



Corporate Briefing Session Archroma Pakistan Limited



SAFETY FIRST

Our 12 Life Saving Rules



**NO DRUGS WHILST WORKING
NO ALCOHOL AT WORK
NO SMOKING OUTSIDE
DESIGNATED AREAS**



**WORK WITH A VALID PERMIT
WHEN REQUIRED**



**PROOF THAT ATMOSPHERE
IS SAFE BEFORE ENTERING
IN A CONFINED SPACE**



**LOCK OUT, TAG OUT
AND TRY OUT BEFORE WORK ON
MACHINES OR EQUIPMENT BEGINS**



**OBTAIN AUTHORIZATION
BEFORE LINE BREAKING**



**OBTAIN AUTHORIZATION
BEFORE OVERRIDING OR
DISABLING CRITICAL
SAFETY EQUIPMENT**



**PROTECT YOURSELF
AGAINST A FALL WHEN
WORKING AT HEIGHT**



**LIFTING AND HOISTING:
DO NOT ENTER A DANGER
ZONE WHERE OBJECTS CAN FALL**



**COMPLY WITH MANAGEMENT
OF CHANGE WHEN REQUIRED**



**FOLLOW YOUR JOURNEY
MANAGEMENT PLAN**



WEAR YOUR SEATBELT



**DRIVE RESPONSIBLY
AND COMPLY WITH
LOCAL LAW**

Executive Summary

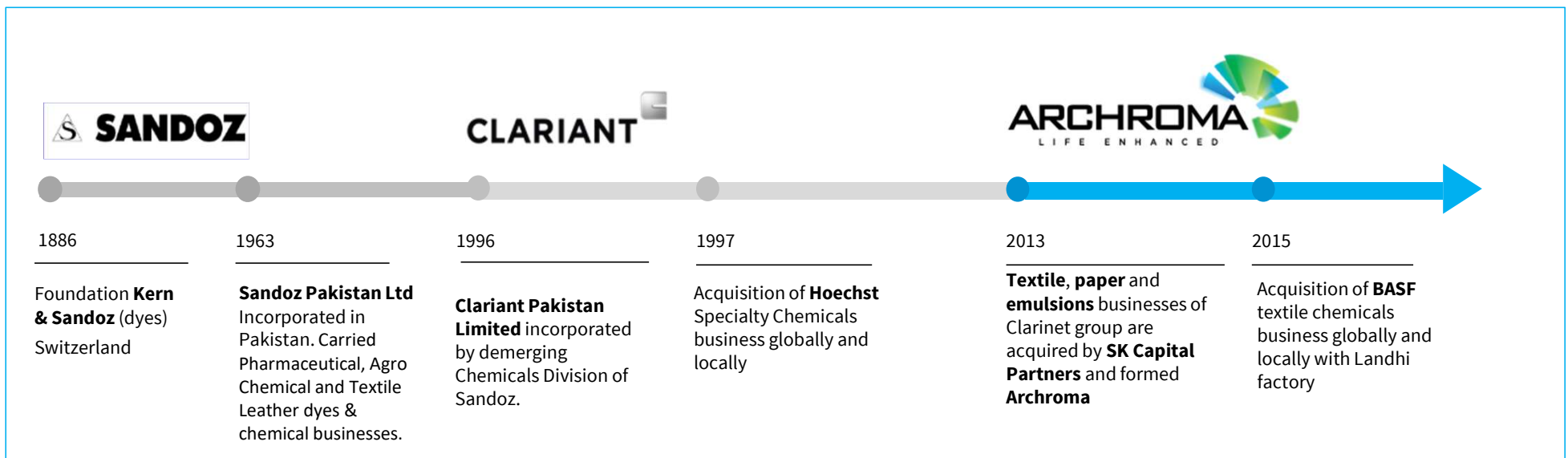
- **Company's Orientation**
- **Strategic & operational developments**
- **Corporate Social Responsibility**
- **Financial Outline**
- **Key Ratios**
- **Future Outlook**
- **Questions & Answers**

COMPANY'S ORIENTATION

Archroma Corporate Video



A trusted heritage



Company Profile

Archroma is a global, diversified provider of dyes and specialty chemicals serving the Brand & Performance Textiles, Packaging & Paper, and Coatings, Adhesives & Sealants markets. Headquartered in Reinach, Switzerland, the company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 100 countries. Archroma works with 3,000 employees over 35 countries and with 26 production sites.

Growing a New Leader

Archroma is a member of the SK Capital Partners group. We continue to grow with additional acquisitions. In July 2015 we acquired the global textile chemicals business of BASF, and between 2014 and 2018, we acquired M. Dohmen, an international group specializing in the production of textile dyes and chemicals for the automotive, carpet and apparel sectors.



Awards and Accreditations

During the period under review your Company continued to garner accolades. Following are the achievements of the year.

- Based on outstanding financials and managerial performance, Archroma Pakistan Ltd has been bestowed with the **Top Companies Award for the year 2018** declared by the Pakistan Stock Exchange. This is the 17th time that Archroma is honored with this prestigious recognition *in the last 18 years*.

Out of 534 companies listed on PSX Archroma is the 8th company to achieve this award for 17 times.

- Recipient of **35th Corporate Excellence Award 2019** by Management Association of Pakistan. Archroma was honored with this prestigious recognition for the 9th time in a row.
- Archroma Pakistan has been awarded the **Annual Environment Award** by National Forum for Environment & Health (NFEH)
- Archroma Pakistan won the **CSR Award**, National Forum for Environment & Health (NFEH)
- **Fire & Safety Award** organized by Fire Protection Association of Pakistan.

