



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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



Corporate Briefing Session For the Year Ended June 30, 2024
Pakistan Paper Products Limited

November 19, 2024
Karachi



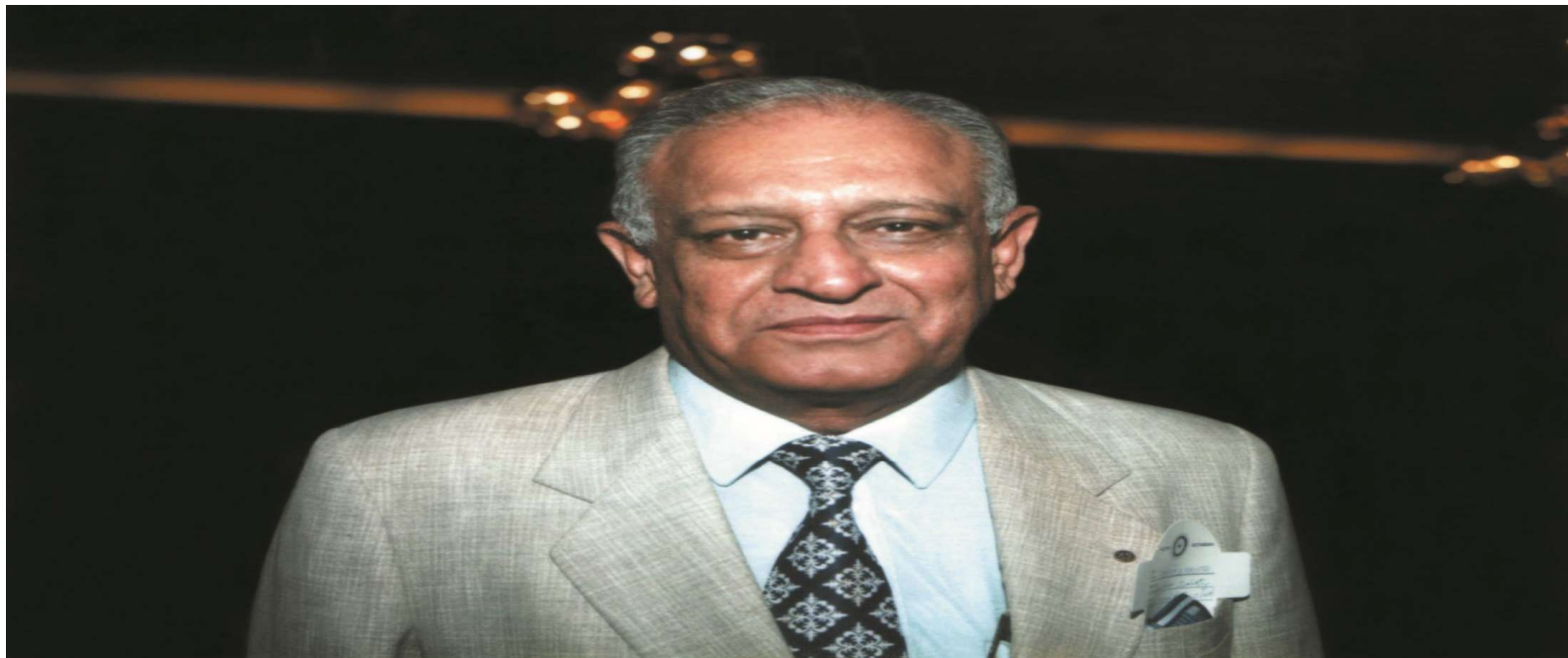
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Mr. Hashim Bin Sayeed
December 24, 1927 – August 07, 2013
Founder and Former Chairman



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!



