IN THE NAME OF ALLAH, THE MOST BENEFICIENT,
THE MOST MERCIFUL

Pakistan Paper Products Limited

Corporate Briefing Session For the Year Ended June 30, 2021

November 10,2021
Karachi

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Mr. Hashim Bin Sayeed
December 24, 1927 – August 07, 2013
Founder and Former Chairman

He was the Pillar of Strength for our Company and will always be our guiding light.
May Allah shower His choicest blessing on him.
Ameen!

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Sequence of Presentation

Company Profile

Pakistan Paper Products Limited

Company Profile

- Pakistan Paper Products Ltd came into existence in 1951. At that time, our newly founded country had to import all its paper products which were resulting in the drain of valuable foreign Exchange. Realizing the need of the times, Mr. Hashim B. Sayeed (Late), founder and former Chairman of Pakistan Paper Products Limited, armed with machinery and technical know how from Germany decided to set up a paper converting unit in Pakistan.

- In 1962, Pakistan Paper Products became a Private Limited Company. In 1964, it became a Public Limited company and was quoted on the Karachi Stock exchange and till today it is one of the oldest listed companies at Pakistan Stock Exchange (PSX).

- From the very start, the company has strived to modernize, expand, and diversify to meet the challenges of the changing times and today is one of the largest and most modern paper converting company in the country.

Historical Milestones

1951
- Foundation was laid by Our Former Chairman (Late) Mr. Hashim B. Sayeed
- Started segment of Exercise Books

1957
- Started segment of Ammonia Sensitized Paper

1962
- Incorporated as Private Limited Company

1964
- Listed on the Karachi Stock Exchange (now Pakistan Stock Exchange - PSX)

1997
- Started segment of Self Adhesive Pro Labels

2016
- Major Capacity Expansion of Self Adhesive Pro Label Segment was undertaken.

2020
- Capacity Expansion of Self Adhesive Pro Label Segment was undertaken.

Vision and Mission Statement

- *The Company's vision is :*

To transform the company into a modern and dynamic paper converting company by utilizing experience of the team of professionals to play a meaningful role on sustainable basis in the economy of Pakistan

- *The Company's mission is :*

To provide quality products to customers and explore new clients to promote sales of the company through good governance and encourage a sound and dynamic team, so as to achieve best practice of products of the company for sustainable growth and prosperity of the company

Products

Self Adhesive Labels

Exercise Books

Ammonia Sensitized Papers

Photocopy & Plotter Paper

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Exercise Books Segment

"Serving the cause of education for more then 70 years"

Pakistan Paper Products Ltd started its operations in 1951 with the production of exercise books, and had the distinction of being the first company in Pakistan to produce exercise books on automatic machinery and after more than 7 decades of its existence, it still remains the only such company in the industry. For seven decades PPP Brand exercise books, journals, registers, writing Pads, College Note books, etc. have been recognized for their superior quality, and have become a household name amongst all school and college going students. Constant modernization and up-gradation has been the hallmark of our company's progress and even today our exercise books production line boasts of machines which are unmatched by any other producer in Pakistan. Our client list boasts of more than 100 private schools in Pakistan who get their exercise book made in their own cover, including the nationwide branches of The City School. In addition many government organizations like POF, Pakistan Navy, DGDP, CSD also get their stationary items from PPP Ltd.

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Ammonia Sensitized paper Segment

In 1957, Pakistan Paper Products ltd also had the distinction of being the first company in Pakistan to start producing ammonia sensitized paper and till today remains the market leader of this product. This product which is used in Architect and Engineer Drawings amongst various other uses played a pivotal role in the development of our beloved nation. Since the inception we have been regularly supplying this product to Government organizations like WAPDA, KESC, POF, DGDP, NESPAK, HMC, Pakistan Army, Pakistan Navy, Pakistan Steel, along with private printers nationwide.