Manufacturing footprint in Pakistan



Jamshoro:

Petaro Road, Jamshoro



Karachi:

LX-10, LX-11 Landhi Industrial
Area Karachi

Businesses

A global leader in specialty chemicals across the textile, paper and emulsions sectors

The markets segments that we serve

/ Brand & Performance Textile Specialties (BPT)

Key role throughout the entire textile supply chain, with special chemicals for the pre-treatment, dyeing, printing and finishing of textile.

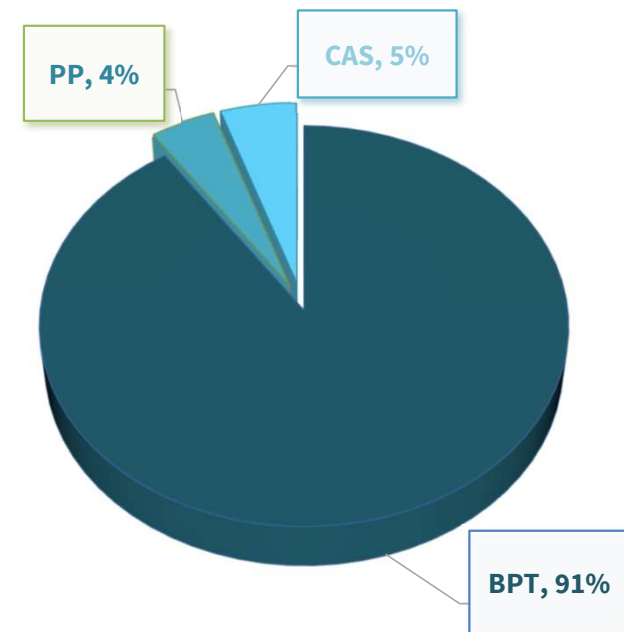
/ Packaging & Paper Specialties (PP)

Leading provider of colorants, optical brightening agents, process and surface chemicals

/ Coatings, Adhesives & Sealants (CAS)

Leading provider of specialty emulsions to paints, adhesives, construction and the textile, leather and paper sectors

Sales For the period Oct-2019 to June-2020: MPKR 13,753

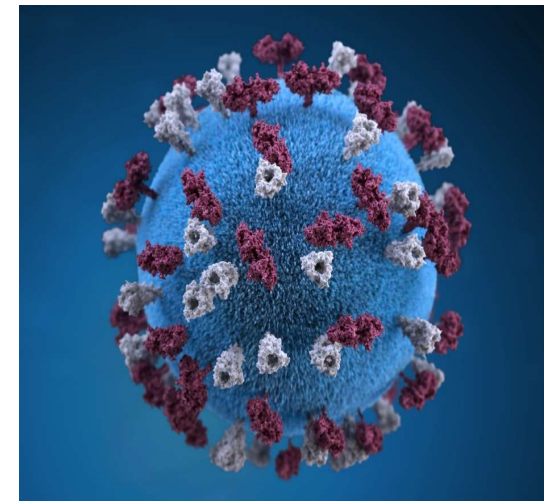


Significant Events in the Current Period

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown.

Actions Taken By Archroma

- With the advent of COVID-19 in the Country, Archroma went into strict implementation of various checks & SOPs at its Operating sites to ensure safety and protection of all its employees. The strict implementation of SOPs also enabled the Company to get special permission to re-start its production and sales operations during the lock-down period, with priority to process and ship pending export orders.
- During the third quarter i.e. April – June 2020 the Company's customers & consumption markets for both local & exports operated at lesser than 30% capacity utilization and that to with severe liquidity and conversion to Cash challenges. With the given challenging market scenario, the entire Archroma team joined hands to prioritize "Cash collections over Sales". This strategy of the Company was also fully supported by its Business partners, Customers and all Stakeholders.



CORPORATE SOCIAL RESPONSIBILITY

Social Contribution

Corporate Social Responsibility (CSR) focuses on achieving economic success through responsible corporate governance in a company's core area of business. CSR pushes organizations to do better because their actions affect customers, suppliers, employees, shareholders and the community at large. Partnerships with the communities, particularly those that have been disadvantaged, can help companies build productive relationships and stimulate economic growth in disadvantaged areas.

Archroma is also involved in various activities, few of these activities are listed below .

- **Free Water Supply To Neighborhood**
- **Donation Of Water Coolers To Schools**
- **Blood Donation Campaigns**
- **Education**
- **Tree Plantations**
- **Memorandum of Understanding (MOU) with various institutions**

STRATEGIC & OPERATIONAL DEVELOPMENTS

ALCOHOL-BASED HAND SANITIZERS

“Kieralon® HS range”

CONVENIENT AND EFFECTIVE SKIN SANITIZERS

Alcohol based (66% - 80%) – Medically permitted limit

- / Launched in 2020
- / Archroma, a specialty chemicals company headquartered in Switzerland and with a 134-year heritage, has started manufacturing alcohol-based hand sanitizers in Pakistan, as the country witnesses unprecedented demand due to COVID-19 pandemic
- / We aim to help fight the virus and contain its spread by producing and supplying hygiene products that will support the needs of patients, doctors, paramedical staff, sanitary workers and general public



ALCOHOL-BASED HAND SANITIZERS

“Kieralon® HS range”

- / Archroma’s new range of hand sanitizers combine antimicrobial properties with emollients for clean, smooth skin
- / Our hand hygiene portfolio offers quality and protection with cost-effective options
- / Kieralon® hand sanitizers provide the fast action without irritation, reduce bacterial count and prevent dryness of hands



Home Care (Introduction)

As the world inclines from clean to hygiene, the essential daily needs of people expect care with respective functionalities. Specific products with its unique formulation to rightly deliver the expected end use.

