

Millat Tractors Limited

Corporate Briefing Session
Financial year ended 30 June 2022

25 November 2022

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Millat Tractors Limited Company Overview

- ❑ Public Limited Company - Listed on Pakistan Stock Exchange(PSX)
- ❑ Established in 1964, Nationalized in 1972, Employee/Management buyout in 1992,
- ❑ Quality Management system upgraded to ISO 9001:2000 in 2000,
- ❑ Launch of Emission Compliant Diesel Engines and Export Tractor Models in 2017,
- ❑ Achieved highest ever sales in 2018 and continuing...
- ❑ Market capitalization exceeding **78 billion Rupees** (PSX)
- ❑ 35th Excellence in Corporate Management award by Management Association of Pakistan – 02 years consecutive.
- ❑ Top 25 PSX Company awarded by PSX consecutively for the year 2017,2018 and 2019.
- ❑ Merit certificate for the best corporate report award by joint committee of ICAP & ICMAP



Millat Tractors Limited

Subsidiary Companies

Others

TIPEG Intertrade DMCC

75%

Rs. 85 million.

- (Free Zone Company under Regulations of DMCC)
- Trading arm of the company

Millat Industrial Products Limited

64.09%

Rs. 57 million

- Public Limited Company – (Unlisted)
- Manufacturer of automotive & UPS batteries

Millat Equipment Limited

45%

Rs. 117 million

- Public Limited Company – (Unlisted)
- Manufacturer of tractor components – Gears

Bolan Castings Limited

46.26%

Rs. 77 million

- Public Limited Company – (Listed on PSX)
- Manufacturer of casting components

Hyundai Nishat Motors (Private) Limited

15.86%

* Rs. 3,785 million

Baluchistan Wheels Limited

9.62%

* Rs. 97 million

* MARKET FAIR VALUE



TIPEG Intertrade DMCC

- ❑ **TIPEG INTERTRADE DMCC** is a free zone company with limited liability registered with Dubai Multi Commodities Centre Authority, the company was incorporated in 2012.
- ❑ **TIPEG INTERTRADE DMCC**, is a trade hub established to promote locally manufactured engineering equipment and components worldwide. Based under the Umbrella of Millat Tractors, Tipeg is determined to bridge distance and technical gaps between local manufactures and global markets for two way trading.
- ❑ Tipeg sale remained at **\$8.5 million** in 2021-22.
- ❑ Dividend received during the year is **Rs. 186 million**.



Millat Industrial Products Limited (MIPL)

- ☐ **MIPL** a subsidiary of **MILLAT TRACTORS LTD** is a public limited company, and mainly known as a leading Automotive Batteries manufacturer.
- ☐ Company is producing complete range of Automotive / UPS batteries with special emphases on deep cycle series and maintenance free batteries.
- ☐ **MIPL** generally have different types of batteries in its product range i.e.
 - **Standard Range** 5 -33 Plates/Cells
 - **CNG Range** 09-13 Plates/Cells
 - **UPS Range** 13-29 Plates/Cells
 - **Deep Cycle range** 07-23 Plates/Cells
 - **Solar Range** 5-9 Plates/Cells
 - **Maintenance free range** 9-15 Plates/Cells
- ☐ Dividend received during the year is **Rs. 43 million.**



Millat Equipment Limited (MEL)

- ❑ **MEL** is a subsidiary of MILLAT TRACTORS LTD, and is a leading manufacturer of Transmission Gears of tractors in Pakistan.
- ❑ MEL acquired Gear Manufacturing Unit from M/S AGCO Limited – UK
- ❑ State of the art inspection and testing facility
- ❑ ISO 9001 QMS & 50001 EnMs certified
- ❑ Dividend received during the year is **Rs. 328 million.**
- ❑ **Product range**
 - Transmission Gears & Shafts
 - Hydraulic Pump
 - Balancer Unit
 - Carrier Assemblies
 - Crown wheel & Pinion etc.



Bolan Castings Limited (BCL)

❑ **BCL** a subsidiary of **MILLAT TRACTORS LTD** acquired in 1994, is a listed public limited company, and mainly known as an automotive foundry with a capacity of over 16,000 tons per annum (manufacturing of Casting components).

❑ **Product Range**

▪ **Grey Iron Castings**

- Tractor's Engine Blocks Engine Heads
- Centre Housings
- Transmission Case
- Axle Casing
- Oil Sump
- Bearing Caps
- Truck's / Bus's / Car's, Brake Drums Pump Castings
- Spheroidal Graphite/Nodular/Ductile

❑ No dividend during the year.

▪ **Iron Castings**

- Axle Housings
- Axle Supports
- Differential Cases
- Hydraulic Boxes
- Rocker Links
- Sleeves
- Hubs and Bearing Covers etc.



OTHER Group Members

☐ Hyundai Nishat Motors (Private) Limited

- **15.86%** shareholding by MTL till June 30,2022.
- Cost of investment is **Rs. 1,505 millions** till June 30,2022.
- **Rs. 170 million** also paid for share subscription till Sep 30,2022.
- Fair value as on 30th June, 2022 is **Rs. 3,785 millions**.

☐ Baluchistan Wheels

- **9.62%** shareholding by MTL.
- Cost of investment is **Rs. 12 millions**.
- Fair value as on 30th June, 2022 is **Rs. 97 millions**.
- Dividend received during the year is **Rs. 7.7 millions**.

VISION

" Millat to be a global group of companies, recognized for a range of quality products with innovative design capabilities."

MISSION

" To be market leader in agricultural tractors and machinery, building company's image through innovation and competitiveness, grow by expanding market and investing into group companies, ensuring satisfaction to customers and stakeholders and to fulfill social obligations."

Product range MTL



- ❑ MF Tractors from 50 – 100 hp
- ❑ Agricultural implements
 - Fodder and Combine Harvesters
 - Balers, Laser Land Leveler
- ❑ Diesel Power Generators
(12.50 to 60 KVA)
- ❑ Prime movers
- ❑ Forklift trucks (3 to 4 Ton)
- ❑ Spare Parts & After Sale Market
- ❑ Millat IFS Business Channel-Partner of IFS SWEDEN

TRACTORS

❑ **MTL** is tractor Assembling company which assembles **MASSEY FERGUSON (MF)** brand Tractors for local and export market, ranging from 50 HP to 85 HP.

❑ Following are the some of the main Tractors:-

MF 240 Tractor (2WD): "The Most Popular & Economical Tractor"

- 50 HP Millat Engine.



MF 350 Plus Tractor(2WD):

"Efficient, Economical and Easy to Operate"

- 50 HP Millat Engine.



MF 260 Tractor(2WD): "A Multi-Purpose Tractor"

- 60 HP, Turbo Millat Engine.



MF 385 Tractor (2WD-4WD):

MF 385 2WD "The Long Term Partner Most Powerful Yet Economical"

MF 385 4WD "The Strongest Pakistan Made Tractor Edge Over 2WD"

- 85 HP Millat Engine.