Pro Labels Self Adhesive Labels in Roll Form Segment

In 1997 to mark the 50th Anniversary of Pakistan and 46 Years of its dynamic operations in the country, Pakistan Paper Products Ltd. brought out yet another innovation in the market; **Pro Labels –Self Adhesive Labels in Roll Form**. These labels which are applied using automatic labeling machinery has introduced a new facet in the packaging industry of Pakistan, revolutionizing the packaging and supply chain for companies requiring high speed and accurate labeling solution. Once again, the company came out with an innovative and unique product which was not yet being produced in the country and valuable foreign exchange was being spent in importing the product.

Since that time, this division of the company has shown very impressive growth on year on year basis, and the company has kept pace with the increasing demand by consistently investing in brand new state of the art printing machines from Europe and USA, with our latest machine installed in May 2020. From a very humble beginning of one 3 color machine in 1997, we have now expanded to one 6 color machine, four 8 color machines and one 10 color machine. We are capable of doing full UV printing in combination with screen printing and cold foil. In 2010 we built a brand new purpose built facility for Pro Labels and have positioned ourselves to fully meet the challenges and rising demand of our ever growing client base of top multinational and local companies.

Some of our distinguished clients are:

Chevron Lubricants Pakistan, Shell Pakistan Ltd, Total Parco Pakistan Ltd, Castrol Pakistan (Pvt.) Ltd, Atlas Honda, Highnoon Pharmaceuticals Ltd, Reckitt Benckiser, Unilever Pakistan, Engro Foods, ICI Pakistan Ltd. , Getz Pharma (Pvt.) Ltd. , Asian Consumer Products (makers of Dabur & Vatika products), and many more.

Major Customers/ Clients

TOTAL

PARCO

Reckitt Benckiser

ICI PAKISTAN LTD.

The Citizens Foundation

I AM - TO LEARN
Since 1978
The City School

Unilever

materials

Chevron

Dabur
Asian Consumer Care (Pvt.) Ltd.

[redacted]
KPS
[redacted]