This consists a range of products which serve the every day needs of a family in keeping the house and household stuff something further than just clean.

Archroma introduces itself with tailor made molecules to serve the products for Laundry and house hold care.

Archroma exists as a global leader in suppliers of intermediate process chemicals suppliers for Textile and Paper products.

The legacy extends since 100 years from Sandoz.




Production (in tons) trend - the share of laundry detergents significantly increasing with ACGR of 47% in the given years & growing further which drives the consumption of OBAs.

| Detergents | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Surf Excel | 74,052 | 79,257 | 89,603 | 98,563.30 | 108,419.63 |
| Ariel | 64,127 | 70,540 | 77,594 | 85,353.40 | 93,888.74 |
| Brite | 56,628 | 62,291 | 68,520 | 75,372.00 | 82,909.20 |
| Bonus | 50,094 | 55,103 | 60,614 | 66,675.40 | 73,342.94 |
| Express | 30,492 | 33,541 | 36,895 | 40,584.50 | 44,642.95 |
| Total | 275,393 | 300,732 | 333,226 | 366,549 | 403,203 |

https://www.slideshare.net/khurram_shakeel/marketing-activities-surf-excel-pakistan






Detergents



| Product Type | Which Colour | Coloration Solution | Reason for recommendation |
|---|--|---|---|
|  | <p>Detergent Powder</p> <p>Mass Color: White, Blue</p> <p>Speckle Color: Blue, Green, Orange, Red</p> | <p>Pigment Dispersion :</p> <p>Printofix Blue T-K Printofix Navy T-V Printofix Orange T-O Printofix Pink T-E</p> | <p>Detergent Powder & Detergent Bar : Are highly alkaline formulations and has lot of inorganic insoluble salts which acts as fillers like Chalk, Talcum, Clay, etc. These have high refractive index and thus mask coloration given by Dyes.</p> |
|   | <p>Detergent Bar</p> <p>Blue, Violet, Green,</p> | <p>Pigment Dispersion:</p> <p>Printofix Blue T-K Printofix Violet T-L Printofix Green T-X</p> <p>Acid Dyes: Nylosan Blue F-L 150</p> | <p>The intention here is the mass coloration of Powder and post colorization, there should not be a coloration on the fabric.</p> <p>Hence Pigments are used, being insoluble in any medium it possess highest fastness without leaving stain.</p> |
|   | <p>Liquid Detergent</p> <p>Blue, Green, Violet, Magenta,</p> | <p>Acid Dyes:</p> <p>Nylosan Blue F-L 150 Nylosan Violet FBL 180 Indosal Turquoise FBL Dimaren Green X-3GL</p> | <p>Liquid Detergents are based out of mild surfactants and more often based out of non-ionic formulations, hence neutral detergents. They have a yellowish base colour and water soluble acid dyes can give very good coloration at even lower dosage levels.</p> |
|   | <p>Shading Dye</p> <p>Blue, Violet, with Leucophor types...</p> | <p>Shading Dyes:</p> <p>Optilan Dark blue MF-2B p 300 Forn Violet AS – BLN Nylosan Violet E2R 300 Lanasyn Brilliant Purple FBR 180 Lanasyn Red N-6B 150</p> | <p>These can be added to any type of Detergents. It has coloristic efficacy in improving the brightness of the fiber. The colour opposite to yellow is blue. Thus the yellowness brought in by wear & tear / soiling of a fabric upon use gets neutralized by this shading Dye to make the fabric brighter in washing.</p> <p>These depositions don't build up on time.</p> |







Dish Wash Products



| Product Type | Which Colour | Coloration Solution | Reason for Recommendation |
|--|--|---|--|
|  | <p>Dish Wash Liquid</p> <p>Green, Yellow, Red / Orange</p> | <p>Acid Dyes:</p> <p>Nylosan Yellow N-7GL Nylosan Br. Red NBG-125 Dimaren Green X-3GL</p> | <p>This is an anionic surfactant based aqueous solution – thus a water-soluble Acid Dye can be recommended.</p> <p>Its alkaline in nature and sold in PET / Plastic bottles. This signifies its importance for having good light fastness.</p> |
|   | <p>Dish Wash Bar & Powder</p> <p>Green, Yellow</p> | <p>Pigment Dispersion:</p> <p>Printofix Green T-X Printofix Yellow T-GTN</p> | <p>This is a formulation similar to Detergent Bar and has lots of fillers as Chalk, Talcum, Clay, etc.</p> <p>Therefore Pigment Dispersion is recommended for the said application from our Printofix range.</p> |
|   | <p>Dish Wash Tablet & Pods</p> <p>Blue, Green, Red, Violet</p> | <p>Pigment Dispersion:</p> <p>Printofix Blue T-BGT Printofix Violet T-L</p> | <p>This is a specific design of formulation where the core is different that the external coat.</p> <p>Since there should not be a migration of the colorant used. Dye being soluble, can migrate and cannot be used. Pigment Dispersion is the best option.</p> |