MF 360 Tractor(2WD-4WD):

MF 360 2WD "Robust, Reliable & Rugged"

MF 360 4WD "The Most Powerful 4WD Tractor of Medium Horsepower Range in Pakistan"

- 60 HP, Turbo Millat Engine

MF 375 Tractor (2WD-4WD):

MF 375 2WD "Enhanced Power to Excel Progress"

MF 375 4WD "The Best Combination of Fuel Economy & High Pulling Power"

- 75 HP Millat Engine.



INDUSTRIAL PRODUCT DIVISION (IPD)

- ❑ IPD is a separate business unit(SBU) of MTL deals with Power generating sets, Fork lift trucks, Prime movers etc.
- IPD Sales during the year is **Rs.446 millions**.

Power Generating Sets

- ❑ Following is the Generating set range
 - 12.5 kVA to 60 kVA



Forklift Trucks

- In collaboration with Heli Forklift Truck Manufacturing Company, China
- 3-Ton capacity
- Millat 3- Cylinder Engine



Prime Movers

- ❑ MTL introduced 3 & 4 cylinders locally made Electropack engines for Diesel generating sets available for sale in market.
- ❑ Following is the Electropack engines range
 - 15kVA to 50 kVA



Spare Parts & After Market

- ❑ In order to meet the spare parts requirement of all products of MTL, it has developed a separate business unit(SBU).
- ❑ This segment deals in sale of all spare parts, Lubricant Oil, batteries, Filters, Grease, paint, sheet metal parts etc. of all products of MTL.
- ❑ Parts segment has a network of 65 parts dealers, who works in collaboration with 85 main dealers and 558 workshops of distribution & service department of MTL all over Pakistan.
- ❑ Recently added 2 retail outlets one in Badami Bagh Lahore and 2nd in Multan.
- ❑ Sale of **Rs. 1,355 millions** during 2021-22.



Millat IFS Business Channel-Partner of IFS SWEDEN

- ❑ In line with the vision of Management, considering the importance of Information Technology for industry, MTL decided to implement globally renowned ERP, IFS Applications in Millat Tractors Limited in 2009.
- ❑ Having trained and qualified human resources since 2009, MTL entered into sales and implementation partnership for IFS Applications to extend the benefits of digital transformation to other group companies and automotive industry and formed a Business unit as Millat IFS Business Unit (MIBU).
- ❑ MIBU is selling and Implementing ERP Solution, IFS Applications that helps companies get better return on investment.



Millat IFS Business Channel-Partner of IFS SWEDEN

➤ **IFS Applications (ERP Solution)**

- Manufacturing
- CRM
- Supply Chain
- Quality
- Analytics
- DMS
- Projects
- Service & Maintenance
- HRM
- Financials

➤ **IFS Consultancy**

- Implementation
- SLA & Support
- Integration
- Trainings
- Third Party Audit/QA
- Remote Services

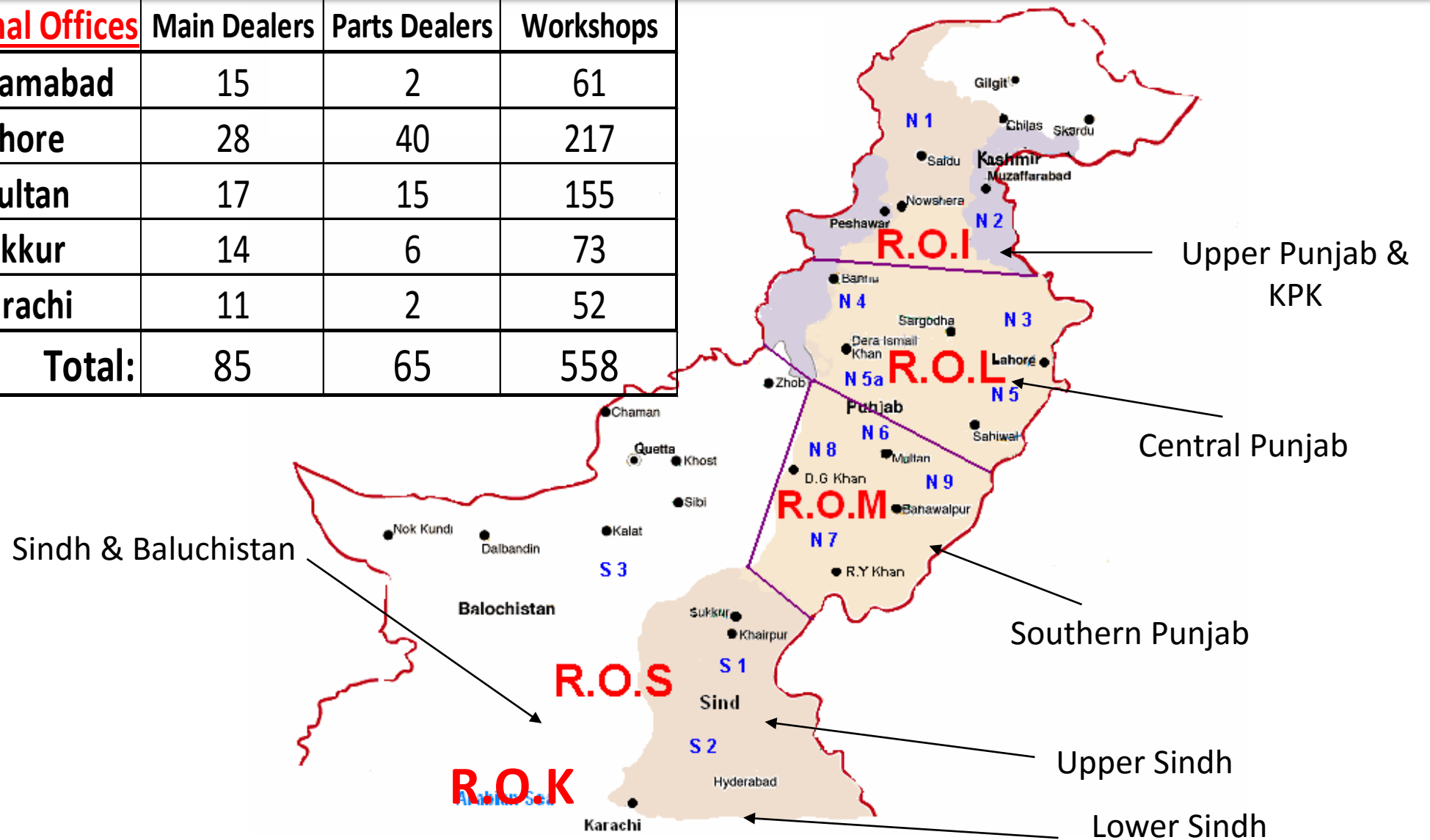
Existing Customers

- IFS Middle East, UAE
- IFAD Autos, Bangladesh
- Voisinage, Sri Lanka
- Hyundai Nishat Motor Pvt. Limited, Pakistan
- Millat Group, Pakistan
 - Millat Tractors Limited (MTL)
 - Millat Equipment Limited (MEL)
 - Millat Industrial Products Limited (MIPL)