LUCERNA MEIS PEDIBUS
INDOCTI 1847 DISCANT

cbm
Plastics (Pvt.) Ltd

TAPAL
Truly yours

FrieslandCampina
Engro Pakistan Limited

Getz pharma

HEALTH • HYGIENE • HOME

The Smart School
Tomorrow is our Destiny

BARRETT HODGSON

HIGHNOON LABORATORIES LIMITED

gsk
GlaxoSmithKline

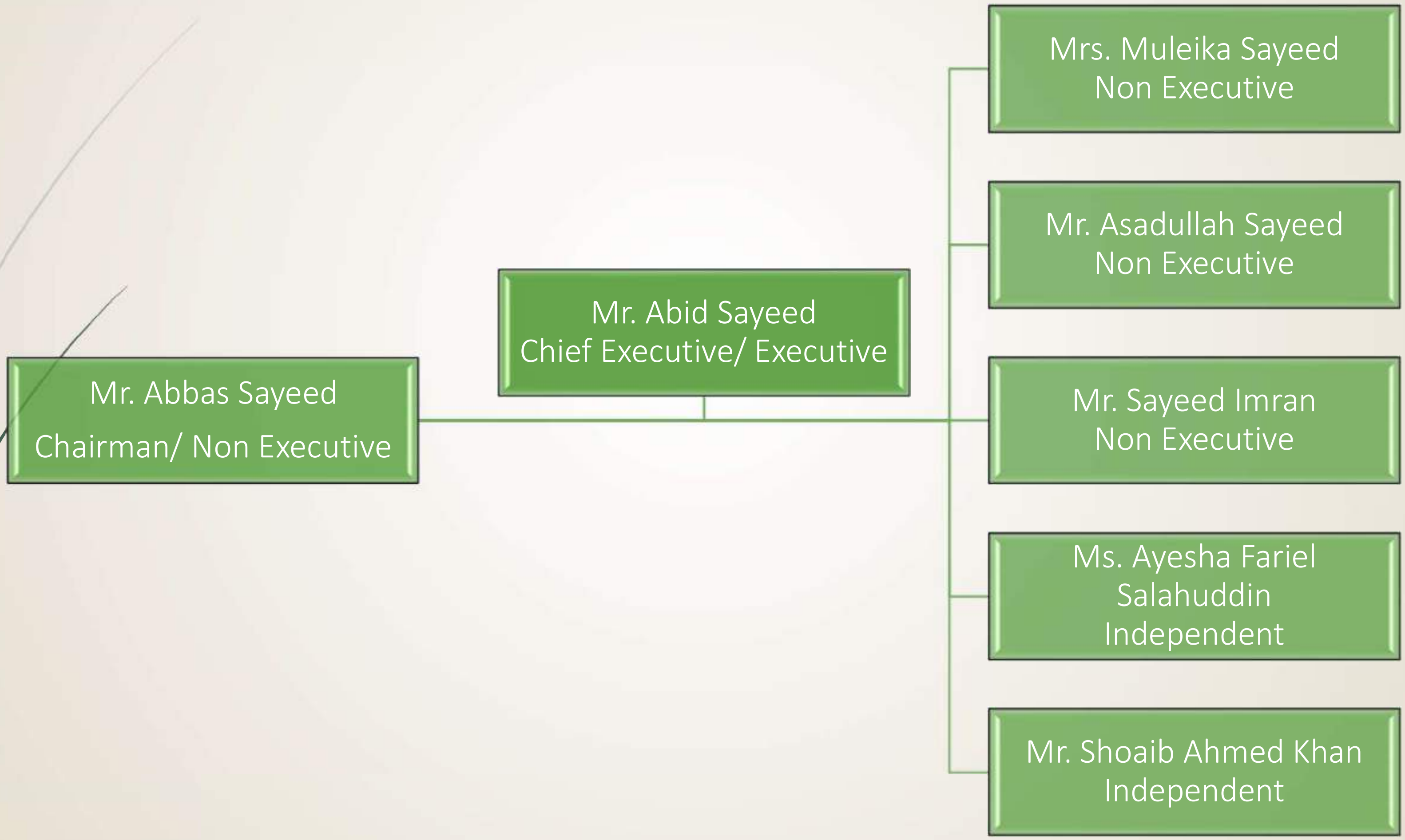
WHITE HOUSE GRAMMAR SCHOOL
1981

PAKISTAN ORDNANCE FACTORIES

PAKISTAN NAVY

Castrol

Board of Directors



Pattern of Share holdings as on June 30, 2021

S.No.	Categories Shareholders	Shares Held	% Age
1.	Associated Companies	907,026	11.34%
2.	NIT & ICP	629,958	7.87%
3.	Directors, CEO, their spouses and Minor Children	2,884,184	36.05%
4.	Executives	Nil	0%
5.	Individuals	2,689.086	33.61%
6.	Public Sector Companies and Corporation	268,512	3.36%
7.	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and Others	621,234	7.77%
	Total	8,000,000	100%

Historical Financial Performance

Pakistan Paper Products Limited

OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TREDNDS	2021	2020	2019	2018	2017	2016
Trading results						
Turnover	1,224,655	1,021,263	969,478	868,871	724,393	676,554
Sales -Net	1,092,962	913,310	875,439	788,229	659,935	613,672
Gross Profit	160,813	96,911	99,271	129,719	124,258	125,342
Profit before Tax	97,014	21,616	23,968	64,459	73,059	62,572
Taxation	26,449	6,045	5,994	14,391	12,227	24,206
Profit after Tax	70,565	15,570	17,975	50,068	60,832	38,365
Dividend						
Cash Dividend	50%	12.5%	10%	25%	55%	30%
Stock Dividend	-	-	-	33.33%	-	-
Cash Dividend Value	40,000	10,000	8,000	15,000	33,000	18,000
Stock Dividend Value	-	-	-	20,000	-	-
Dividend Payout	56.69%	64.22%	44.51%	69.90%	54.24%	46.92%

OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TREDNDS	2021	2020	2019	2018	2017	2016
Financial Position						
Total Assets	1,397,162	1,376,352	1,234,181	870,670	843,795	723,186
Paid up Capital	80,000	80,000	80,000	60,000	60,000	60,000
Reserves (including Capital reserves from FY-2017)	999,029	955,050	947,258	634,269	597,018	284,545
Working Capital	322,419	207,876	247,273	247,727	223,235	225,123
Current Ratio	2.19	1.61	2.22	2.93	3.03	3.77

OPERATING HIGHLIGHTS

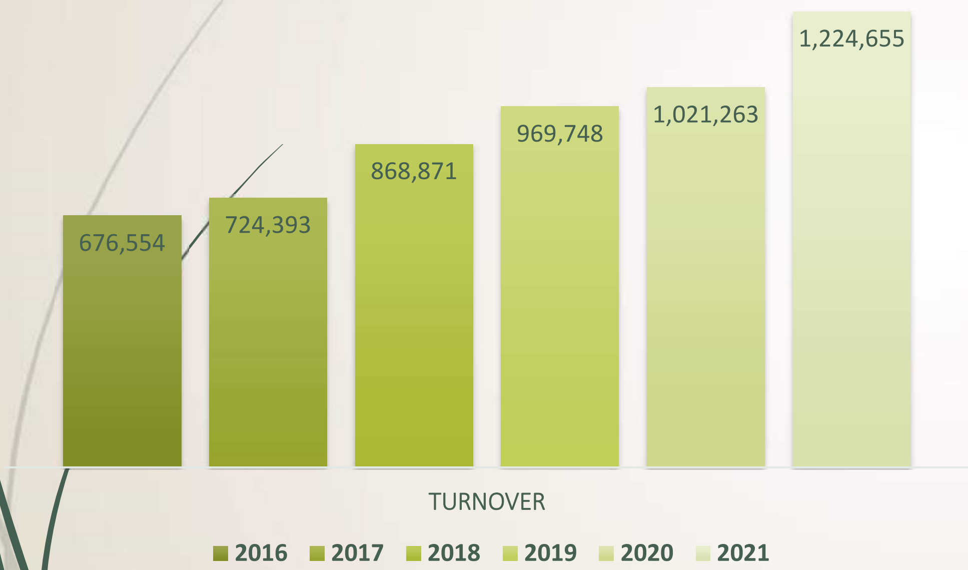
KEY INDICATORS	2021	2020	2019	2018	2017	2016
Operating						
Gross Profit	14.1%	10.61%	11.34%	16.46%	18.83%	20.42%
Profit before Tax	8.88%	2.37%	2.74%	8.18%	11.07%	10.20%
Profit after Tax	6.46%	1.70%	2.05%	6.35%	9.22%	6.25%
Return on Equity	6.54%	1.50%	1.75%	7.21%	9.26%	11.13%
Return on Assets	5.05%	1.13%	1.46%	5.75%	7.21%	5.30%
Valuation						
Earning per share (pre tax)	12.13	2.70	3.00	10.74	12.18	10.43
Earning per share (post tax)	8.82	1.95	2.25	8.34	10.14	6.39
Breakup value per share	124.88	119.38	118.41	115.71	109.50	57.42
Asset Utilization						
Inventory turnover ratio	3.79	3.96	4.62	4.48	4.21	4.33
Total assets turnover ratio	0.78	0.66	0.71	0.91	0.78	0.85