Multiple Cleaners



| Product Type | | Which Colour | Colorant Solution | Reason for recommendation |
|---|--|---|--|--|
|   | | Toilet Cleaner Blue | Acid Dyes: Nylosan Blue F-L 150 | <p>Toilet Cleaner is a very harsh formula and is based out of either Phosphoric Acid or in some cases Hydrochloric Acid.</p> <p>Thus a Dye can be used and needs to be stable in highly acidic conditions.</p> <p>A pigment dispersion is also stable but it stains the rim area and has long term depositions on usage.</p> |
|   | | Glass Cleaner Bluish Green | Acid / Direct Dyes: Lanasyn Turquoise SD-5G Indosol Turquoise FBL | <p>Glass Cleaner is generally an Ethanol / Iso Propyl Alcohol + Water and some selective anionic surfactant based formula.</p> <p>A dye can be recommended which has good solubility in alcohol + water systems and also exhibit fastness being in a transparent PET / Plastic bottle.</p> |
|   | | Kitchen / Multiple Surface Cleaner Blue, Bluish Green, Green, Yellow, | Acid / Direct Dyes: Nylosan Blue F-L 150 Lanasyn Turquoise SD-5G Indosol Turquoise FBL Dimaren Green X-3GL Nylosan Yellow N-7GL | <p>This is a formulation based out of various surfactants and may or may not have solvents like ethanol. This may vary with the formulator and can have specific additives which differentiates them for each other.</p> <p>This being a liquid formulation, trial and error with the mix of these dyes can be used to match the target shade.</p> |

Leading the way towards zero discharge – Archroma’s Sustainable Effluent Treatment facility in Jamshoro, Pakistan

An innovative full scale project on Saving Water based on Zero Discharge was planned and designed by our Engineers. A handsome investment was made to establish our Sustainable Effluent Treatment (SET) facility.

Archroma's Sustainable Effluent Treatment (SET) plant with zero liquid discharge was inaugurated in December 2013. It is the biggest single Investment of Archroma in Pakistan. Through highly sophisticated scientific processes water is re-cycled and re-used. The facility not only supports substantial recovery of 80 percent of water but also allows effluent treatment based on zero liquid discharge. SET plant is spread over an area of 25 acres. It saves one million liters of water per day which is a huge water saving. Archroma also benefits the neighborhood from the SET Plant as we provide approximately 30000 gallons of clean drinking water to the surrounding community on daily basis absolutely free of cost.



Plant Capacity

(MT/Annum)

| Segment | Jamshoro | Karachi | Total |
|---------------------|---------------|---------------|---------------|
| Dyes | 14,500 | - | 14,500 |
| Chemicals | 15,000 | 15,000 | 30,000 |
| Pigments | 1,000 | - | 1,000 |
| Binders / Emulsions | 15,000 | - | 15,000 |
| Total | 45,500 | 15,000 | 60,500 |

FINANCIAL OUTLINE

Financial Highlights of the Six Month Period Ended 31 March 2020

| | 6 Months | 6 Months | Increase / (Decrease) |
|--------------------|-------------------|------------------|--------------------------|
| | Oct'19 – Mar'20 | Oct'18 – Mar'19 | % |
| Local sales | 9,568,269 | 6,994,393 | 37 |
| Export sales | 2,016,394 | 1,660,658 | 21 |
| Total Sales | 11,584,663 | 8,655,051 | 34 |
| COGS | 7,029,794 | 5,614,737 | 25 |
| Gross Profit | 2,716,828 | 2,548,590 | 7 |
| Finance Cost | 314,099 | 323,901 | (3) |
| Net profit | 782,487 | 802,240 | (2.5) |
| EPS | 22.93 | 23.51 | (2.5) |
| Production Qty | 29,341 | 24,547 | 19.5 |
| Sales Qty | 31,636 | 26,274 | 20 |

Financial Highlights of the Six Month Period Ended 31 March 2020

- Local sales increased by MPKR 2,574 i.e. 37% over same period of previous year.
- Export sales increased by MPKR 356 i.e. 21% over same period of previous year.
- COGS Increase by 25%.
- Gross profit increased by MPKR 168 i.e. 6% higher than same period of previous year.
- Finance Cost reduced by MPKR 9.8 i.e. 3% lower than same period of previous year.
- Net profit decreased by MPKR 19.7 i.e. 2.46% Lower than same period of previous year.
- Inventory holding period is reduced from 100 to 96 days.
- Debt collection period is increased from 88 to 92 days

Financial Highlights of the 3rd Quarter Ended 30 June 2020

| | 3 Months | 3 Months | Increase / (Decrease) |
|--------------------|--------------------|--------------------|--------------------------|
| | April'20 – June'20 | April'19 – June'19 | % |
| Local sales | 1,767,930 | 3,858,163 | (54) |
| Export sales | 400,345 | 1,256,881 | (68) |
| Total Sales | 2,168,275 | 5,115,044 | (57) |
| COGS | 1,353,233 | 3,330,698 | (59) |
| Gross Profit | 485,101 | 1,470,188 | (67) |
| Finance Cost | 93,097 | 384,588 | (76) |
| Net profit | 975 | 306,723 | (99.6) |
| EPS | 0.03 | 8.99 | (99.6) |
| Production Qty | 7,534 | 14,247 | (47.1) |
| Sales Qty | 6,140 | 15,018 | (59.1) |

Financial Highlights of the 3rd Quarter Ended 30 June 2020

- Local sales decreased by MPKR 2,090 i.e. 54% over same period of previous year.
- Export sales decreased by MPKR 857 i.e. 68% over same period of previous year.
- COGS decreased by 59%.
- Gross profit decreased by MPKR 985 i.e. 67% higher than same period of previous year.
- Finance Cost reduced by MPKR 291 i.e. 76% lower than same period of previous year.
- Net profit decreased by MPKR 306 i.e. 99.6% Lower than same period of previous year.

