% gross margin

**Profit after tax**
**Rs 5.6m**
7.9% net margin

**Total assets**
**Rs 170.4m**
Equity Rs 35.6m









03 · OTHER DEVELOPMENTS

# Other key events during the year

### Fire incident, 20 October 2025

Inventory worth Rs 332.4m was lost; insurance settled Rs 160.0m, leaving a one-off net loss of Rs 172.4m. No one was injured and plant and buildings were not materially affected.

### Shariah-compliant funding

Short-term Sukuk II (Rs 1.5bn) and III (Rs 2.0bn) were repaid on time. A new Rs 1.5bn Sukuk, issued in June 2026, matures in December 2026.

### Proposed demerger and new licences

We are pursuing a Scheme of Arrangement and Demerger involving Citi Core Holdings, and initiatives in cannabis, industrial hemp and allied activities.

### Exports

Export sales grew 30.5% to Rs 475.7m, with about Rs 350m shipped in April–June 2026, a strong run-rate going into FY2027.

### Acquisition of Pakheim Limited

The acquisition was agreed in April 2026, subject to approval by the Competition Commission of Pakistan (CCP). After the reporting date, the CCP granted its approval in October 2026.

04

# FY2026 financial results

Audited, unconsolidated results for the year ended 30 June 2026, unless stated otherwise

04 · FINANCIAL HIGHLIGHTS

# Sales and margins up; one-offs hit profit

**Net sales**
**Rs 14,004.6m**
▲ **6.5%** from Rs 13,153.5m

**Gross profit**
**Rs 2,449.6m**
▲ **21.4%** · margin 17.5% (15.3%)

**Operating profit**
**Rs 1,925.4m**
▲ **20.0%** from Rs 1,604.2m

**Profit before tax**
**Rs 1,331.3m**
▼ **1.7%** from Rs 1,354.5m

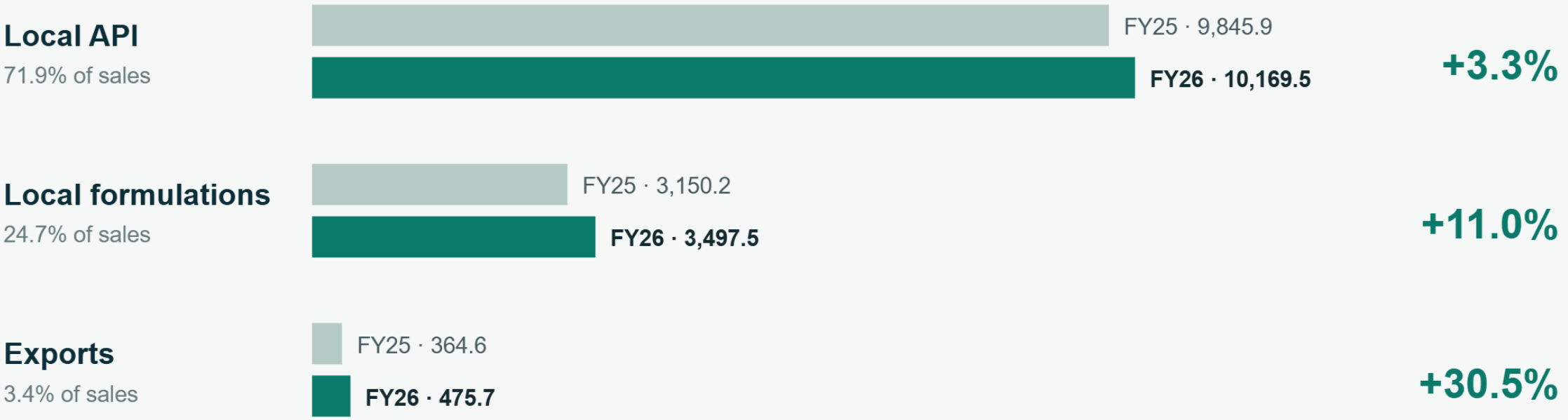
**Profit after tax**
**Rs 782.6m**
▼ **12.3%** from Rs 892.0m

**Earnings per share**
**Rs 3.43**
▼ **12.1%** from Rs 3.90

> **Underlying growth:** excluding the one-off fire loss of Rs 172.4m, profit before tax would have been Rs 1,503.7m, **up 11.0%**.