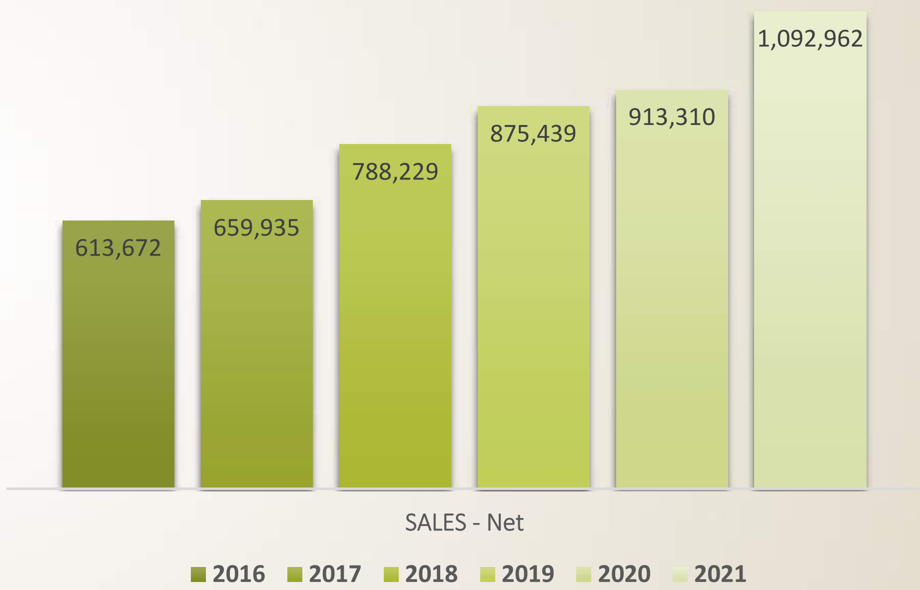
OPERATING HIGHLIGHTS

KEY INDICATORS	2021	2020	2019	2018	2017	2016
Turnover Ratios in Days						
Inventory Turnover Days	96	90	77	79	85	82
Receivable Turnover Days	71	78	63	57	63	62
Payable Turnover Days	55	54	34	31	35	21
Operating Cycle Days (Net)	112	114	106	106	112	123

TURNOVER & SALES - NET

Rupees in Thousands (‘000)





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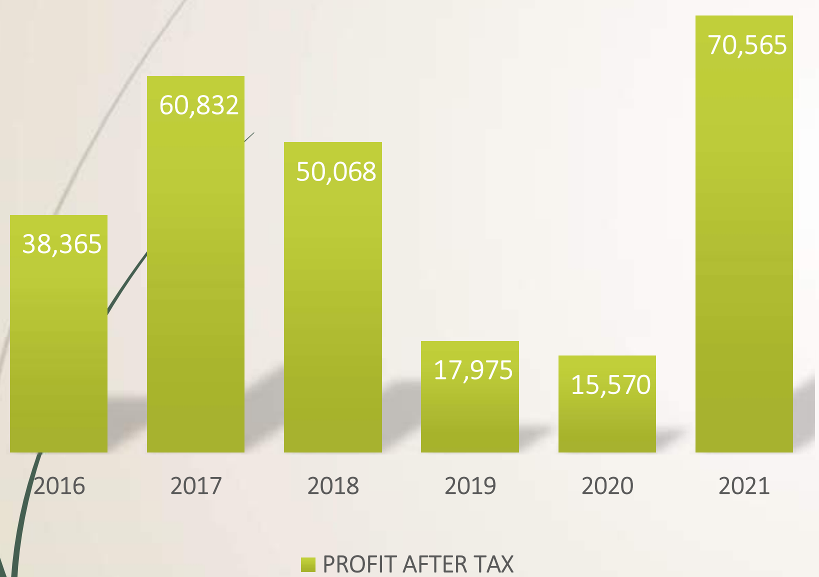
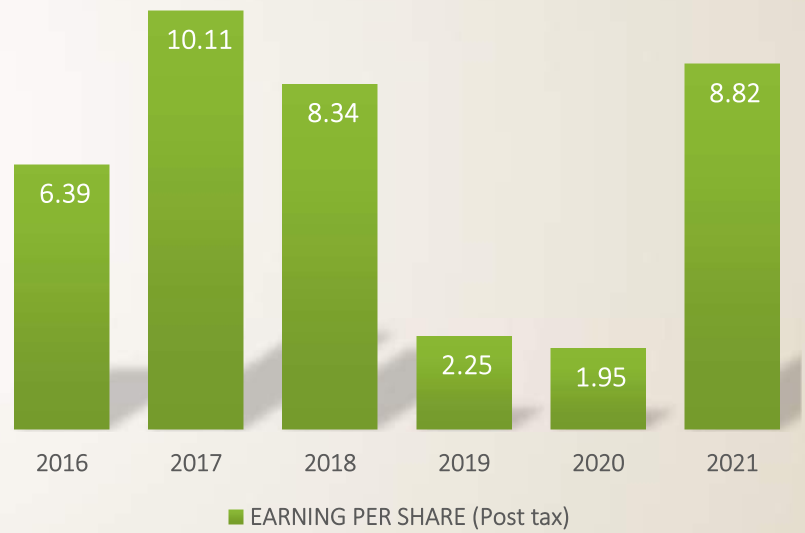
PROFIT AFTER TAX & EARNING PER SHARE (Post tax)