Sequence of Presentation





Company Profile

Pakistan Paper Products Limited

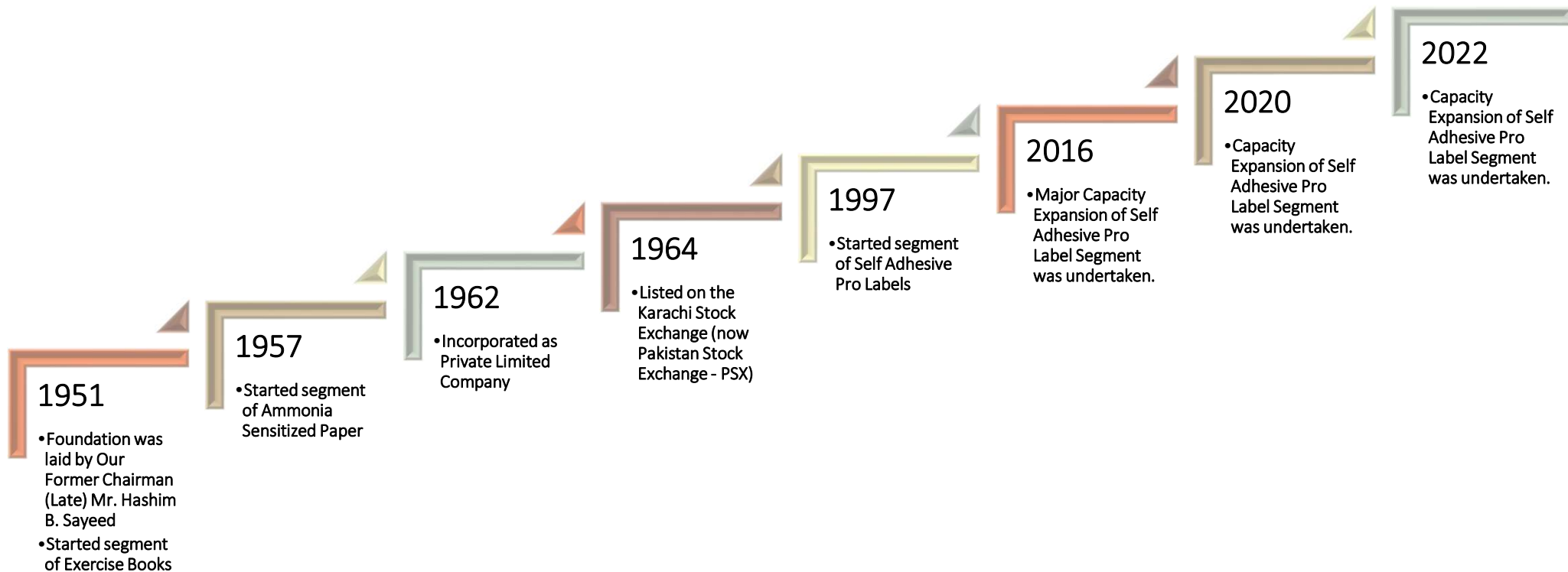


Company Profile

- Pakistan Paper Products Ltd was established in 1951, at a time when the newly formed country relied entirely on imported paper products, leading to a significant outflow of valuable foreign exchange. Recognizing this pressing need, Mr. Hashim B. Sayeed (Late), the founder and former Chairman of Pakistan Paper Products Limited, brought in machinery and technical expertise from Germany to establish a paper converting unit in Pakistan.
- In 1962, Pakistan Paper Products transitioned to a Private Limited Company. By 1964, it became a Public Limited Company and was listed on the Karachi Stock Exchange, making it one of the oldest companies still traded on the Pakistan Stock Exchange (PSX).
- Since its inception, the company has worked diligently to modernize, expand, and diversify in order to adapt to changing times. Today, it stands as one of the largest and most advanced paper converting companies in the country.



Key Historical Milestones





Vision & Mission Statement

► *The Company's vision statement 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 statement 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



Exercise Books Segment

Serving the cause of education for more than 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. Continuous 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.





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, 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 June 2022. 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 two 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: Unilever Pakistan, Chevron Lubricants Pakistan, Total Parco Pakistan Ltd, Reckitt Benckiser, Engro Foods, LCI Pakistan Ltd. , Pakistan State Oil Ltd. Getz Pharma (Pvt.) Ltd. , Asian Consumer Products (makers of Dabur & Vatika products), Castrol Pakistan (Pvt.) Ltd, Atlas Honda, Highnoon Pharmaceuticals Ltd and many more.



Major Customers/ Clients



The City School



THE CITIZENS FOUNDATION



THE EDUCATORS
A Project of Beaconhouse



Karachi Public School



Unilever



Asian Consumer Care (Pvt.) Ltd.



Reckitt
Benckiser

cbm
Plastics (Pvt.) Ltd



Pakistan State Oil



GlaxoSmithKline



LCI
LUCKY CORE INDUSTRIES



SEARLE

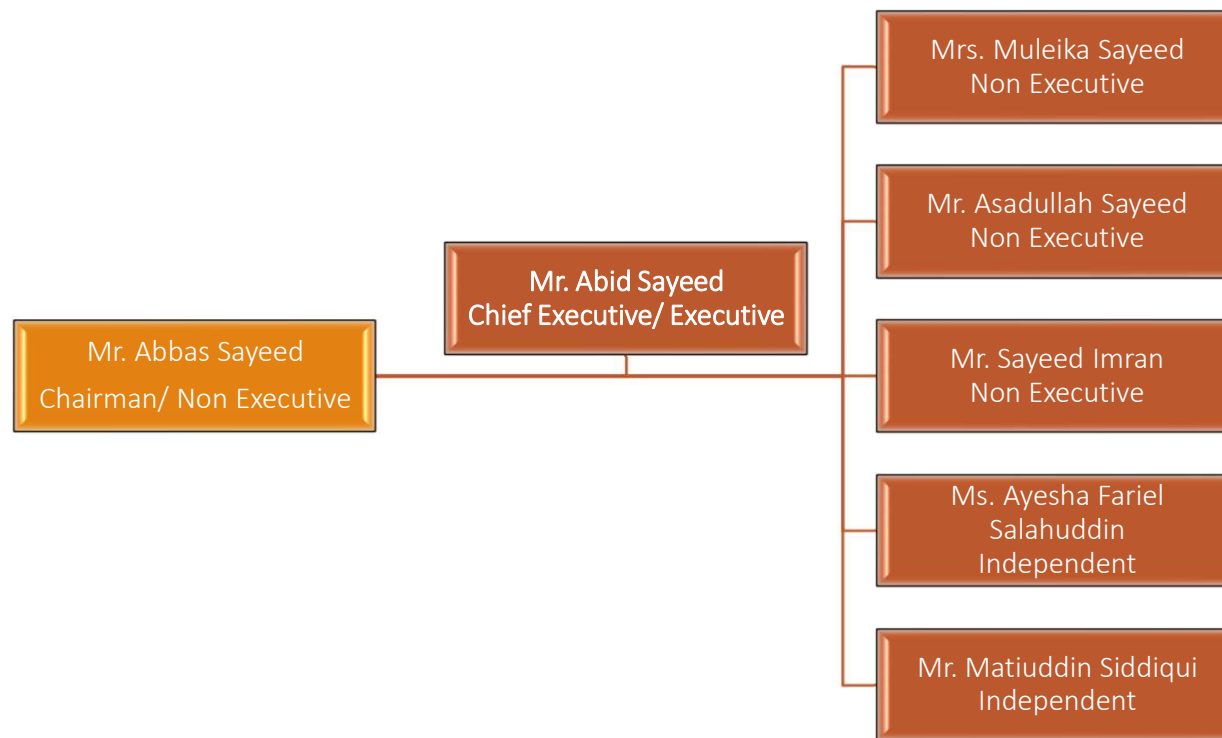


HEALTH • HYGIENE • HOME





Board of Directors





Pattern of Share holdings as on June 30, 2024

S.No.	Categories Shareholders	Shares Held	% Age
1.	Associated Companies	907,026	11.34%
2.	NIT & ICP	626,458	7.83%
3.	Directors, CEO, their spouses and Minor Children	2,969,184	37.11%
4.	Executives	Nil	
5.	Individuals	2,531,911	31.65%
6.	Public Sector Companies and Corporation	279,872	3.50%
7.	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and Others	685,549	8.57%
	Total	8,000,000	100.00%