MILLAT'S DEALERS GEOGRAPHICAL COVERAGE

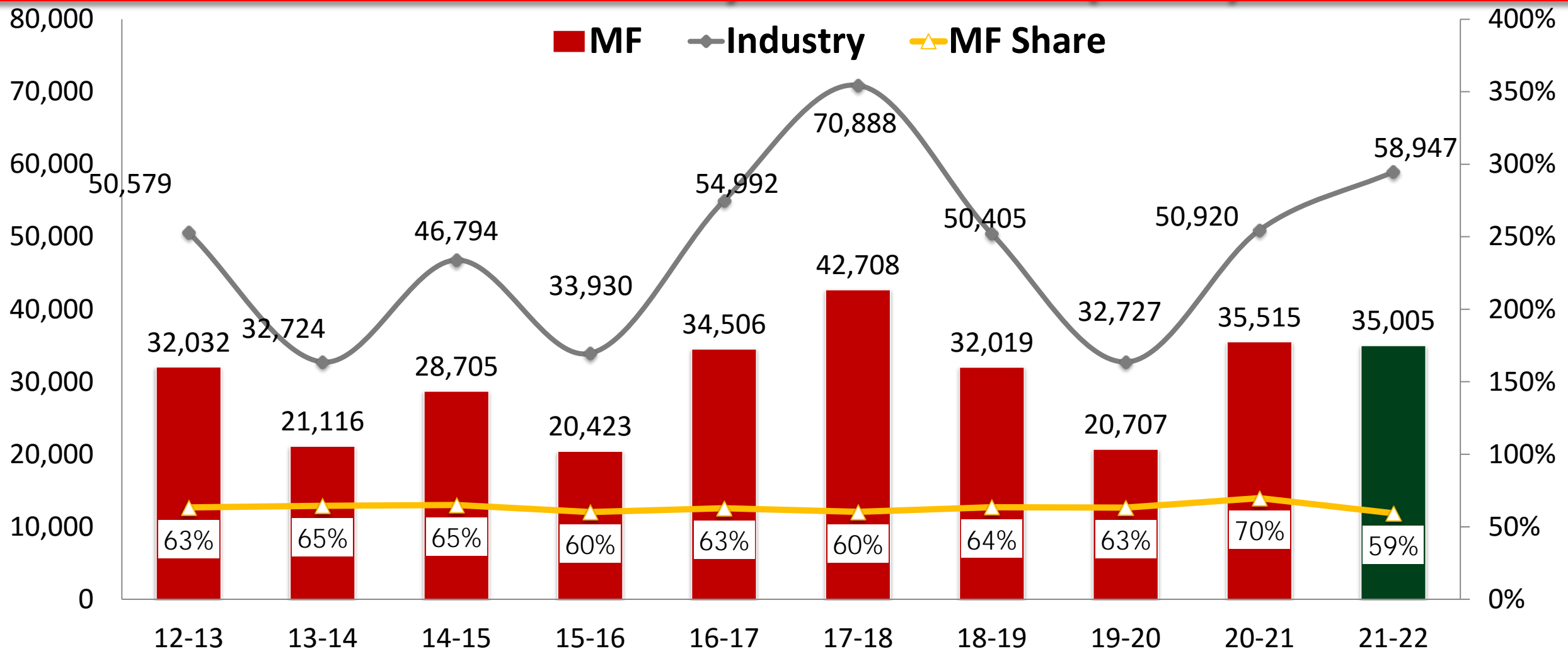
	<u>Location of Regional Offices</u>	Main Dealers	Parts Dealers	Workshops
1	Regional Office Islamabad	15	2	61
2	Regional Office Lahore	28	40	217
3	Regional Office Multan	17	15	155
4	Regional Office Sukkur	14	6	73
5	Regional Office Karachi	11	2	52
	Total:	85	65	558



INDUSTRY OVERVIEW



Tractor Industry & MTL Sales (units)

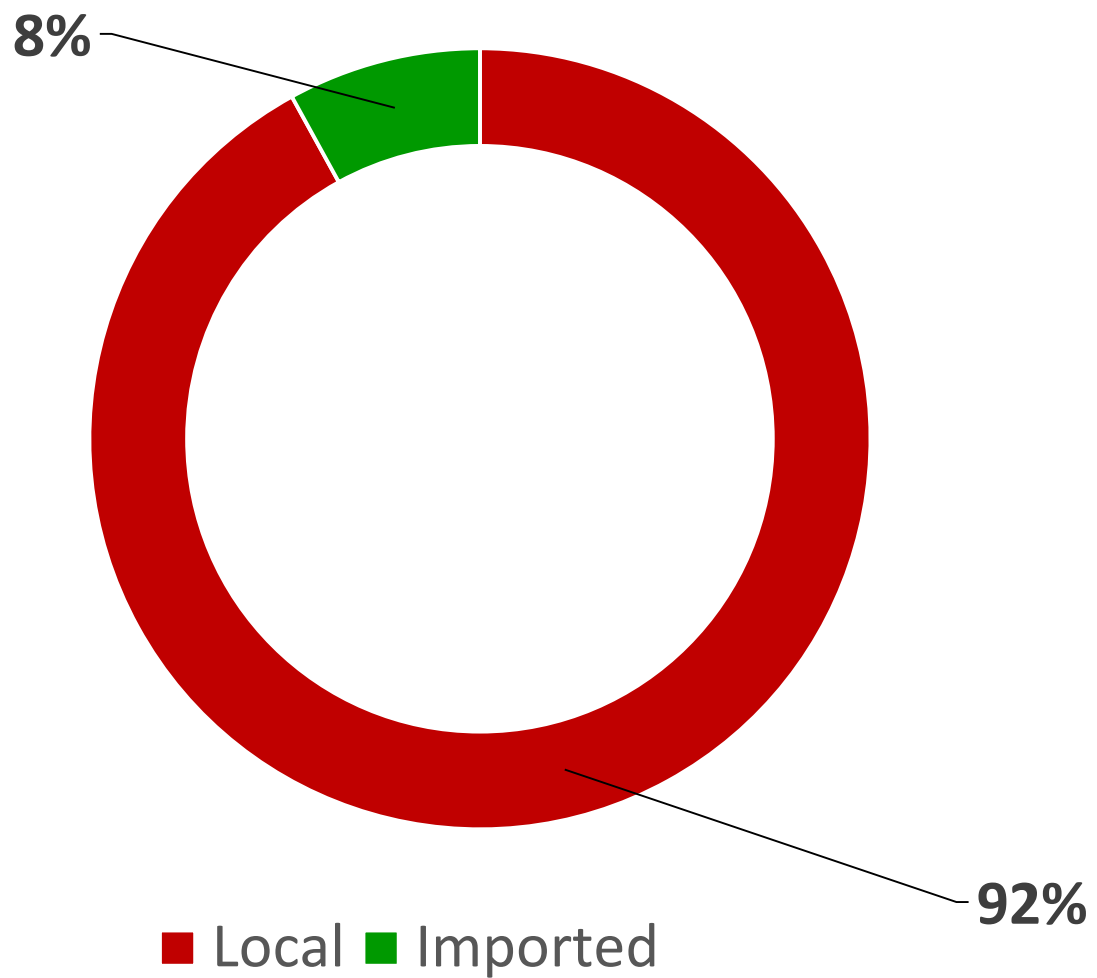


Tractor industry annual Sales units 2021-22

❖ **Fiat (AGTL)** 23,942 ❖ **Massey Ferguson (MTL)** 35,005 ❖ **Orient Tractor (IMT)** zero