04 · REVENUE

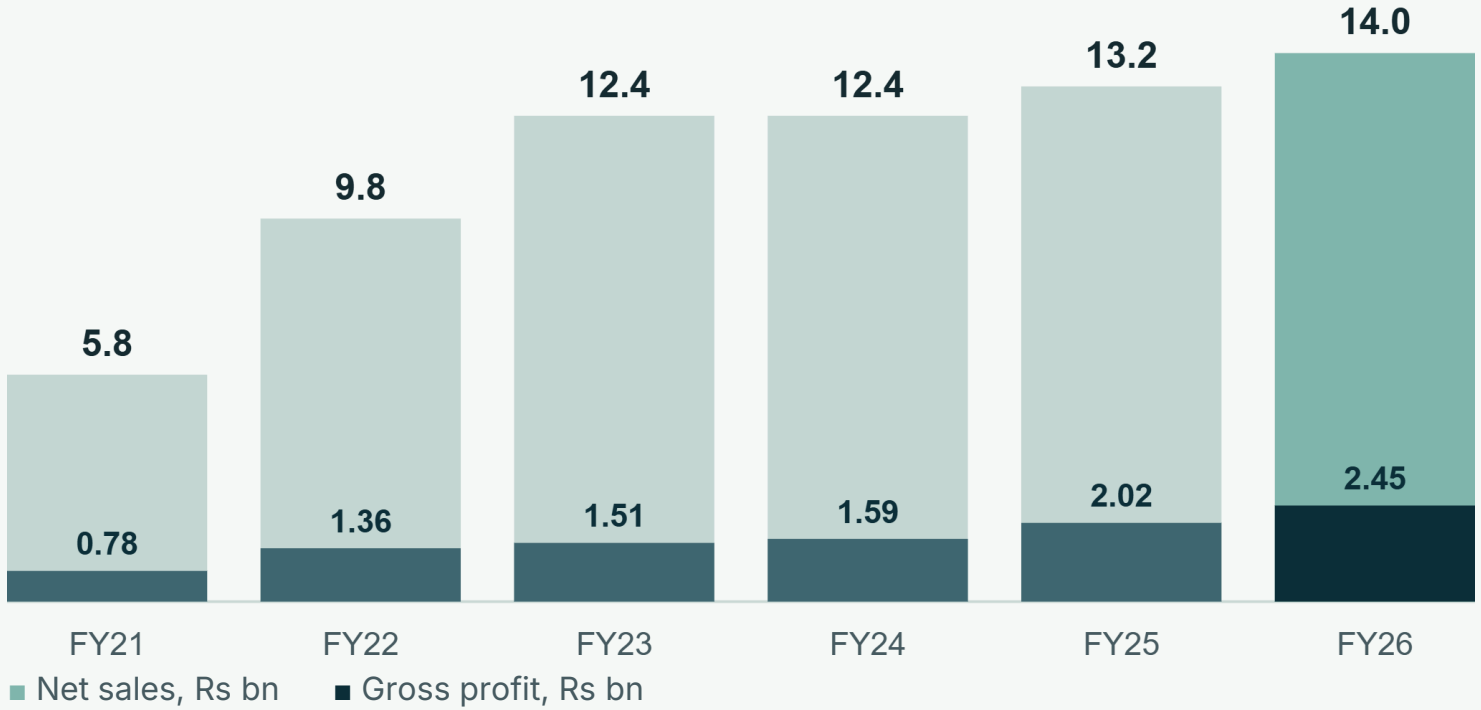
# Formulations and exports are now driving growth




Gross sales rose 5.9% to **Rs 14,142.6m**. Higher-margin formulations rose from 23.6% to 24.7% of gross sales.