Historical Financial Performance

Pakistan Paper Products Limited



OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TRENDS	2024	2023	2022	2021	2020	2019
<u>Trading results</u>						
Turnover	2,125,258	1,923,198	1,365,460	1,224,655	1,021,263	969,478
Sales -Net	1,927,281	1,745,901	1,234,186	1,092,962	913,310	875,439
Gross Profit	391,265	291,317	189,157	160,813	96,911	99,271
Profit before Tax	231,101	132,617	90,427	97,014	21,616	23,968
Taxation	75,190	43,585	28,683	26,449	6,045	5,994
Profit after Tax	155,911	89,032	61,744	70,565	15,570	17,975



OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TRENDS	2024	2023	2022	2021	2020	2019
<u>Financial Position</u>						
Total Assets	2,141,327	1,757,357	1,600,646	1,398,431	1,376,352	1,234,181
Paid up Capital	80,000	80,000	80,000	80,000	80,000	80,000
Reserves	1,581,342	1,027,474	936,558	919,015	875,050	867,258
Working Capital	489,891	403,499	308,128	322,419	207,876	247,273
Current Ratio	2.46	1.83	1.77	2.19	1.61	2.22



OPERATING HIGHLIGHTS

KEY INDICATORS	2024	2023	2022	2021	2020	2019
<u>Operating</u>						
Return on Equity	9.38%	8.04%	6.07%	7.06%	1.63%	1.75%
Return on Assets	7.28%	5.07%	3.86%	5.05%	1.13%	1.46%
<u>Valuation</u>						
Earning per share (pre tax)	28.89	16.58	11.30	12.13	2.70	3.00
Earning per share (post tax)	19.49	11.13	7.72	8.82	1.95	2.25
Breakup value per share	207.67	138.43	127.07	124.88	119.38	118.41
<u>Asset Utilization</u>						
Inventory turnover ratio	4.05	4.15	3.72	3.79	4.07	4.62
Total assets turnover ratio	0.90	0.99	0.77	0.78	0.66	0.71



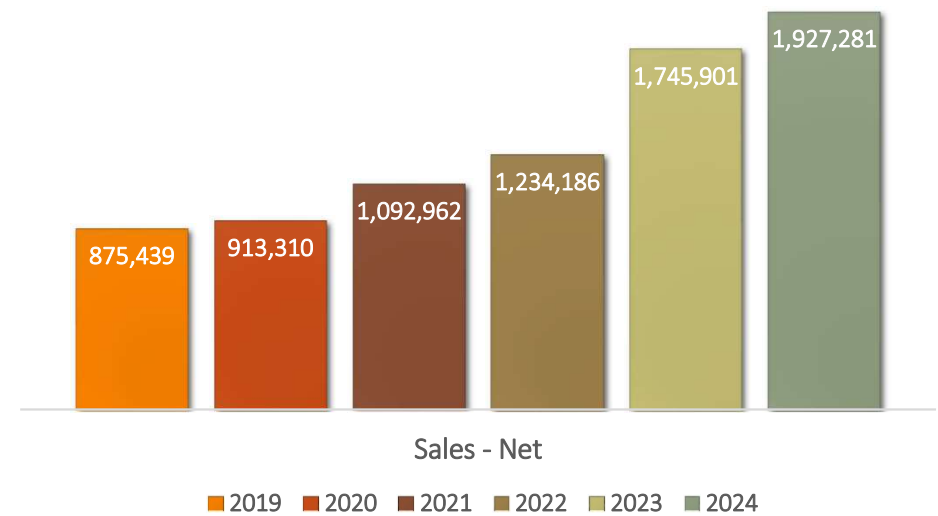
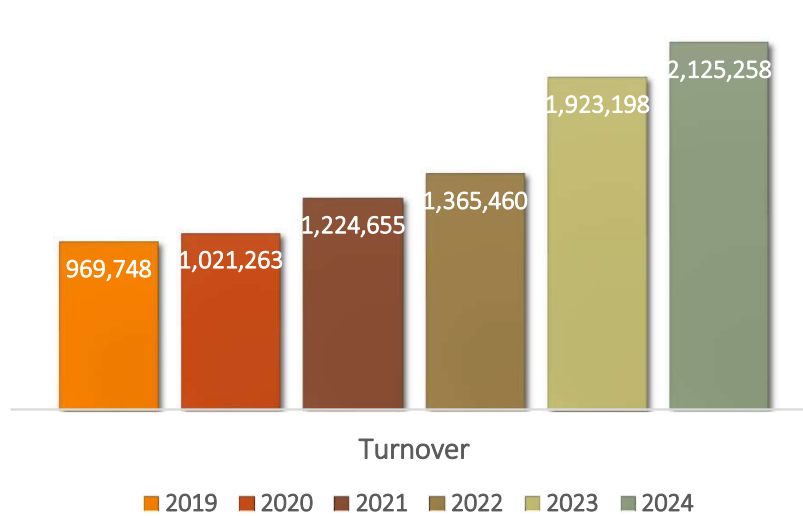
OPERATING HIGHLIGHTS

KEY INDICATORS	2024	2023	2022	2021	2020	2019
Turnover Ratios in Days						
Inventory Turnover Days	90	88	98	102	90	77
Receivable Turnover Days	65	62	69	71	78	63
Payable Turnover Days	39	45	52	55	54	34
Operating Cycle Days (Net)	116	105	115	118	114	106