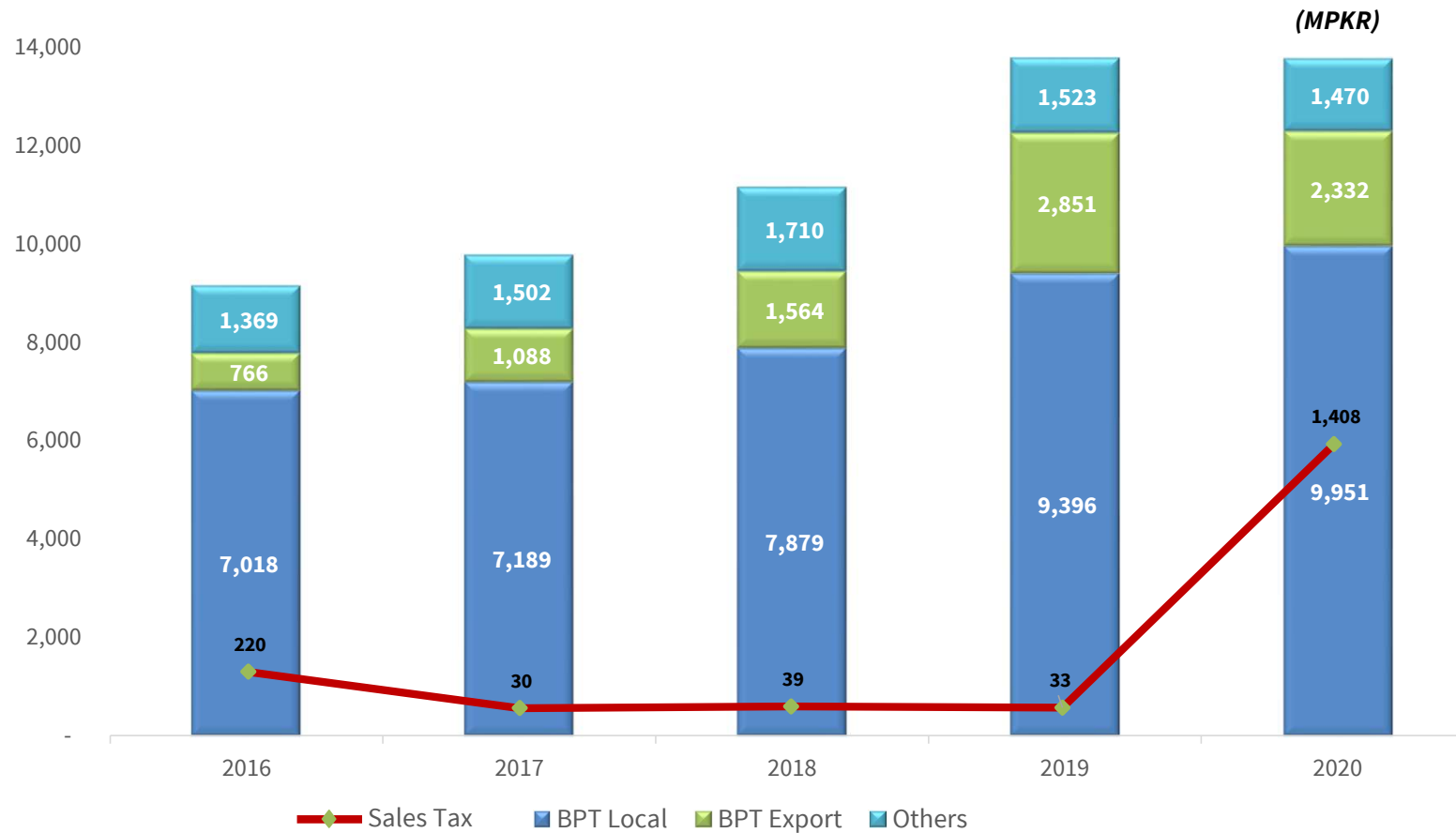
Financial Highlights of the Nine Month Period Ended 30 June 2020

| | 9 Months | 9 Months | Increase / (Decrease) |
|--------------------|-------------------|-------------------|--------------------------|
| | Oct'19 – June'20 | Oct'18 – June'19 | % |
| Local sales | 11,336,199 | 10,852,555 | 4.5 |
| Export sales | 2,416,739 | 2,917,540 | (17) |
| Total Sales | 13,752,938 | 13,770,095 | (0.12) |
| COGS | 8,383,027 | 8,945,435 | (6.3) |
| Gross Profit | 3,201,929 | 4,018,778 | (20.3) |
| Finance Cost | 407,196 | 708,489 | (42.5) |
| Net profit | 783,462 | 1,108,963 | (29.3) |
| EPS | 22.96 | 32.50 | (29.3) |
| Production Qty | 36,875 | 38,793 | (5) |
| Sales Qty | 37,776 | 41,292 | (8.5) |

