AGHA STEEL INDUSTRIES LIMITED

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Defining Quality

COMPANY PROFILE

Agha Steel Industries Limited (the Company) was incorporated in Pakistan on November 19, 2013, as a private limited company.

On April 07, 2015, the Company was converted into public limited company. During the financial year 2019, the Company was able to list its first privately placed Sukuk certificates.

On November 02, 2020, the Company was successfully listed its shares on Pakistan Stock Exchange.

The Company is principally engaged in manufacturing and sale of steel bars and billets.

Agha Steel Industries Limited

- The Company has annual production capacity of 250,000 MT per annum (to date).
- Technology leader in the steel-making industry. The Company's topline has grown consistently over the past 5-years at a CAGR of 22%
- The Company is under process of installation of state of the art and first of its kind in Pakistan, Micro Mill Danieli ("Mi.Da.") Rolling Mill enhancing its capacity to 650,000 MT per annum.
- Sales segments of the Company are mainly consist of institutional customers, Chinese mega projects, dams, large infrastructure projects and local commercial (billet & Rebars) market.
- Company has a large base of operation North region (the Infrastructure projects). The company has started its commercial distributions at Islamabad, Lahore, Multan and other cities of Punjab Province.

AGHA STEEL - USP's

- Saving of cost in scrap due to flexible blending of scrap
- In-house oxygen supply – Agha ASU
- Unique ability to produce import substitution low carbon billet in Pakistan
- Pakistan's Only 45-ton EAF and is considered energy efficient and is fully automated which leads to lower labor costs
- Pakistan's first green Steel plant
- Composite Unit: the presence of melting and re-rolling unit in the same facility allows for greater efficiency and cost advantage in the production process.

Agha Steel at a Glance

- The Company has been continuously witnessing a steady growth in all major areas such as, the production capacity, the customer-base and the revenue stream Despite massive economic downturn and rising interest rates, the Company was able to hold onto its GP with effective operational management and quality maneuver to bring sustainable value to its stakeholders.

Financial Highlights	Revenue PKR 30,008 mn 5 – Year CAGR 22%	Gross Profit PKR 5,490 mn 5– Year CAGR 17%	EBITDA PKR 4,856 mn 5– Year CAGR 15%	Net Profit PKR 1,855 mn 5 – Year CAGR 10%
Scale	Asset Size PKR 41,477 mn	Total Equity PKR 15,666 mn	Total Liabilities PKR 25,811 mn	Total Area 130,680 Square Yards
Operational Highlights	Capacity Billets 450,000 MT p.a.	Capacity Rebars 250,000 MT p.a. (current) 650,000 MT p.a. (post expansion)	Capacity Utilization FY 2022– 58%	Work Force 395 People (excluding contracted labour)

EXECUTIVE SUMMARY

- ASIL’s net revenue grew by 29%YoY on the back of higher domestic rebar prices, despite decline in volumes (around 7%YoY).
- During the period, gross profit margin clocked in at 21.4%, declined by 1.5% as compared to the corresponding period of the last year.
- Increase in rebar prices enabled to absorb elevated scrap prices, Rupee devaluation and higher energy tarrifs.
- The company maintains its market share at around 5% of the domestic rebar demand.
- The Company paid power tarrif of around Rs. 28/kwh for using grid electricity during the year as opposed to Rs. 20/kwh in the corresponding year.
- Segment wise sales breakup among Institutional and retail customers is 76% and 24%, respectively.
- Province wise sales breakup stood at : 81.5% Sindh; 16.25% in Punjab; 0.75% in Balochistan and 1.5% in KPK.

VERTICAL ANALYSIS - P&L

	2022 Rs '000'	%	2021 Rs '000'	%
Turnover - net	**25,647,947**	**100**	19,858,243	100
Cost of sales	**(20,157,658)**	**(79)**	(15,355,724)	(77)
Gross profit	**5,490,289**	**21**	4,502,519	23
Administrative expenses	**(334,601)**	**(1)**	(296,737)	(1)
Selling and distribution costs	**(353,682)**	**(1)**	(285,429)	(1)
Finance costs	**(2,135,829)**	**(8)**	(1,408,980)	(7)
	(2,824,112)	**(11)**	(1,991,146)	(10)
Operating profit	**2,666,177**	**10**	2,511,373	13
Other expenses	**(681,044)**	**(3)**	(197,369)	(1)
Other income	**303,236**	**1**	239,387	1
Profit before taxation	**2,288,369**	**9**	2,553,391	13
Taxation - net	**(433,599)**	**(2)**	(517,394)	(3)
Profit after taxation	**1,854,770**	**7**	2,035,997	10

Performance Highlights

Rs In Million

Profit & Loss	2022	2021	2020	2019	2018	2017
Revenue	30,008	23,234	15,710	10,482	10,688	9,943
Gross Profit	5,490	4,502	3,269	2,031	2,683	2,713
EBITDA	4,856	4,264	3,394	2,368	2,499	2,543
Profit after tax	1,855	2,036	1,235	769	1,522	1,515

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Industry - Outlook

JUNE QUARTER 2022

- During 4QFY22, revenue of long steel players improved. This is primarily on account of rise in domestic rebar prices as volumes declined by around 5% due to
    - growing political instability
    - Extended Eid holidays

  To note, majority of the price hikes were witnessed in June 2022 as demand picked-up post Ramadan.
- Due to enhanced borrowings to meet working capital requirements amid rising interest rates, finance cost increased
- The major reason for the steep decline in sector profits was due to retrospective imposition of 10% super tax

FINANCIAL YEAR 2023

- Being high leveraged, sector bottom-line is likely to further squeeze due to high finance cost
- Demand suppression caused by recent flooding will put further pressure on volumes in 1HFY23, however, some of this impact might be offset by rehabilitation activities expected in 2HFY23 and pent-up demand from delayed projects.

Future - Outlook

For FY 2023, we expect volumes of rebar to be maintained or dip slightly. However, in case of increase in any public sector development activities, volumes are expected to improve.

Overall performance will be impacted by increase mark up rate

Question & Answers

Thank You