TURNOVER & SALES - NET

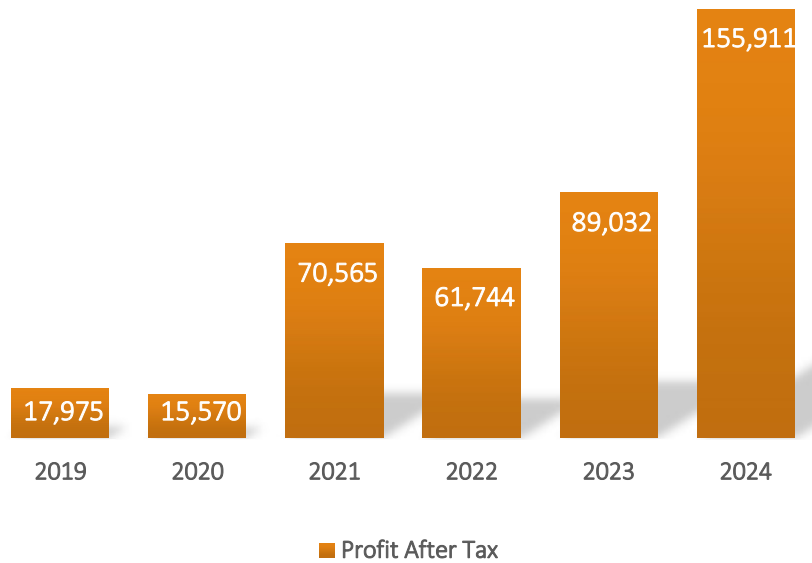
Rupees in Thousands ('000)





PROFIT AFTER TAX & EARNING PER SHARE (Post tax)

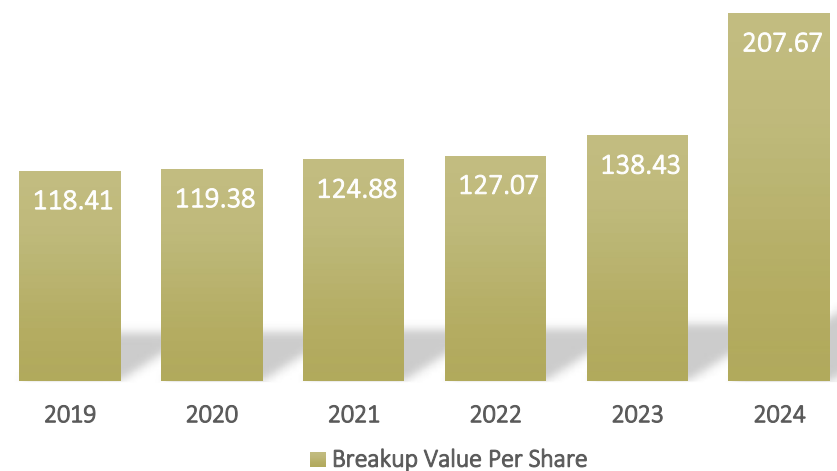
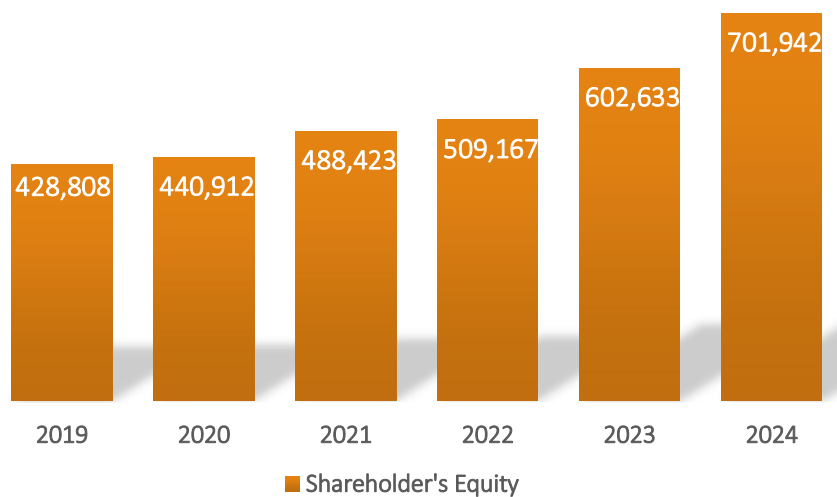
Rupees in Thousands ('000)





SHAREHOLDER'S EQUITY & BREAKUP VALUE PER SHARE

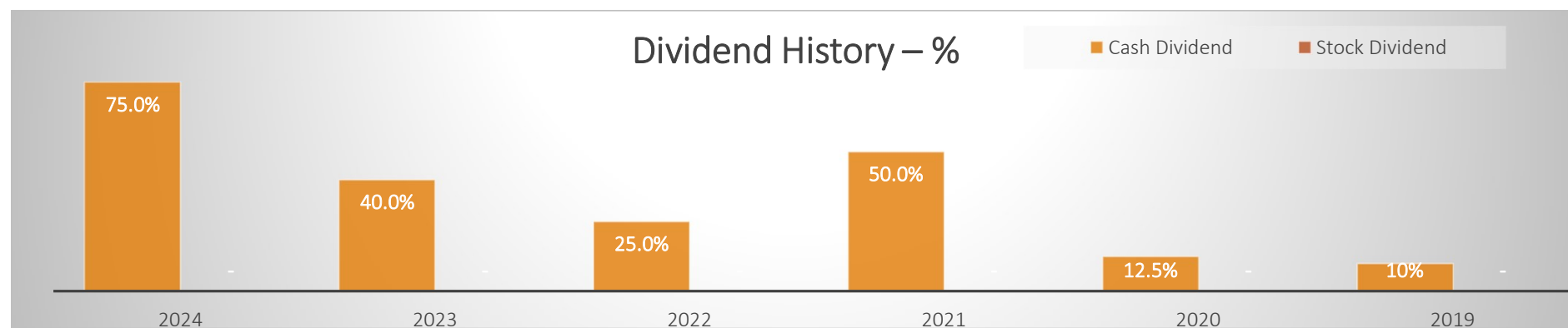
Rupees in Thousands ('000)