Average Composition of Local vs Imported Components value wise – Tractors

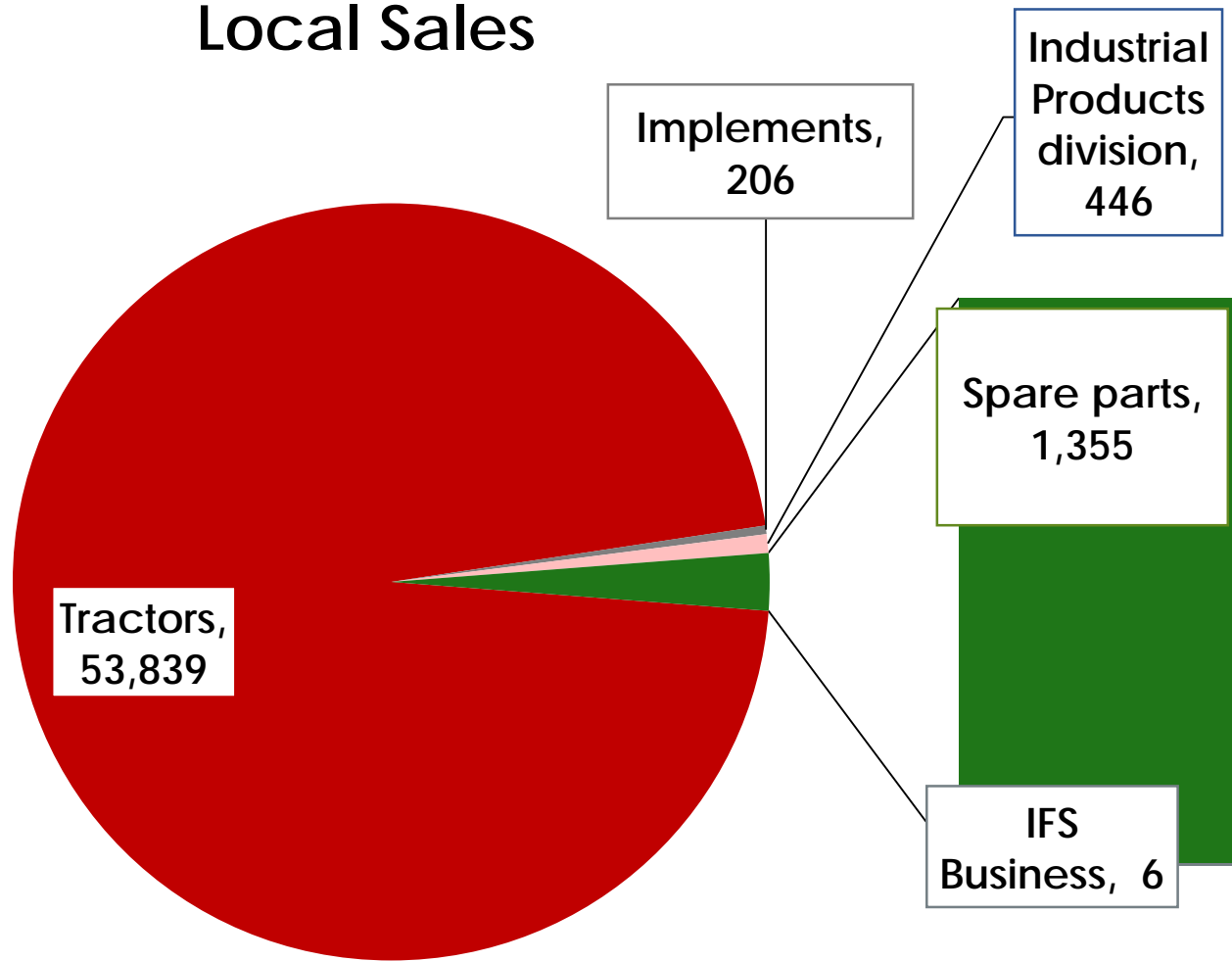


FINANCIAL PERFORMANCE

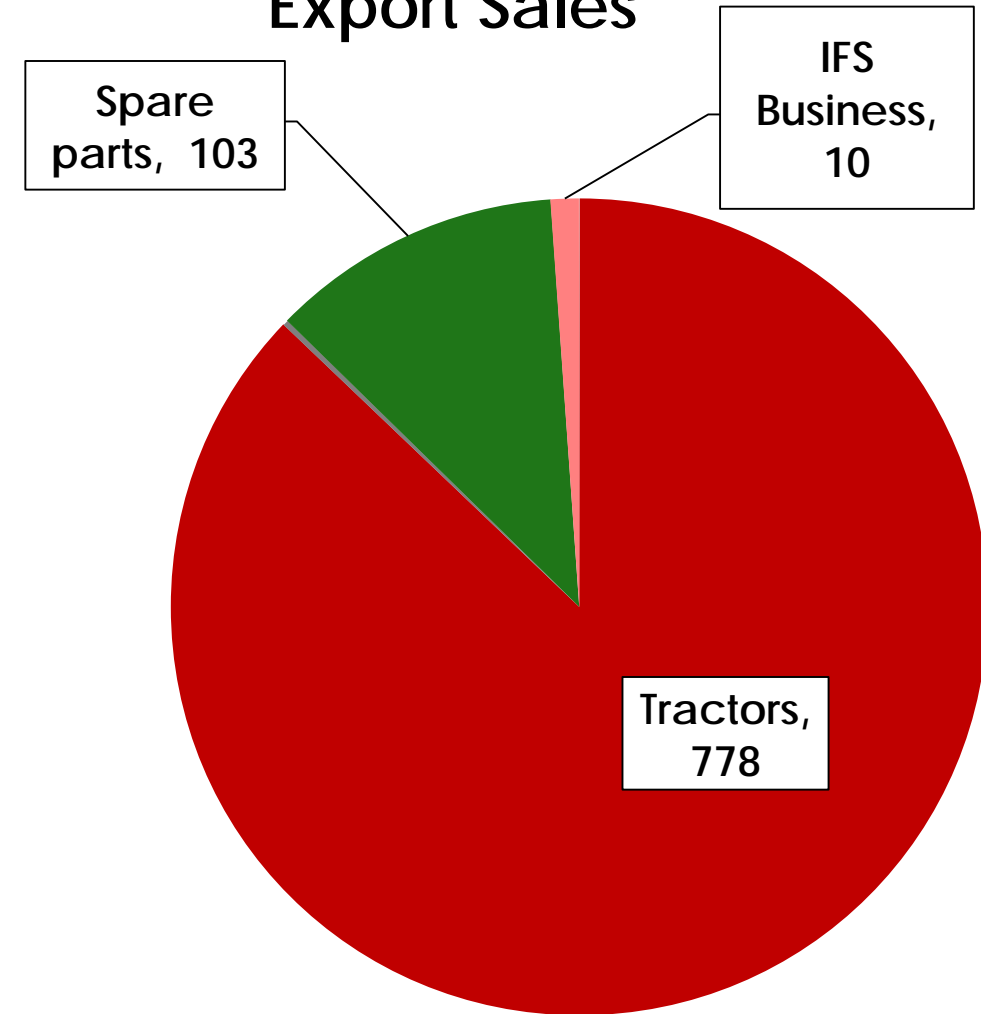


Sales (Rs. in million)

Local Sales



Export Sales



Tractor sales comparison 2021-22 & 2020-21

- ❑ Overall sales of the Tractor industry up by ↑ 16% from 50,920 to 58,947 units.
- ❑ Reasons for industry increase:
 - Better purchasing power of farmers due to bumper crops and increase in minimum support price.