04 · SIX-YEAR TRACK RECORD

# Sales 2.4× and gross profit 3.1× since FY2021




**19.3%**

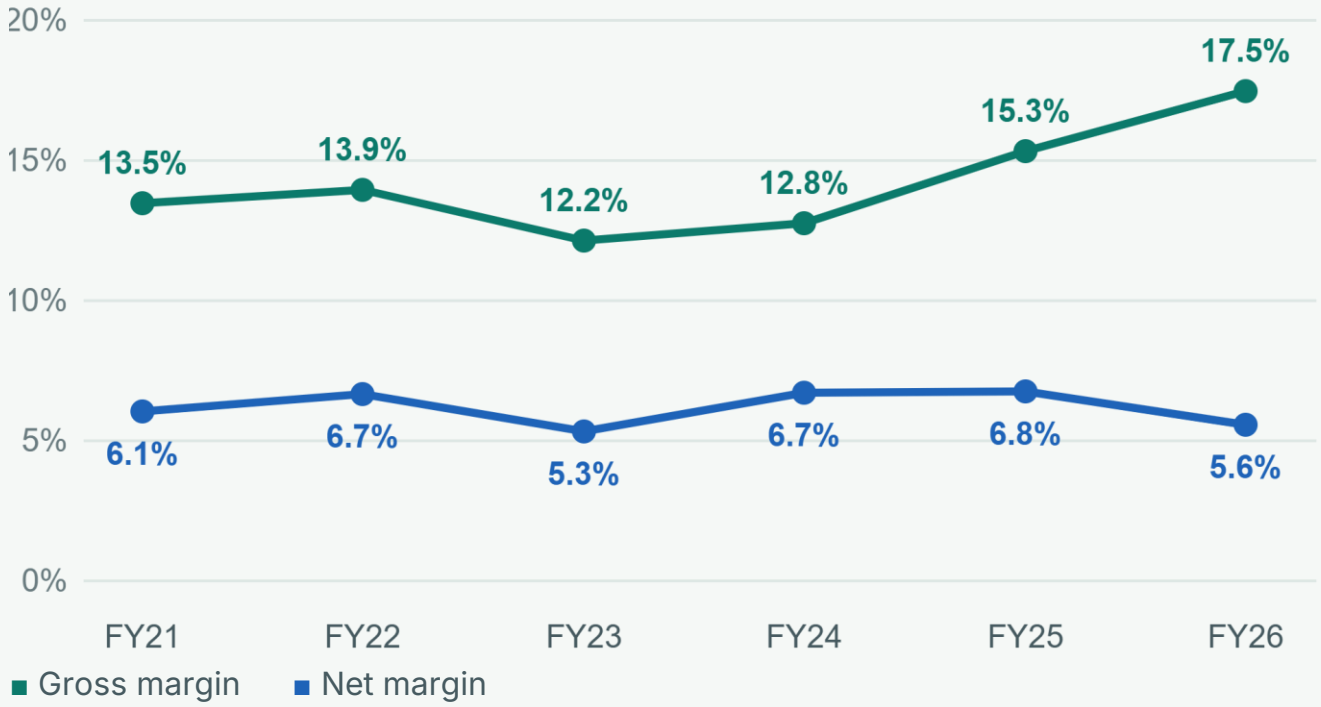
Net sales, compound annual growth FY2021–26

**25.7%**

Gross profit, compound annual growth FY2021–26

04 · MARGINS

# Gross margin reached a six-year high of 17.5%




## What lifted gross margin

- Raw material consumed **fell 9.3%** as purchases dropped and stock was used
- Solar cut grid electricity in production by **12.3%**
- A richer mix, with more formulations

## What held net margin back

The fire loss, lower treasury income, higher finance cost and a 41.2% effective tax rate

04 · PROFIT BRIDGE

# Why profit after tax fell despite a stronger core




Gross profit added Rs 432m; one-off and financial items took it back.