DIVIDENDS

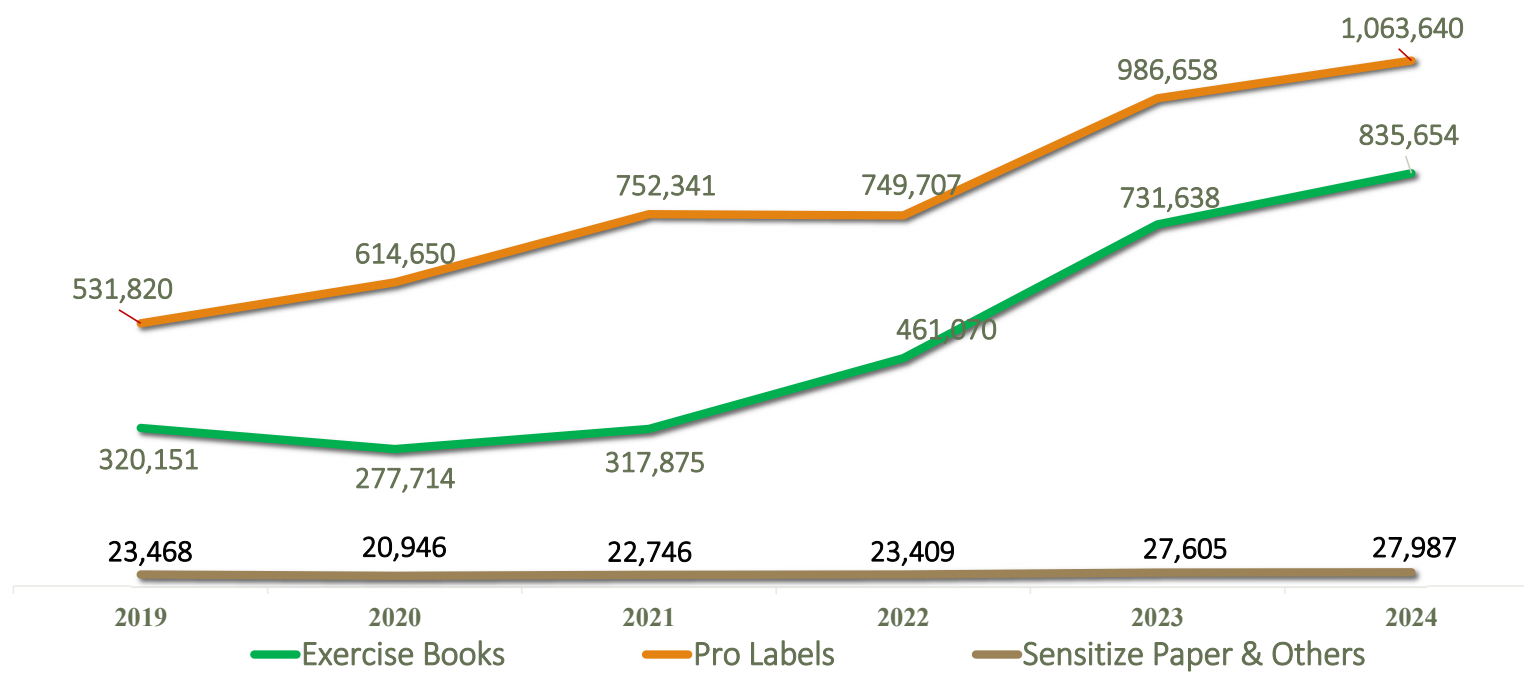
HISTORICAL TREDNDS	2024	2023	2022	2021	2020	2019
Cash Dividend	75%	40%	25%	50%	12.5%	10%
Stock Dividend	-	-	-	-	-	-
Cash Dividend Value ('000)	60,000	32,000	20,000	40,000	10,000	8,000
Stock Dividend Value('000)	-	-	-	-	-	-
Dividend Payout	38.48%	35.94%	32.39%	56.69%	64.22%	44.51%





SEGMENT WISE SALES – NET

Rupees in Thousands ('000)





