



CFO-00174/2022-12/PSX

December 13, 2022

**The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi

Subject: **Corporate Briefing Session**

Reference GPL Letter No. CFO-00173/2022-12/PSX dated December 07, 2022  
Reference GPL Letter No. PSX /Gen-2467 dated December 12, 2022

Dear Sir,

Reference to above mentioned correspondence, it is to inform that Corporate Briefing Session of Gammon Pakistan Limited will be held on December 14, 2022 at 9:45 A.M at Gammon House 400/2 Peshawar Road Rawalpindi to brief the Shareholders/analysts about the Company Financial and future outlook.

Earlier the time of session was communicated at 11:00 A.M, it has been changed to 9:45 A.M due to certain commitments of Senior Management. Further, the **video link** of session is given below and **Presentation** is enclosed herewith this letter for advance intimation of all concerned.

Join Zoom Meeting

<https://us02web.zoom.us/j/3215131864?pwd=SXlrOGIMY01zWGtqdE1RTWQ5eEI3UT09>


Meeting ID: 321 513 1864

Passcode: BWM@2022

You may please inform the TRE Certificate Holders of the Exchange accordingly, Due to security reasons, the potential attendees/participants are requested to bring their original CNIC/Passport for identification.

Yours Sincerely,

For and on behalf of  
**Gammon Pakistan Limited**

  
**Ghulam Murtaza Khurshid**  
Chief Financial Officer



# **GAMMON PAKISTAN LIMITED**

**CORPORATE BRIEFING SESSION 2021-22**

**DATED: DECEMBER 14, 2022**

# Disclaimer

- ▶ **During the course of this presentation we may make forward-looking statements regarding future events or the future performance of the Company. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific and risks exist that the predictions, forecasts, projections and other forward looking statements may not be achieved.**
- ▶ **Gammon Pakistan Ltd., does not undertake any obligation to update or revise any of statement / forecast / projection, whether as a result of new information, future events or otherwise.**
- ▶ **When relying on forward looking statements you should carefully consider the political, economic, social and legal environment in which the Company operates.**

# Flow of the Presentation

- ▶ **Economy and Construction Industry of Pakistan**
- ▶ **Gammon Pakistan Ltd.**
  - ▶ **Brief History of the Company**
  - ▶ **Brief on Financial Results for the year 2021-2022**
- ▶ **Future Outlook**
- ▶ **Questions / Answers**

# Economy and Construction Industry of Pakistan - Year 2021-2022

- ▶ As the country reels from the worst flooding in history, Pakistan is facing a trifecta of challenges. In just one spell of monsoon in Pakistan, some 33 million people have been affected and at least 1500 have lost their lives including more than 500 children.
- ▶ Estimates suggest that the floods have caused at least \$10 billion in damages. The horrendous effects of these floods are yet to haunt us as there's a looming agriculture and energy crisis upon us. The annual inflation rate increased to 24.9% in July 2022 which was 9.74% in June 2020
- ▶ The SBP weekly report released revealed that the country's total liquid foreign exchange reserves went down by \$308 million (-2.1%) on September 23, 2022, to \$13.76 billion, compared to \$14.07 billion one week earlier. The SBP reserves decreased \$8.005 billion, compared to \$8.346 billion a week earlier. However, these reserves increased earlier only when, the central bank received a \$1.2 billion tranche from the International Monetary Fund (IMF).

# Economy and Construction Industry of Pakistan - Year 2021-2022

- 
- ▶ The tranches are not the solution for strengthening our fragile economy. The government must undertake several drastic measures to revive the country's faltering economy. The last six months have seen some of the highest prices of energy the world over. Coupled with the political instability, the rolling blackouts and extremely high prices of electricity has driven many of our export-oriented business to closure.
- ▶ The new taxes imposed by the government through the budget for 2022-23 on the real estate sector will badly affect the growth of the construction industry and largely increase unemployment.
- ▶ There was a boom in the construction industry during the previous government's tenure as the industry engaged millions of labourers, but the current government did not take positive steps for the betterment of the industry . The basic reason behind the boom in the construction sector was the tax amnesty scheme announced by the previous government. It allowed people to invest their wealth in the construction sector without disclosing the source.