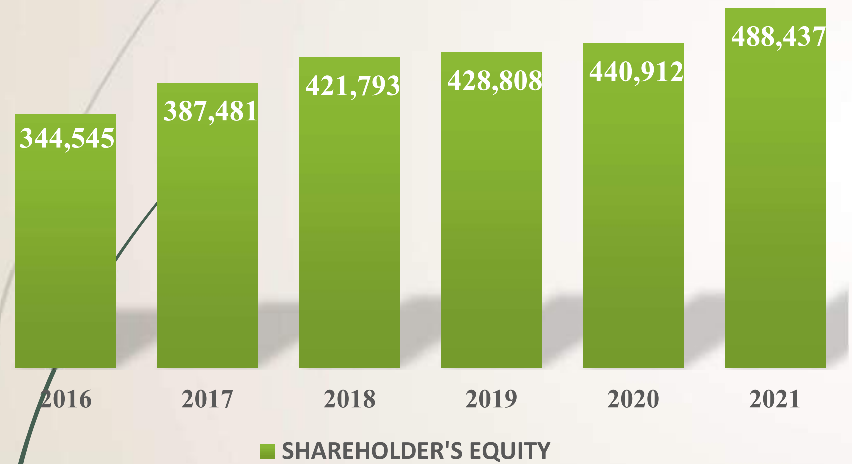
Rupees in Thousands (‘000)