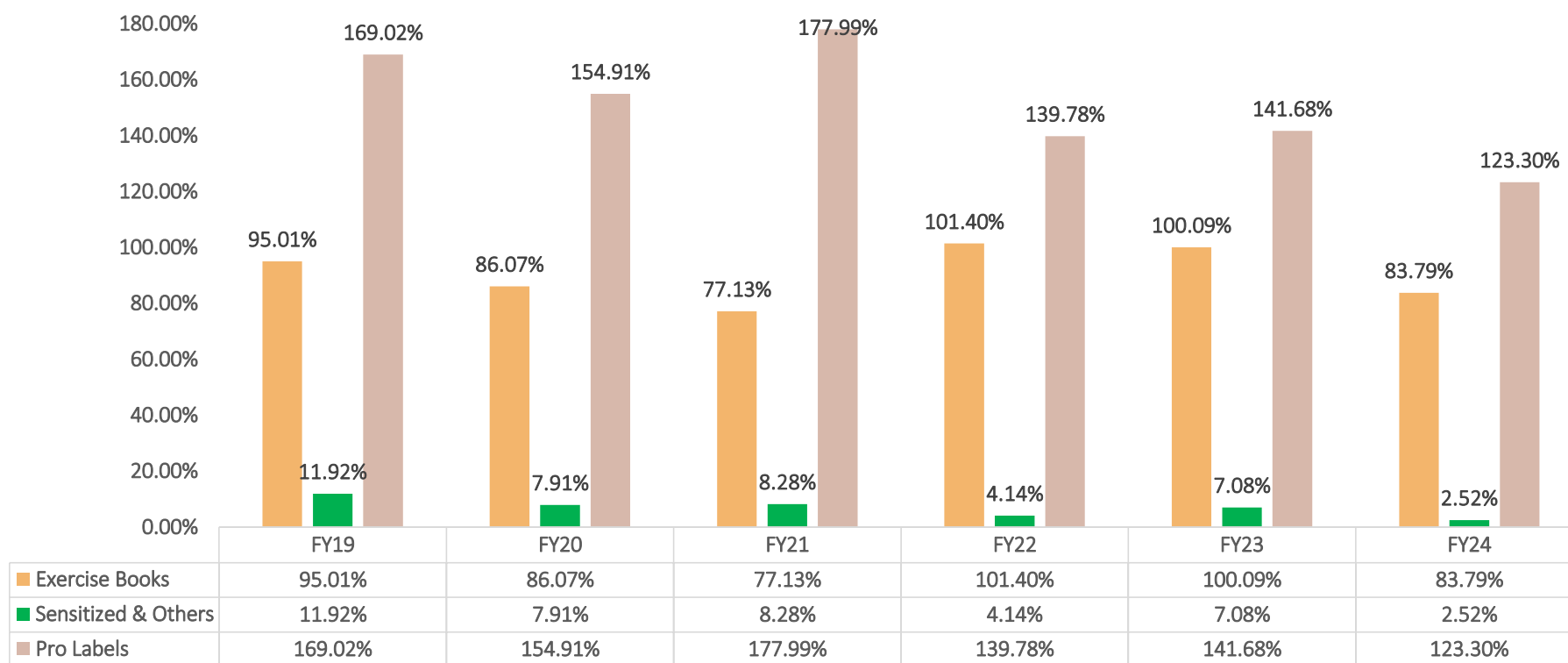
CAPACITY & PRODUCTION - Segment wise

Segments	Units	Capacity/ Production	2024	2023	2022	2021	2020	2019
Exercise Books	Goose	Capacity	58,632	58,632	58,632	58,632	58,632	58,632
		Production	49,127	58,686	59,455	45,225	50,466	55,708
Pro Labels	Sq. Mtr.	Capacity	4,000,000	4,000,000	3,500,000	3,500,000	3,000,000	3,000,000
		Production	4,932,033	5,667,013	5,591,118	6,229,624	5,421,736	5,276,473
Ammonia Paper	Rolls	Capacity	216,000	216,000	216,000	216,000	216,000	216,000
		Production	5,434	15,283	8,941	17,875	17,093	26,939

Note: The Capacity is determined on single shift basis.

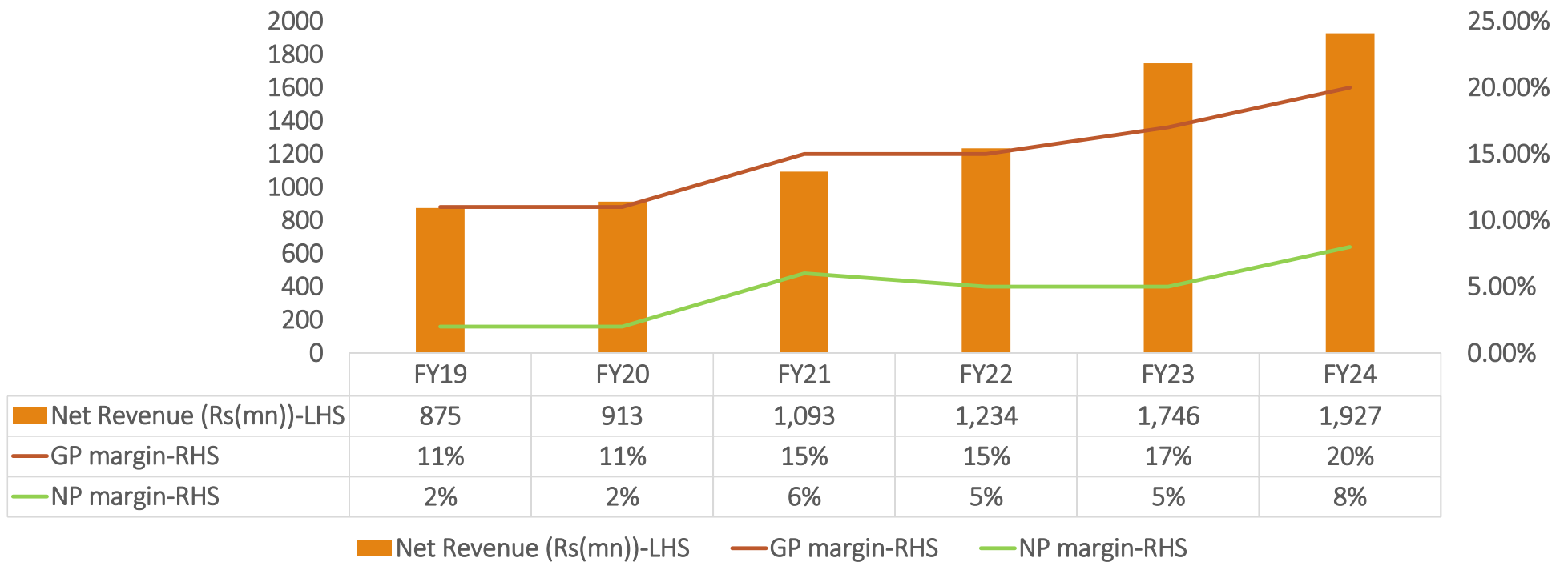


CAPACITY Utilization- Segment wise





Financial Performance





Financial Results (FY2024 vs FY2023)