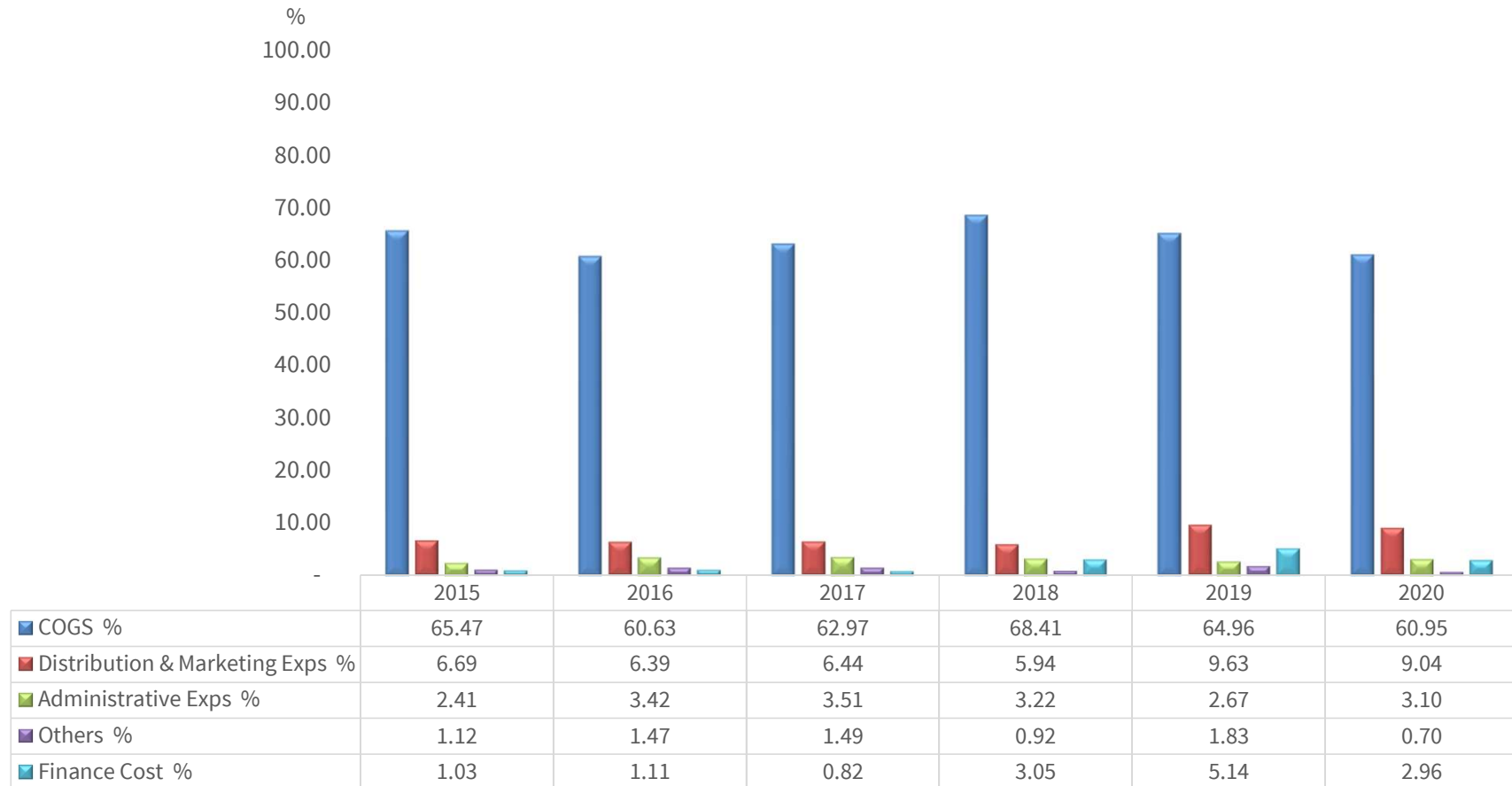
Financial Highlights of the Nine Month Period Ended 30 June 2020

- Local sales increase by MPKR 484 i.e. 4.4% over same period of previous year.
- Export sales decreased by MPKR 501 i.e. 17.2% over same period of previous year.
- COGS reduced by 6% due to lower production
- Gross profit decrease by MPKR 817 i.e. 20.3% Lower than same period of previous year.
- Finance Cost reduced by MPKR 301 i.e. 42.5% lower than same period of previous year.
- Net profit decrease by MPKR 326 i.e. 29.35% Lower than same period of previous year.
- Inventory holding period is increased from 98 to 140 days due to lower production
- Debt collection period is reduced from 87 to 60 days