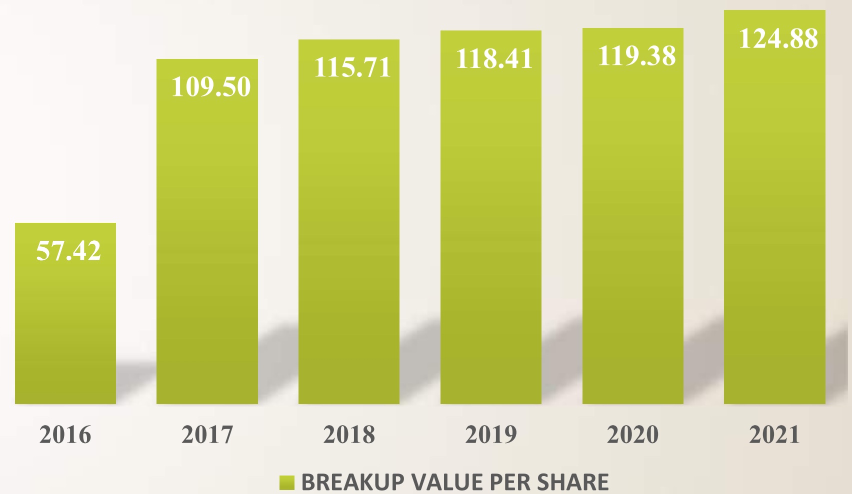




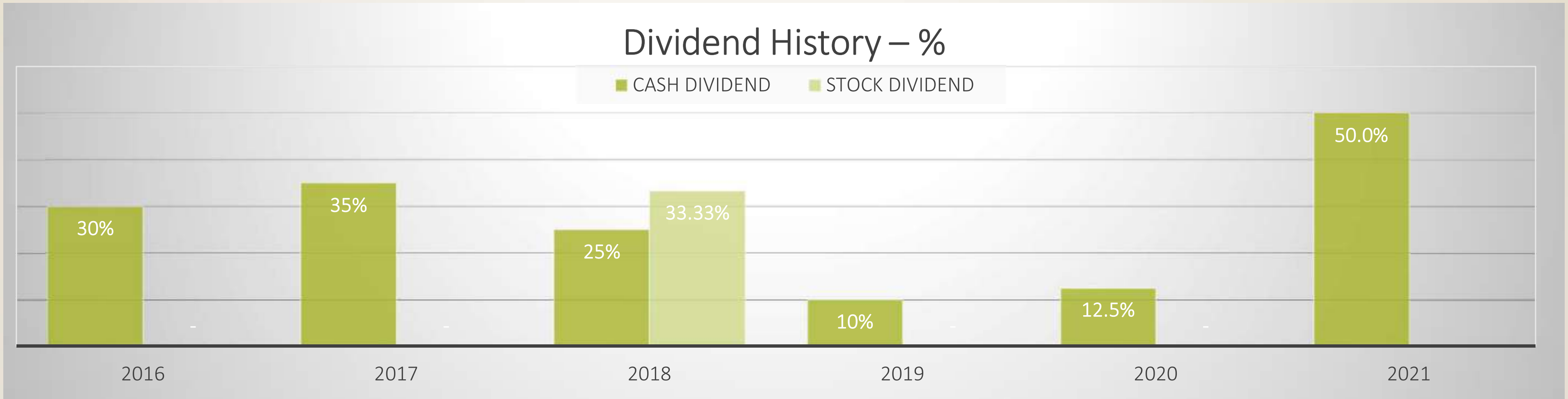
SHAREHOLDER'S EQUITY & BREAKUP VALUE PER SHARE

Rupees in Thousands ('000)





DIVIDENDS



HISTORICAL TREDNDS	2021	2020	2019	2018	2017	2016
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Stock Dividend	-	-	-	33.33%	-	-
Cash Dividend Value (‘000)	40,000	10,000	8,000	15,000	33,000	18,000
Stock Dividend Value(‘000)	-	-	-	20,000	-	-
Dividend Payout	56.69%	64.22%	44.51%	69.90%	54.24%	46.92%

CAPACITY & PRODUCTION - Segment wise

Segments	Units	Capacity/ Production	2021	2020	2019	2018	2017	2016
Exercise Books	Groose	Capacity	58,632	58,632	58,632	58,632	58,632	58,632
		Production	45,225	50,466	55,708	57,990	56,176	66,390
Pro Labels	Sq. Mtr.	Capacity	3,500,000	3,500,000	3,000,000	3,000,000	2,750,000	2000,000
		Production	6,229,624	5,421,736	5,276,473	5,104,755	4,336,380	3,482,032
Ammonia Paper	Rolls	Capacity	216,000	216,000	216,000	216,000	216,000	216,000
		Production	17,875	17,093	26,939	32,461	33,187	36,856

Note: The Capacity is determined on single shift basis.

SEGMENT WISE SALES – NET

Rupees in Thousands (‘000)

Financial Results (FY2021 vs FY2020)

Pakistan Paper Products Limited

Profitability Analysis :

Rupees in Thousands ('000)

Particulars	%	FY-2021	%	FY-2020	Increase/ (Decrease) %
Turnover		1,224,655		1,021,263	19.92%
Segment Wise Breakup					
Exercise Books	29.08%	317,875	30.41%	277,714	14.46%
Pro -Labels	68.84%	752,341	67.30%	614,650	22.40%
Sensitized & Others	2.08%	22,747	2.29%	20,944	8.61%
Sales – Net	100.00%	1,092,962	100.00%	913,310	19.67%
Cost of Sales	85.29%	(932,149)	89.39%	(816,398)	12.67%
Gross Profit	14.71%	160,813	10.61%	96,911	65.94%
Other Operating Income	0.78%	8.576	0.02%	160	5,262.75%
Operating Expenses (including WPPF & WWF)	5.16%	(56,406)	5.76%	(52,630)	7.17%
Operating Profit	10.34%	112,983	4.87%	44,441	154.23%
Finance Cost	1.46%	(15,969)	2.50%	(22,825)	-30.04%
Net Profit before Taxation	8.88%	97,014	2.37%	21,616	348.81%
Taxation	2.42%	(26,449)	0.66%	(6,045)	337.51%
Net Profit after Taxation	6.46%	70,565	1.70%	15,570	353.20%
Earning Per Share (EPS)		8.82		1.95	353.85%