Pakistan Paper Products Limited



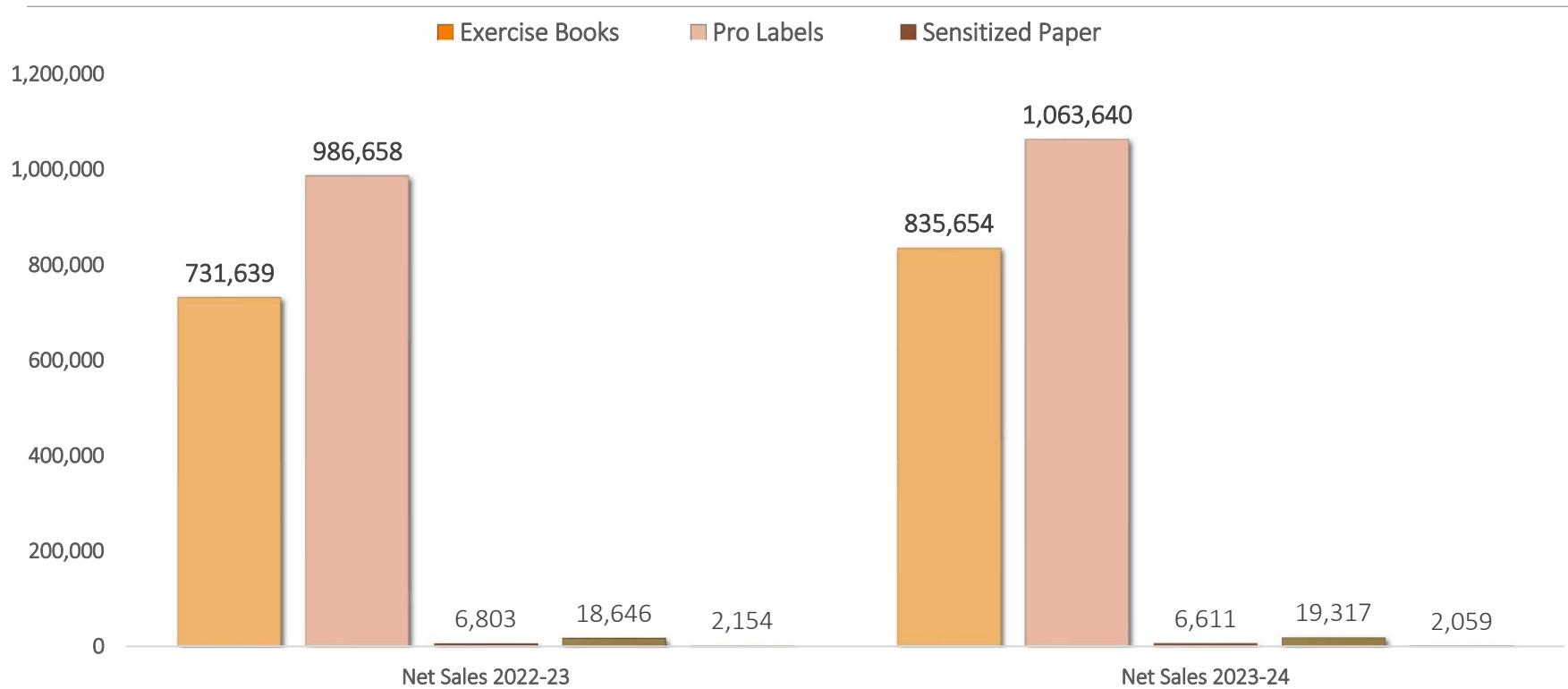
Top Line Performance Product wise (Rupees in thousands)

Description	FY 2023-24		FY 2022-23		Incr./ (Decr.) %
Turnover		<u>2,125,258</u>		<u>1,923,198</u>	10.51%
Exercise Books	43.36%	835,654	41.91%	731,639	14.22%
Pro-Labels	55.19%	1,063,640	56.51%	986,658	7.80%
Sensitized Paper	0.34%	6,611	0.39%	6,803	-2.82%
Plain Paper	1.00%	19,317	1.07%	18,646	3.60%
Others	0.11%	2,059	0.12%	2,155	-4.41%
Total Sales -Net	100.00%	1,927,281	100.00%	1,745,901	10.39%



Comparative Net Sales (Segment wise)

(Rupees in thousands)





Key Financial Highlights

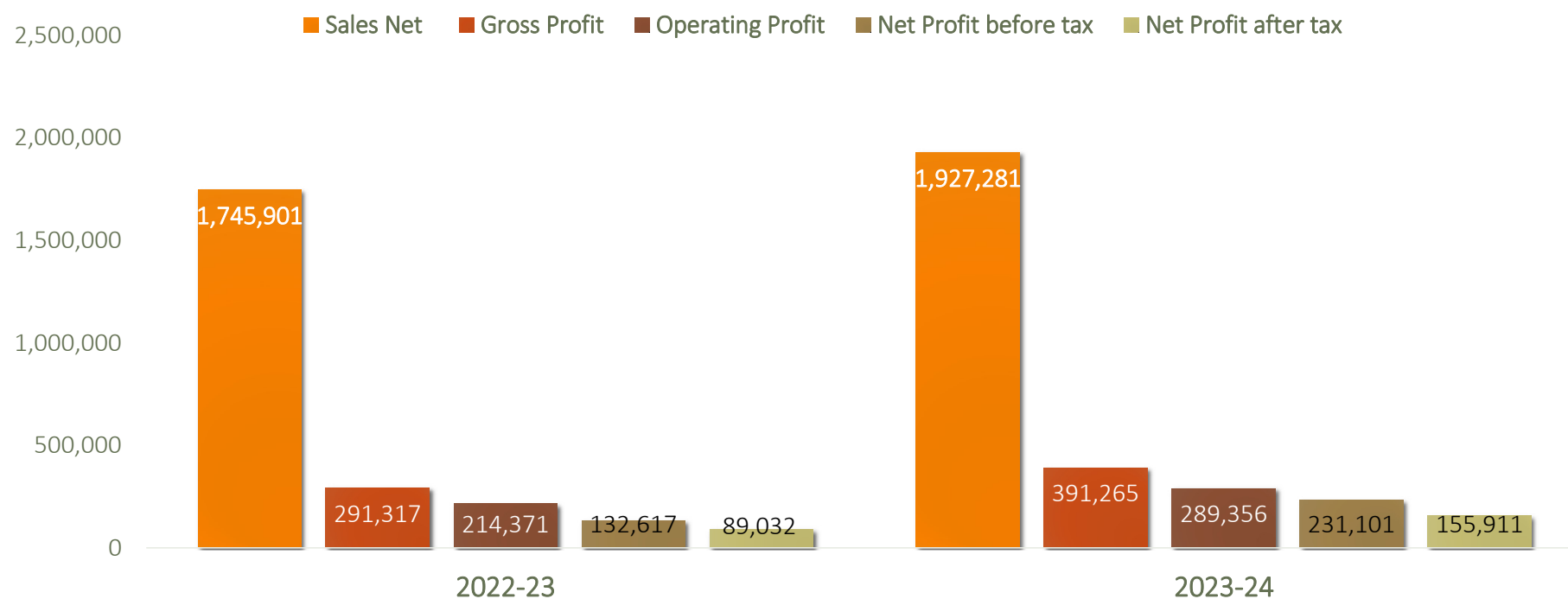
(Rupees in thousands)