 - Increase in construction activity.
- ❑ MTL sales decreased by ↓ 1% in terms of units sold by achieving 35,005 mark and gained overall market share of 59%.
- ❑ Reasons for MTL sale decrease:
 - Production activity closed twice in the year due to cash flow issues as Sales Tax refunds from govt. not refunded timely.



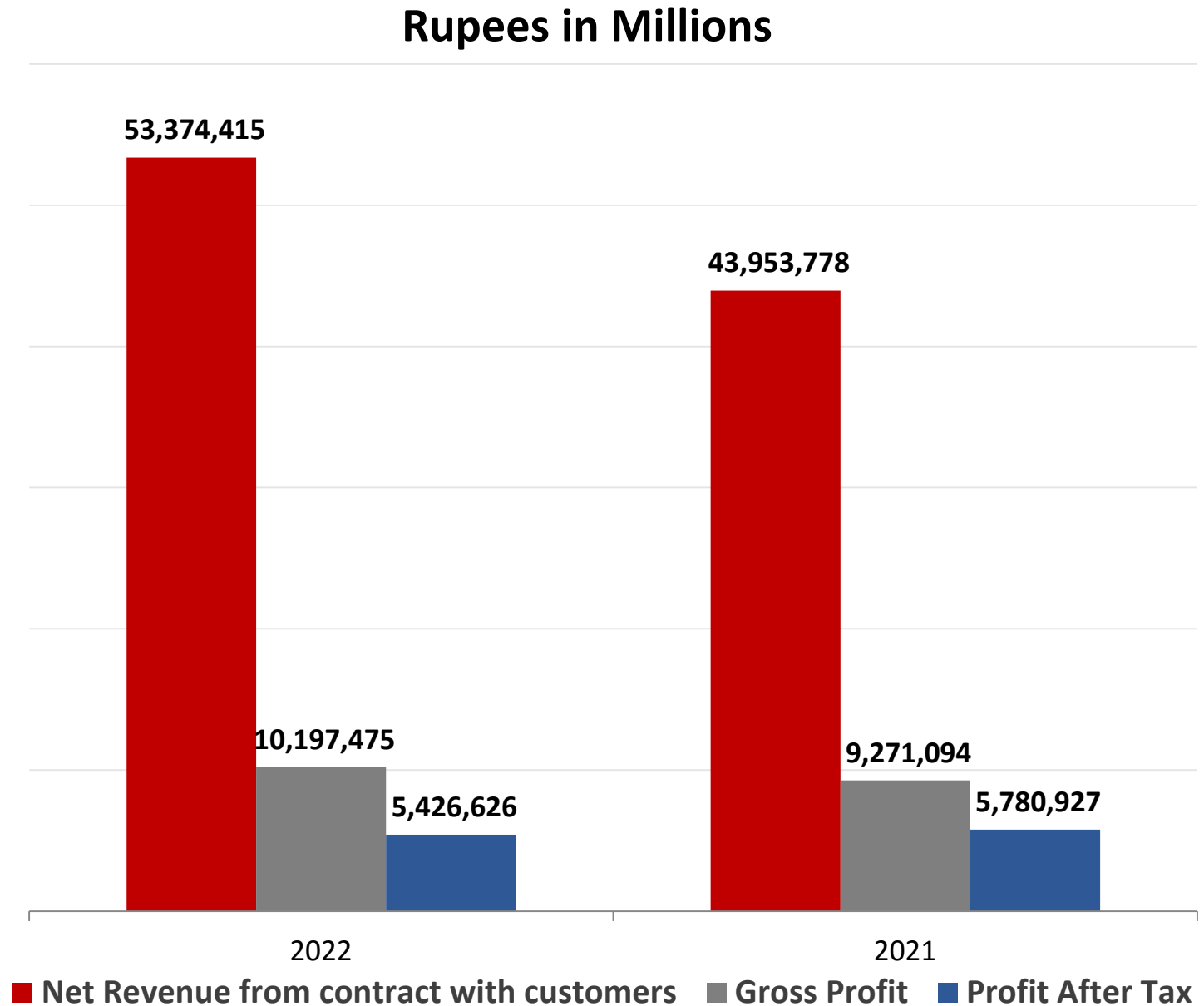
MTL PERFORMANCE FOR THE YEAR ENDED JUNE 2022

	2022	2021	Increase/ (decrease)	%
Units Sales	35,005	35,515	(510)	-1.4%↓
Units produced	34,892	35,571	(679)	-1.9%↓