04 · COSTS BELOW GROSS PROFIT

# Where the extra costs came from

| Rs million | FY2026 | FY2025 | Change | Main reason |
|---|---|---|---|---|
| Administrative & general | 253.9 | 222.1 | +14.3% | Annual increments; Sukuk and REIT legal fees |
| Marketing & distribution | 270.3 | 191.2 | +41.4% | Larger sales team; higher dispatch and export freight |
| Financial charges | 387.9 | 329.7 | +17.7% | Sukuk profit Rs 221.5m (FY25: 83.1m) |
| Other income | 91.9 | 198.3 | –53.6% | Term deposits used for capex and dividend; lower rates |
| Other expenses | 298.0 | 118.3 | +151.9% | Net fire loss Rs 172.4m; otherwise broadly flat |
| Income tax | 548.7 | 462.5 | +18.7% | Effective rate 41.2% (34.1%); deferred tax on new capex |

**Operating costs as % of sales**
**3.7%** (FY25: 3.1%)

**Interest cover (operating profit ÷ finance cost)**
**5.0×** (FY25: 4.9×)

04 · FINANCIAL POSITION

# A larger asset base, funded with care

| Rs million, as at 30 June | 2026 | 2025 | Change |
|---|---|---|---|
| Property, plant & equipment | 9,214.5 | 8,687.9 | +6.1% |
| Stock in trade | 3,643.4 | 3,929.7 | −7.3% |
| Trade debts | 3,418.9 | 3,078.2 | +11.1% |
| Cash and short-term investments | 287.7 | 1,559.9 | −81.6% |
| Total assets | 18,119.6 | 18,439.5 | −1.7% |
| Shareholders' equity | 10,826.2 | 10,867.6 | −0.4% |
| Short-term borrowings (incl. Sukuk) | 2,869.6 | 2,863.2 | +0.2% |
| Trade and other payables | 3,385.0 | 3,858.5 | −12.3% |