# Economy and Construction Industry of Pakistan - Year 2021-2022

- 
- ▶ The price of key construction materials has increased since last year due to global price hikes. Domestic cement prices also increased more than 53% (around Rs360 per bag) in the last year, whereas steel prices are up 22% from levels in the same period last year owing to a rise in raw material prices and significant rupee devaluation.
- ▶ The price of all items related to construction purposes have increased, including cement, sand, crush, tiles, brick, concrete, paint as well as steel bars.
- ▶ “The surge in the price of steel is not artificial, it is interlinked with various factors including rapid currency devaluation. In a short span of just one year, the price of scrap increased by 26%, electricity increased by 79%, gas increased by 187%, the PKR devalued by 37%, cargo charges increased 220% and the financial charges have gone up by 107%,”

# Brief History of the Company

- ▶ The Company was incorporated under the repealed Companies Act, 1913 (now the Companies Act, 2017) on August 12, 1947 as a Public Company Limited by shares. It's shares are quoted on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited).
- ▶ The principal activity of the Company is execution of civil construction works.
- ▶ The registered office of the Company is situated at Gammon House, 400/2 Peshawar Road, Rawalpindi.



Particulars	2022	2021
	Pak Rupees	Pak Rupees
<b>Contract income</b>	<b>24,331,831</b>	75,716,889
<b>Contract expenditure</b>	<b>(26,240,916)</b>	(98,997,215)
<b>Net contract loss/ (profit)</b>	<b>(1,909,085)</b>	(23,280,326)
<b>Operating (loss)/profit</b>	<b>(7,941,578)</b>	(25,109,355)
<b>Finance cost</b>	<b>(26,702)</b>	(26,582)
<b>Fair value gain on investment property</b>	<b>8,998,562</b>	23,231,096
<b>(Loss)/Profit before taxation</b>	<b>1,030,282</b>	(1,904,841)
<b>(Loss)/Profit after taxation(</b>	<b>(6,367,572)</b>	(8,102,745)
<b>Earning/(loss) per share</b>	<b>(0.23)</b>	(0.29)

# Highlights of Financial Results of the Company during the year 2021-2022

9

- ▶ Revenue from projects has decline by 68% as compared to last year, due to finishing works at ongoing projects we were expecting to complete these projects this year but unfortunately due to some design changes from client at Old Bannu Road Project (dualization Project) and heavy floods at sites, it could not become possible, main events during the year are as under:
  - ▶ The Project at Fateh Jang is complete and we are winding up the site that will be completed soon.
  - ▶ Project of Bridges on Old Bannu Road (dualization Project) is progressing and it is expected to be completed in next year.
  - ▶ The Project of Federal Board of Revenue (FBR) Facility center work at Torkham was left and returned to client due to unavoidable reasons and to evade any future loss therein.
  - ▶ Final bills for DHA Blocks and Bridge were submitted to DHA Housing Directorate and we are expecting release of funds .
- ▶ Despite financial constraints our efforts are in process to get further business. It is expected that some more work will be awarded to your company by some clients in the near future.

# Highlights of Financial Results of the Company during the year 2021-2022

1  
0

- ▶ **We are striving hard to acquire some mega projects to improve the company financial position. After the Management change your company is in restructuring mode and our vigorous efforts are continued in favour of the Company.**

# Highlights of Financial Results of the Company during the year 2021-2022

1  
1

Gammon Pakistan Precast Limited-**GPPL**

- ▶ We are pleased to inform that Gammons Pakistan Precast Limited started its production during the year
- ▶ GPPL will not only share the open market but will play major role in own development projects. I also feel amused to say that the model we are going to introduce in the market for precast products countywide for Clients will bring good results.

# Future Outlook

1  
2

- ▶ **Event after the reporting date i.e. 30-06-2022:**
  - ▶ **There is no significant event to report after June 30, 2022.**
  - ▶ **In view of the current economic and environmental uncertainties, GPL remains vigilant of the market dynamics and stands well-positioned to continue its existing growth momentum, focusing on improved service standards and expanding its footprint. Despite several waves of COVID-19, Pakistan is amongst the few countries that achieved notable success in containing the related health and economic challenges. Post-vaccine roll-out, the global economy is on track to make a strong recovery, and the Company is poised to reap the benefits for future growth, Insha'Allah.**
  - ▶ **Despite financial constraints our efforts are in process to get further business. It is expected that some more work will be awarded to our company by some clients in the near future.**

# Questions / Answers

**Thank You**