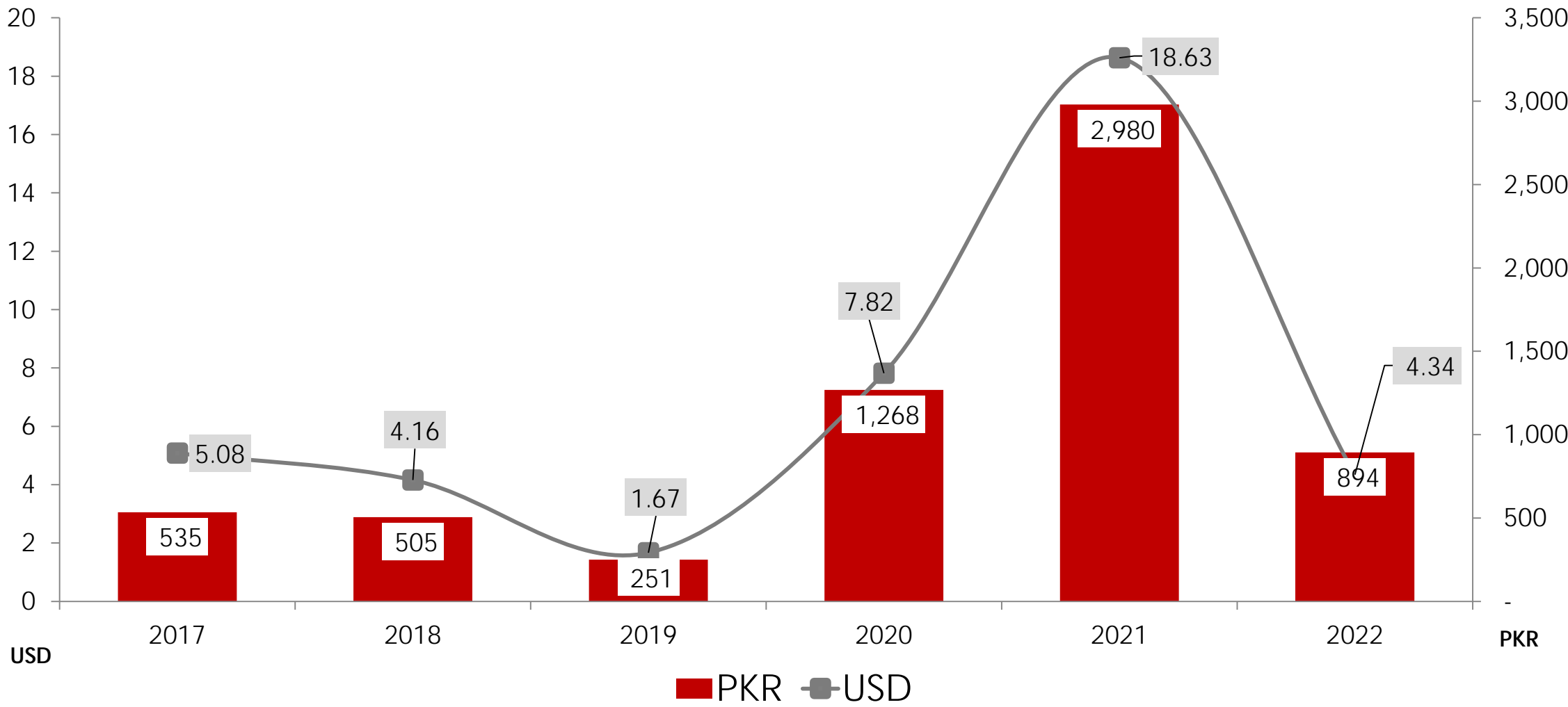
	Rs. in millions	Rs. in millions	Rs. in millions	%
Revenues - net	53,374	43,954	9,420	21.4%↑
Gross Profit	10,197	9,271	926	10%↑
Other income	941	667	274	41.1%↑
Profit Before Tax	8,685	7,879	806	10.2%↑
Profit After Tax	5,427	5,781	(354)	-6.1%↓
EPS – basic and diluted (rupees)	56.02	59.68	3.66	-6.1%↓

Profitability

- ❑ **Net revenues** increased by 21%.
- ❑ **Gross profit ratio** decreased by 2% due to increased inputs and exchange parity.
- ❑ **Profit after tax ratio** decreased by 23% on account of:
 1. Super Tax (@ 10%) imposition (average effective tax rate increased from 26.63% to 37.52%)
 2. Delayed refunds of Sales tax from Government resulting in increased financing cost (which is Rs. 227 million against Rs. 9.2 million for last year) to meet working capital costs.



Exports – (Millions)



* Source: Annual published financial statements



Financial Position as on June 30th ,2022.(Rs. in '000)

	2022	2021	Change	%
Current assets	14,604,316	17,481,439	(2,877,123)	-16%↓
Current liabilities	12,123,350	14,543,064	(2,419,714)	-17%↓
Shareholders Equity	7,067,262	9,092,770	(2,025,508)	-22%↓

Reasons:

- Decrease in Current assets is due to redemption of short term investment in current year.
- Decrease in Current liabilities is due to decrease in contract liabilities
- Shareholders equity decreased mainly due to decrease in surplus on fair value of Hyundai Nishat Motors Pvt. Ltd.



Market performance

Ratios		2022	2021	Increase/ (decrease)	(%)
Dividend Payout Ratio	Percentage	116.03	167.56	(51.53)	-31%↓
Return on Capital Employed	Percentage	163.39	139.45	23.94	17%↑
Current Ratio	Times	1.20:1	1.20:1	-	-
Debt : Equity Ratio	Times	0.02 : 100	0.03 : 100	-	-

Reasons:

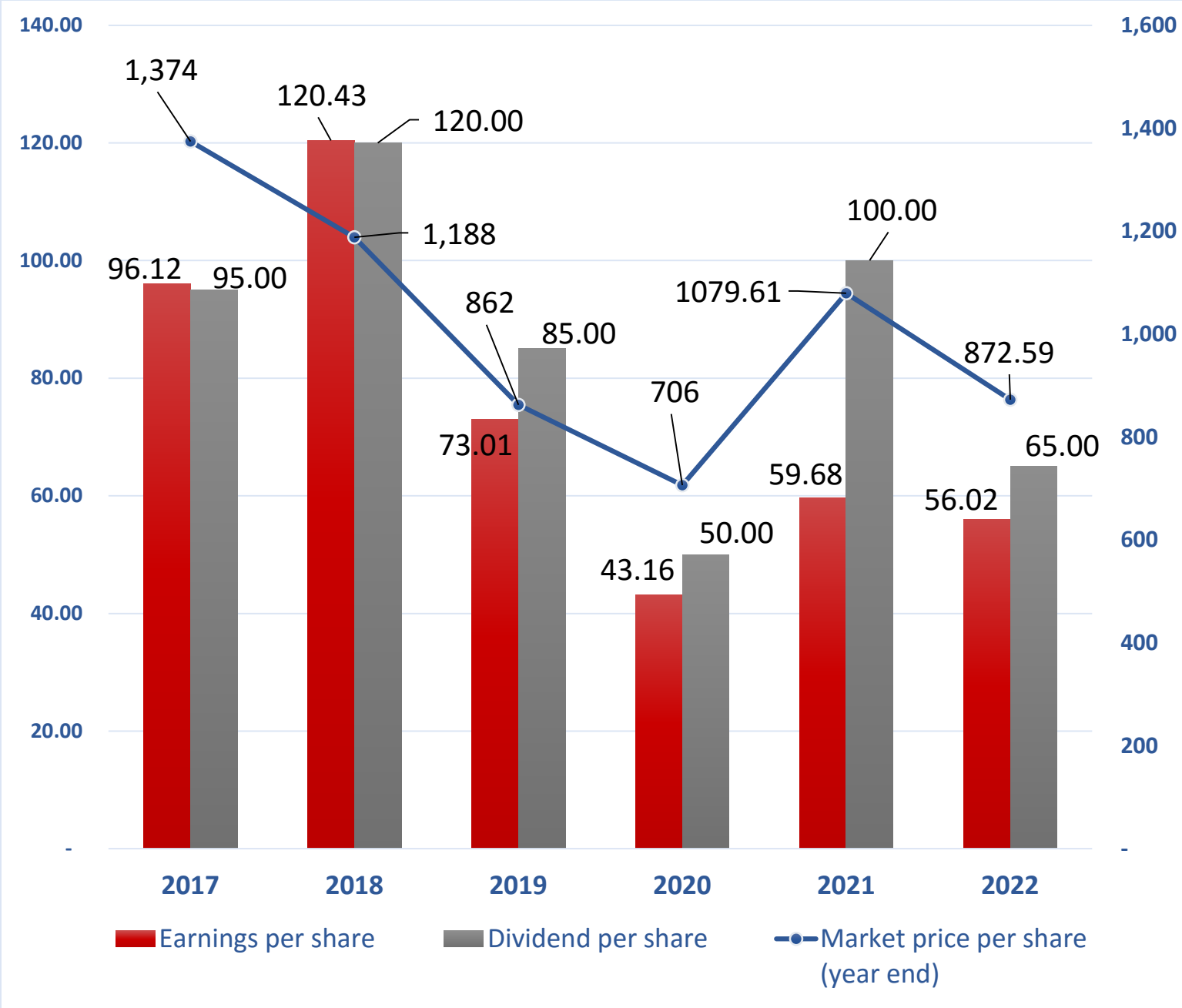
- Dilution of Shares due to Bonus shares.