**Equity funding of total assets**

**60%**

Equity of Rs 10.8bn funds most of the asset base

**Current ratio**

**1.26×**

FY25: 1.30×

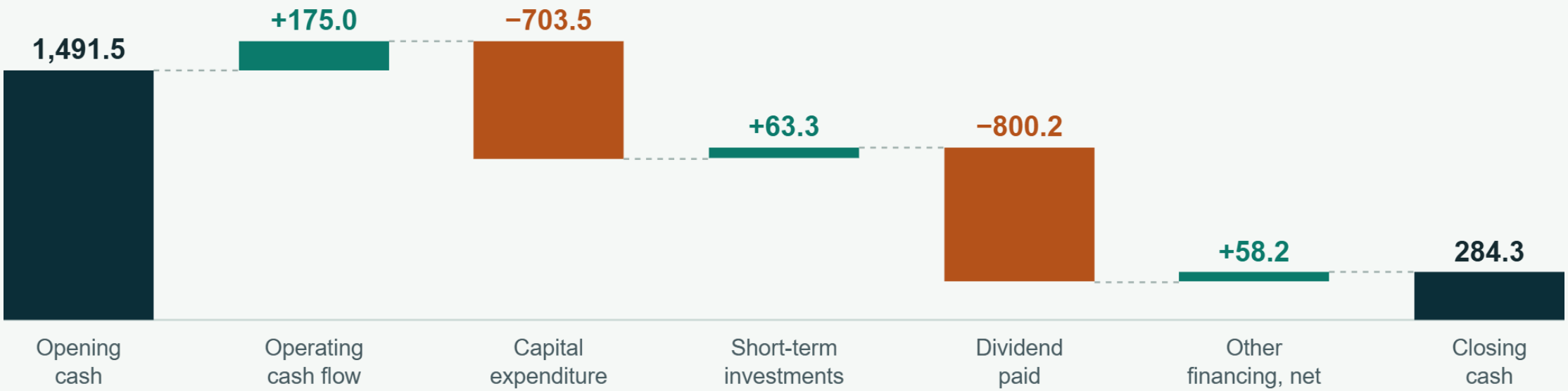
**Short-term borrowing**

**Flat**

Capex funded mainly from cash, not new debt

04 · CASH FLOW

# Cash was used for capex and last year's dividend




**Operating cash before working capital**
**Rs 2,070.1m**

**Net operating cash flow**
**Rs 175.0m** (FY25: −320.7m)

# Consolidated results, including Citi Veterinary

| Rs million, FY2026 | Citi Pharma | Citi Veterinary | Group (consolidated) | Group FY2025 |
|---|---|---|---|---|
| Net sales | 14,004.6 | 71.2 | 14,075.8 | 13,153.5 |
| Gross profit | 2,449.6 | 23.4 | 2,472.9 | 2,017.6 |
| Operating profit | 1,925.4 | 15.0 | 1,940.4 | 1,604.2 |
| Profit before tax | 1,331.3 | 13.2 | 1,344.5 | 1,354.5 |
| Profit after tax | 782.6 | 7.7 | 790.3 | 892.0 |
| Earnings per share (Rs) | 3.43 | – | 3.46 | 3.90 |

04 · KEY RATIOS

# Six-year key ratios

| Year ended 30 June | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|
| Net sales (Rs m) | 5,795 | 9,780 | 12,397 | 12,409 | 13,154 | 14,005 |
| Gross margin | 13.5% | 13.9% | 12.2% | 12.8% | 15.3% | 17.5% |
| Net margin | 6.1% | 6.7% | 5.3% | 6.7% | 6.8% | 5.6% |
| Earnings per share (Rs) | 3.64 | 2.88 | 2.88 | 3.65 | 3.90 | 3.43 |
| Return on capital employed | 13.1% | 19.4% | 21.1% | 22.6% | 15% | 15% |
| Current ratio (×) | 2.45 | 1.86 | 1.48 | 1.36 | 1.30 | 1.26 |
| Debt to equity | 15% | 21% | 29% | 25% | 70% | 67% |
| Sales to fixed assets (×) | 3.34 | 4.36 | 4.06 | 3.49 | 2.06 | 1.51 |

05 · DIVIDEND AND CAPITAL ALLOCATION

# No dividend for FY2026: profits go into growth

The Board decided not to recommend a dividend for FY2026. It weighed profitability, cash generation, working-capital needs, planned capital expenditure and future funding requirements.

- **Investing in the Oncology plant and new capacity:** Rs 703.5m of capex in FY2026, with more planned
- **Last year's payout was generous:** the FY2025 dividend of Rs 3.50 per share (Rs 799.6m), paid this year, was more than FY2026 profit
- **Keeping the balance sheet strong:** cash and equivalents fell to Rs 284.3m, and a Rs 1.5bn Sukuk is due in December 2026

**Dividends paid in cash**

**Rs 1.54bn**

FY2025 and FY2026 combined (Rs 739.8m + Rs 800.2m)

**Capex, FY2026**

**Rs 703.5m**

4.7× the FY2025 level

06 · OUTLOOK

# Our priorities for FY2027 and beyond

### Use our new capacity

Raise utilisation of the expanded plants, including commercialising the Oncology facility

### Make more APIs and formulations

Grow output across both segments

### Grow exports

Win new product registrations and international partners

### Integrate backwards in APIs

Rely less on imported inputs and steady our margins

### R&D

Strengthen research and new product development

### Biotech and critical therapies

Evaluate biosimilars and locally made critical therapies

### Strategic initiatives

Pursue the demerger and the hemp initiatives, subject to approvals

### Financial discipline

Control costs and manage working capital tightly

QUESTIONS & ANSWERS

# Thank you for your attention. We welcome your questions.

Presenting: Mr. Hanan Alam, Financial Controller

# Thank you

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