Operating Performance

- By the Grace of Allah Pakistan Paper Products Limited had an exceptionally good performance this year.
- For the year the top line and the bottom line created new records.
- PPP had a total turnover of Rs. 1.224 Billion which is a 19.92% increase compared to last year.
- Net Profit before tax rose to Rs. 97.014 million which is an increase of 348.81% .
- Net Profit after tax increased to Rs. 70.57 million which is also an increase of 353.2%.
- There were many reasons for this excellent performance but foremost being the turnaround in the country's economy.
- It was the pent-up demand from the pandemic which led to good sales and along with that the appreciating PKR improved our margins.
- The reduction in interest rates led to a fall in the Finance Cost .
- All the stars aligned well and along with good marketing and sales & production PPP were able to produce these results.

Exercise Books:

- Exercise Books had another challenging year due to the Covid-19 pandemic. Schools were not able to function normally.
- Despite all of this Sales increased by 14.5% this year which was mainly due to a lower sales base of last year as many schools deferred their new orders to this year.

Pro Labels:

- The increase in Sales was primarily driven by another robust performance of Pro Labels section which enjoyed a healthy rise of 22.4% increase in sales.
- Recent expansion at the end of last year allowed us to increase our production capacity and we managed to convert 6.3 million Sqm in 2020-21 which is also a new production record for Pro Labels.
- The PKR appreciation during 20-21 helped improve the profits margins of the company and this is evident in the bottom-line results.

Sensitized Paper & Plotter Paper :

- Sensitized paper sales increased by 11.92% but in now constitutes only 1.1% of our total sales.
- The big challenge is procuring raw materials for this product as Pakistan is one of the few countries left in the world where this product is still being used because as per law all government organizations require all official drawings in blue print paper.
- Plotter paper sales increased by 8.73% due to higher market demand and also rise in prices as paper prices world wide are going up.
- This is alternative to Sensitized Paper and for us it is a commodity trading item as we cannot do any value addition to it other than slitting jumbo rolls into smaller rolls which can run on the plotter machines.

Future Outlook

Pakistan Paper Products Limited

Future Outlook

- Company is operating at optimum capacity while the demand for our products is steadily growing.

Exercise Books:

- Given the situation I think PPP managed very well and kept good inventory of Exercise Books to take advantage of markets sales and demand whenever schools would open. Q1 results evident of this.

- Prices of paper have been rising along with other commodities but we have kept a very strict policy of increasing our prices also so that margins are not affected too adversely.

- We have also managed to increase the sales of our Brand Exercise Books through better marketing and our distributors have been able to penetrate further in rural Sind where our copies enjoy a very good reputation and are in high demand.

Future Outlook

Pro Labels:

- PPP continues to be leader and we have maintained our position as the largest producer of self-adhesive labels in roll form in Pakistan.
- Situation has reversed since June 2021 and the PKR has had a major devaluation so we are facing pressure on margins
- Along with this there has also been a major increase in the prices of our raw materials due to worldwide shortage caused by shutdown in a lot of countries and coupled with this there has been a dramatic rise in freight costs.
- This is pursuing our costs higher and we hope recoup some of this through increasing the prices with our customers

Future Outlook

Sensitized Paper:

- For the last 4 months there has been Zero production of sensitized paper segment due to lack of raw material. How ever we will managed to procure them now and plan to start production by the beginning of Q2.

- Very soon we will probably shut down this line completely as procuring raw materials becoming a major challenge due to lack of suppliers.

Question & Answers Session

Thanks