Share Performance		2022	2021	Increase/ (decrease)	(%)
Market Value per share (Year End)	Rs	872.59	1079.61	(207.02)	-19%↓
Market Capitalization (Year End)	Rs 000	84,525,961	60,520,561	24,005,399	40%↑

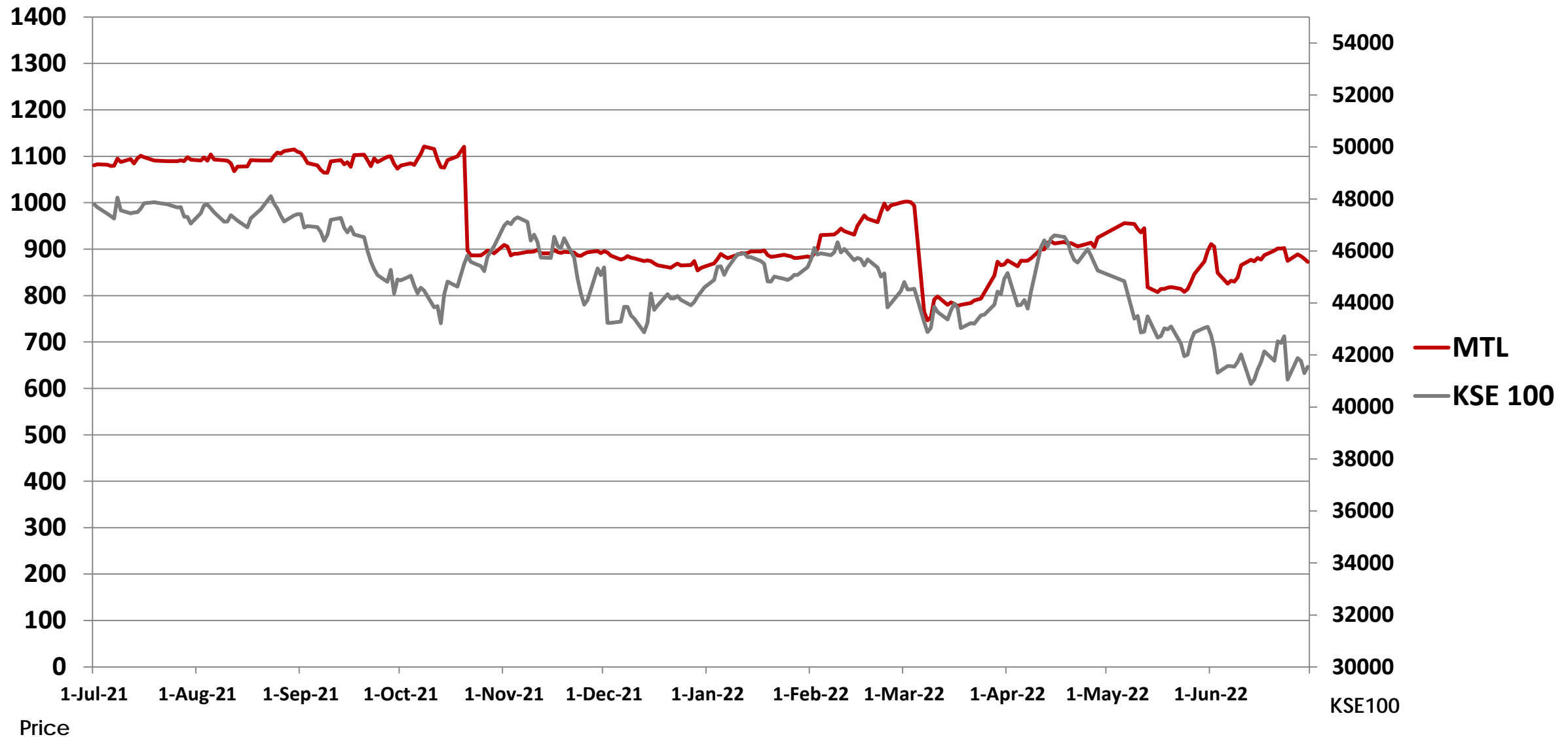


Earnings and dividend payout

- ❑ Market price performed as per profitability trend and market perception.
- ❑ Dividend payout remained one of the highest among PSX listed companies.
- ❑ EPS 2022 – Rs. 56.02 per share.
- ❑ Dividend 2022 - Rs. 65 per share (apart from bonus share @ 60%).
- ❑ Market price at year end June 30th, 2022 is Rs. 872.59 per share.