Description	FY 2023-24		FY 2022-23		Incr./ (Decr.) %
Gross Profit	20.30%	391,265	16.69%	291,317	34.31%
Operating Expenses	5.29%	101,909	4.41%	76,946	32.44%
Operating Profit	15.01%	289,356	12.28%	214,371	34.98%
Finance Cost	3.11%	59,854	4.81%	83,944	-28.70%
Net Profit before tax	11.99%	231,101	7.60%	132,617	74.26%
Taxation	3.90%	75,190	2.50%	43,585	72.52%
Net Profit after tax	8.09%	155,911	5.10%	89,032	75.12%
Earning Per Share (EPS)		19.49		11.13	



Key Financial Highlights

(Rupees in thousands)





Operating Performance

- By the Grace of Allah, Pakistan Paper Products Ltd. (PPP) performed well in spite of the economic crisis that the country is going through.
- The top line grew by 10.51% with total turnover reaching a new record high of Rs 2.13 billion.
- Exercise books segment led the way with a growth of 14.22% in sales, Pro Labels segment also had robust growth in sales of 7.80%, and Sensitized paper showed a decline of 2.82% and Photocopy Paper increased by 3.60%.
- The growth in the top line translated all the way down with GP increasing by 34.31%, NP before tax by 74.26% and NP after tax by 75.12%.



Pro Labels Segment Performance:

- We had a very challenging year again in Pro Labels and although sales increased in monetary value by 7.8% but in volumetric terms there was a decline of 12.3%. This is mainly due to two important factors. The first being that there has been a big increase in competition with many new players who are ready to offer lower bottom prices to our customers to just secure their orders. While some small customers do get enticed by the lower prices but overall, most of our major customers are still intact as they are aware of our quality, service and most important reliability.
- In spite of the above your company performed very well in this segment as we managed to increase our internal efficiency and improved our margins. The stable exchange rate since October 2023 has also helped us maintain our margins as in the past this is where we used to take the biggest hit. The last few months we have seen improvement in demand so that is a positive sign. Unfortunately, the government in the last budget imposed a 15% RD on self-adhesive paper which was completely senseless as it is not a luxury good in any manner. However, this has increased our raw material cost and in this highly competitive environment it is difficult to pass on this entire cost to the consumer.



Exercise Books Segment Performance:

- Exercise Books continued to perform very well with sales rising by 14.22% which was mostly driven by high institutional demand in comparison to market sales. Our company always is a reliable partner to institutions as we are the only recognized company in the formal sector making Ex Books. This year paper prices in Pakistan declined slightly due to a dramatic slump in pulp prices worldwide. This allowed us to improve our margins, but the flip side of this was that the market has all of a sudden been dumped with low priced paper allowing the informal sector competition to start producing again in bulk.
- The future outlook continues to be very challenging as the fall in markets sales has affected us quite a bit and while we are trying to counter the competition with reducing our prices but it will remain a big challenge and will affect our margins going forward. We will continue to now rely more heavily on institutions to increase our sales. On a very positive note, we are pleased to report that our Sales Tax Zero rating was not removed in this Federal budget. The entire stationary sector except for Ex Books had their zero-rating removed and placed under a reduced Sales Tax regime. In fact, this time the IMF also gave its approval for our Sales Tax Zero rating so we hope that in the future also this will now continue. This is a big cushion which allows us to compete on same level as the informal sector competition which is evading all taxes.



Sensitized Paper & Plotter Paper Performance:

- Sensitized paper sales continue to fall and we have now decided that we will slowly shut down this division once we have consumed our existing raw material inventory. We have been saying for years that this is a dying product line due to it being replaced by computers and plotter printers.
- Plotter paper/photocopy paper which is its alternative continues to have a good market demand. This is another segment where we do not do any value addition but just get jumbo reels and slit them to size and supply to our customers. It is basically a commodity item with very heavy price fluctuation in the international market.



Future Outlook

Pakistan Paper Products Limited



Future Prospects:

The future growth of our company is closely tied to the overall macroeconomic performance of the country. Despite this, we remain optimistic about the country's prospects, and the Board has approved an ambitious expansion and modernization plan for both Pro Labels and Ex Books. At Pro Labels, we are making continued strides toward energy efficiency by investing in LED UV technology, which consumes less than 50% of the energy used by traditional UV systems. Additionally, we are adding a new rewinding and slitting machine equipped with a full inspection system to enhance production capabilities. Given the recent increase in demand for Ex Books, we are also upgrading our operations with the installation of a new fully automated flexo ruling machine and a cutting-edge Hot Melt binding machine. These investments will not only enhance product quality but also improve overall production efficiency.



Question & Answers Session



Thanks