Sales

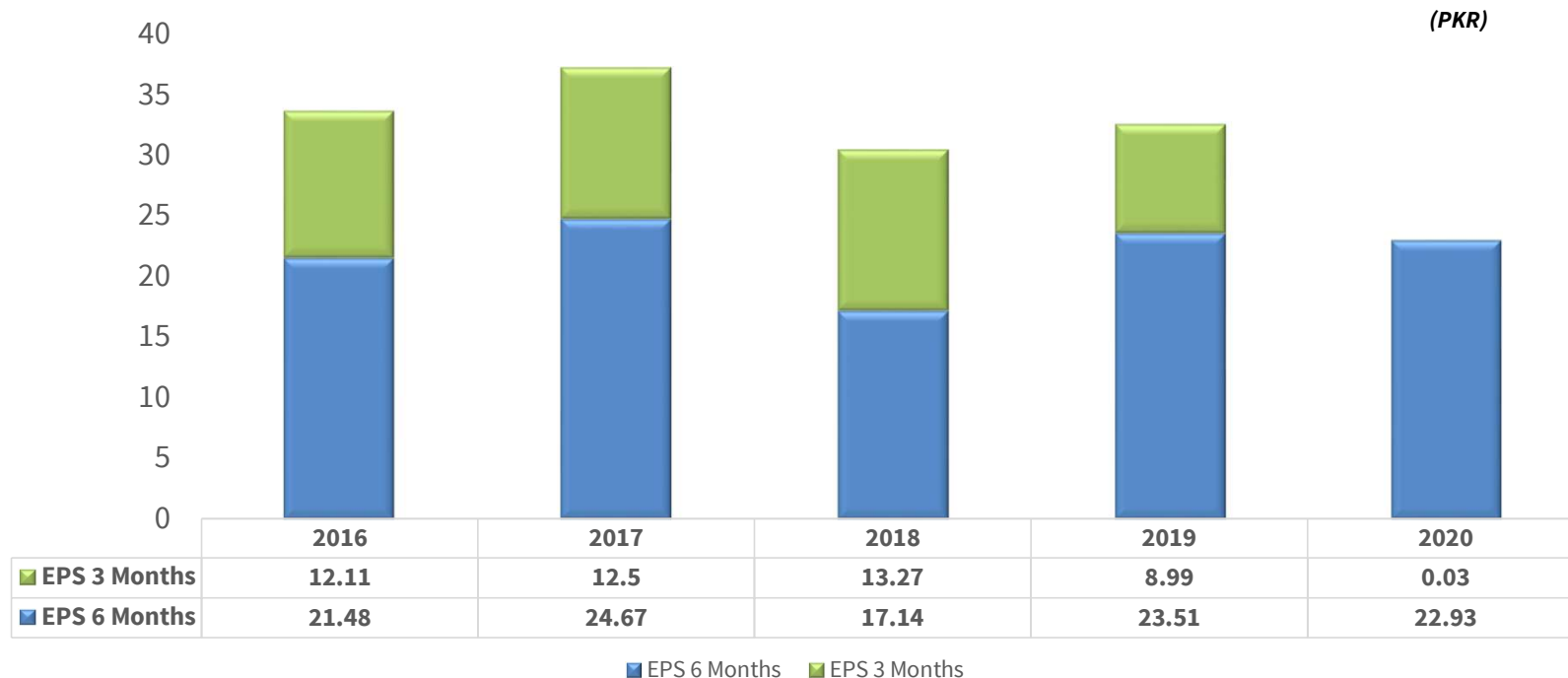


Manufacturing & Operational Expenses



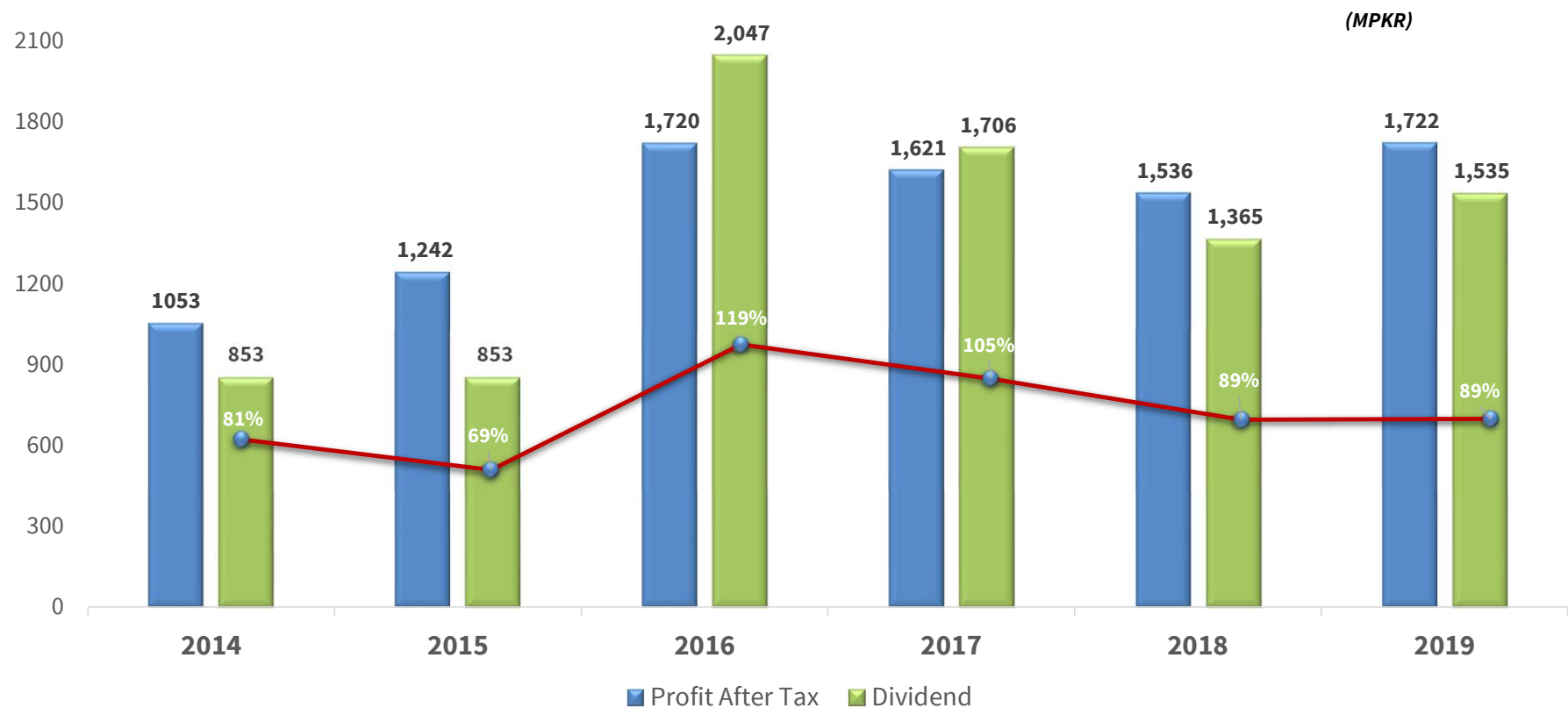
Earning Per Share

The profit for the nine months period ended 30 June 2020 stood at MPKR 783 (last year MPKR 1,108). On this basis the earnings per share (EPS) for the period has decreased to Rs. 22.96 as compared to same period of last year's EPS of Rs. 32.50



Dividend Payout History

Final cash dividend payout statistics for the years as follows.



KEY RATIOS

Liquidity Ratio

| 9 Months Period Ended 30 June | 2020 | 2019 | 2018 |
|-----------------------------------|------|------|------|
| Current Ratio (Times) | 1.43 | 1.38 | 1.42 |
| Quick Ratio (Times) | 0.75 | 0.93 | 1.20 |
| Days Sales Outstanding (Days) | 60 | 87 | 100 |
| Days Inventory Outstanding (Days) | 140 | 98 | 92 |

Profitability Ratios

| 6 Months Period Ended 31 March | 2020 | 2019 | 2018 |
|--------------------------------|-------|-------|-------|
| Gross Profit Margin % | 27.87 | 31.22 | 26.96 |
| Net Profit Margin % | 8.02 | 9.82 | 9.04 |
| Return on Assets % | 6.02 | 6.91 | 5.72 |
| Return on Equity % | 17.93 | 18.91 | 15.00 |

Profitability Ratios

| 3 rd Quarter Ended 30 June | 2020 | 2019 | 2018 |
|---------------------------------------|-------|-------|-------|
| Gross Profit Margin % | 26.38 | 30.62 | 26.46 |
| Net Profit Margin % | 0.05 | 6.38 | 11.37 |
| Return on Assets % | 0.008 | 2.56 | 4.16 |
| Return on Equity % | 0.02 | 6.74 | 10.41 |

Profitability Ratios

| 9 Months Period Ended 30 June | 2020 | 2019 | 2018 |
|-------------------------------|-------|-------|-------|
| Gross Profit Margin % | 27.64 | 31 | 26.94 |
| Net Profit Margin % | 12.54 | 16.08 | 16.29 |
| Return on Assets % | 7.0 | 9.2 | 9.5 |
| Return on Equity % | 17.95 | 24.38 | 23.85 |

Others Ratios

| Nine months period ended 30 June | 2020 | 2019 | 2018 |
|---|-------------|-------------|-------------|
| Interest Cover Ratio (Times) | 7.39 | 10.85 | 16.11 |

| Year ended 30 September | 2019 | 2018 | 2017 |
|--------------------------------|-------------|-------------|-------------|
| Dividend Coverage % | 79.2 | 97.9 | 76.6 |
| Dividend Payout Ratio % | 89 | 89 | 105 |
| Dividend Yield % | 9.8 | 7.8 | 7.6 |

FUTURE OUTLOOK

Future Outlook