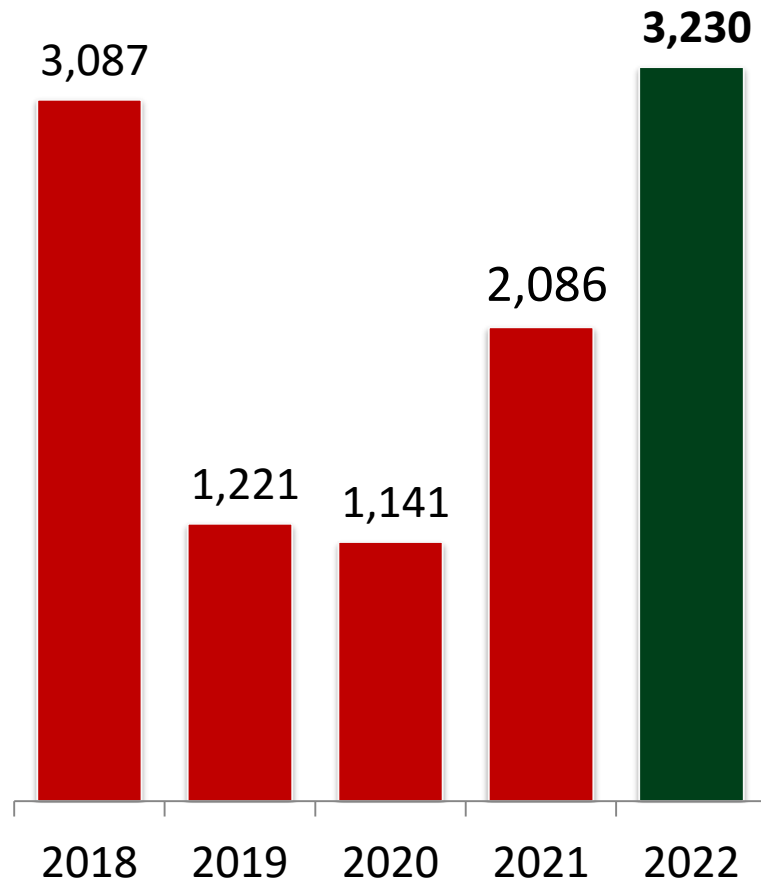


Share price movement 2021-22

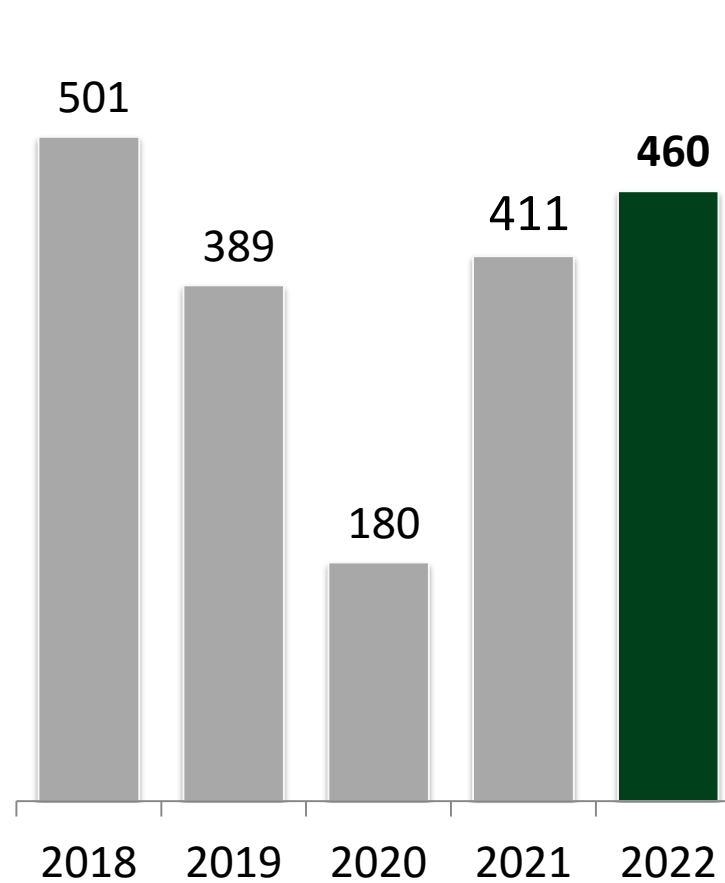


Direct Tax Contribution to National Exchequer – Rs. Million

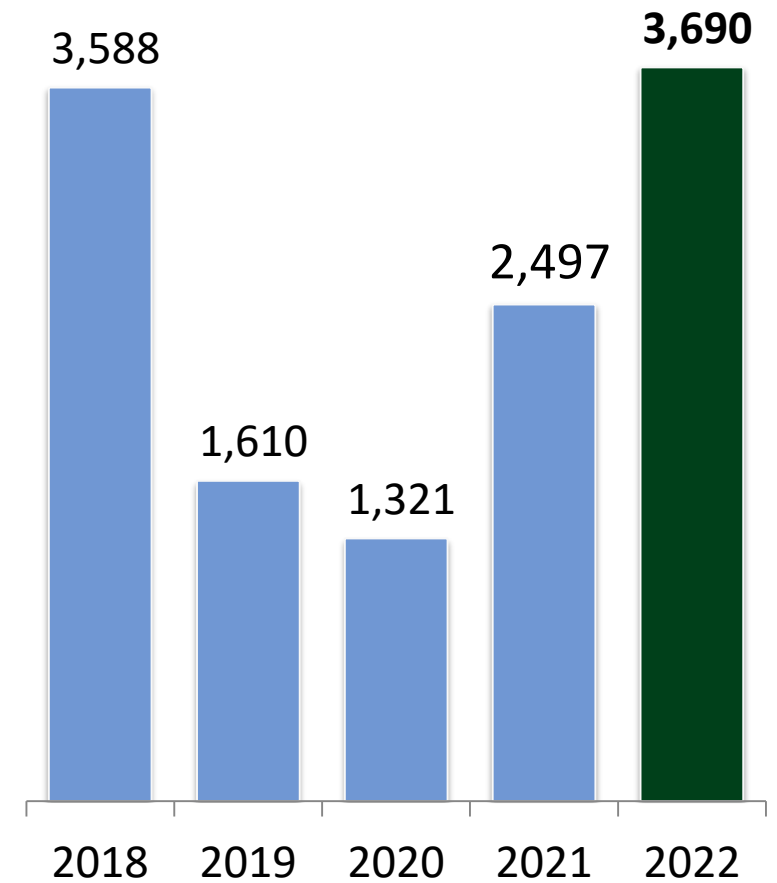
Millat Tractors



Subsidiaries



Group



* Source: Annual published financial statements



FUTURE OUTLOOK



Future outlook

- ❑ MTL is looking forward for increase in exports and develop the export market keeping in view the domestic decreased demand of tractors.
- ❑ Ease of doing business and timely release of sales tax refunds remain key hurdles in business growth. Currently MTL has Sales tax refund claims of. **Rs. 5.7 billions** as at June 30th , 2022.
- ❑ Sustainability and eco-friendly business measures are need of the hour to save the agriculture sector and the country as a whole.
- ❑ Post flood enhancement in construction activity for rehabilitation of domestic, agricultural and commercial lands will boost Tractor demand from 2022-23 3rd quarter onwards.
- ❑ Sales tax on tractors is now “**Exempted**”, resulting in high input costs and increased tractor prices that will impact the sales as entire GST on the tractor input is now part of cost and not claimable from Government.
- ❑ Impact of Govt. policies and farmer package may help the farmer to invest in farm mechanization and rehabilitation. All depends how quickly the benefits are transmitted to farming community.



Q & A SESSION





THANK YOU