Although the remaining part of the on-going calendar year is expected to remain challenging both for Global & local economies, but with the day-to-day improvement in demand from its Customers, better accessibility to necessary raw materials and Government support measures with respect to facilitating cash availability for the Industry and its consumption markets, the Company's sales volumes are expected to improve in third quarter of the calendar year 2020.

Moreover, the fast and emerging changes in consumption lifestyles has also provided the Company with an opportunity to narrow the gap for offsetting the decline in Fashion & Clothing with more sustainable growth in Safety & protective gear, Medical textiles, Home Care & hygiene segments of the Specialty Chemicals Industry.

QUESTIONS & ANSWERS





www.archroma.com

This information corresponds to the present state of our knowledge and is intended as a general description of our products and their possible applications. Archroma makes no warranties, express or implied, as to the information's accuracy, adequacy, sufficiency or freedom from defect and assumes no liability in connection with any use of this information. Any user of this product is responsible for determining the suitability of Archroma's products for its particular application. * Nothing included in this information waives any of Archroma's General Terms and Conditions of Sale, which control unless it agrees otherwise in writing. Any existing intellectual/industrial property rights must be observed. Due to possible changes in our products and applicable national and international regulations and laws, the status of our products could change. Material Safety Data Sheets providing safety precautions, that should be observed when handling or storing Archroma products, are available upon request and are provided in compliance with applicable law. You should obtain and review the applicable Material Safety Data Sheet information before handling any of these products. For additional information, please contact Archroma. *For sales to customers located within the United States and Canada the following applies in addition: NO EXPRESS OR IMPLIED WARRANTY IS MADE OF THE MERCHANTABILITY, SUITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE OF ANY PRODUCT OR SERVICE.

® Trademark of Archroma registered in many countries
© 2019 Archroma