



Millat Tractors Limited

Corporate Briefing Session
Financial year ended 30 June 2023

November 23, 2023

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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 PKR 100 billion (PSX)
- ❑ 35th excellence in Corporate Management award by Management Association of Pakistan – two years consecutive
- ❑ Top 25 PSX company awarded by PSX consecutively for the years 2017, 2018, 2019 and 2022
- ❑ Best Corporate and Sustainability report 2022 award by joint committee of ICAP and ICMAP



VISION

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

MISSION

“ To be the market leader in agricultural tractors and machinery, building company’s image through innovation and competitiveness, growing by expanding market and investing into group companies, ensuring satisfaction to customers, stakeholders and to fulfilling our corporate social responsibility.”



Product range MTL



- ❑ MF Tractors from 50 – 85 hp
- ❑ Agricultural implements
 - Fodder and Combine Harvesters
 - Balers, Laser Land Leveler
- ❑ Diesel Power Generators
(12.50 to 500 KVA)
- ❑ Prime movers
- ❑ Forklift trucks (3 to 4 Ton)
- ❑ Spare Parts and 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 260 Tractor(2WD): "A Multi-Purpose Tractor"

- 60 HP, Turbo 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.



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.



INDUSTRIAL PRODUCT DIVISION (IPD)

- ❑ IPD is a separate business unit (SBU) of MTL deals with Power generating sets, Fork lift trucks, Prime movers etc.

Power Generating Sets

- ❑ Following is the Generating set range
 - 12.5 kVA to 500 kVA



Electropack engines

- ❑ MTL introduced 3 and 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

Forklift Trucks

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



Prime Movers

- 3-Cylinder (50 HP)
- 4-Cylinder (75 HP)



- ❑ IPD sales during the year are **Rs. 534 million.**

Spare Parts and After Market

- ❑ In order to meet the spare parts requirement of all products of MTL, it has developed a separate business unit.
- ❑ This segment deals in sale of all spare parts, lubricant oils, batteries, filters, grease, paint, sheet metal parts etc. of all products of MTL.
- ❑ Parts segment has a network of 74 parts dealers, which works in collaboration with 90 main dealers and 558 workshops of distribution and service department of MTL all over Pakistan.
- ❑ Recently added 1 retail outlet in Sukkur.
- ❑ Sale of **Rs. 1,775 million** during 2022-23.



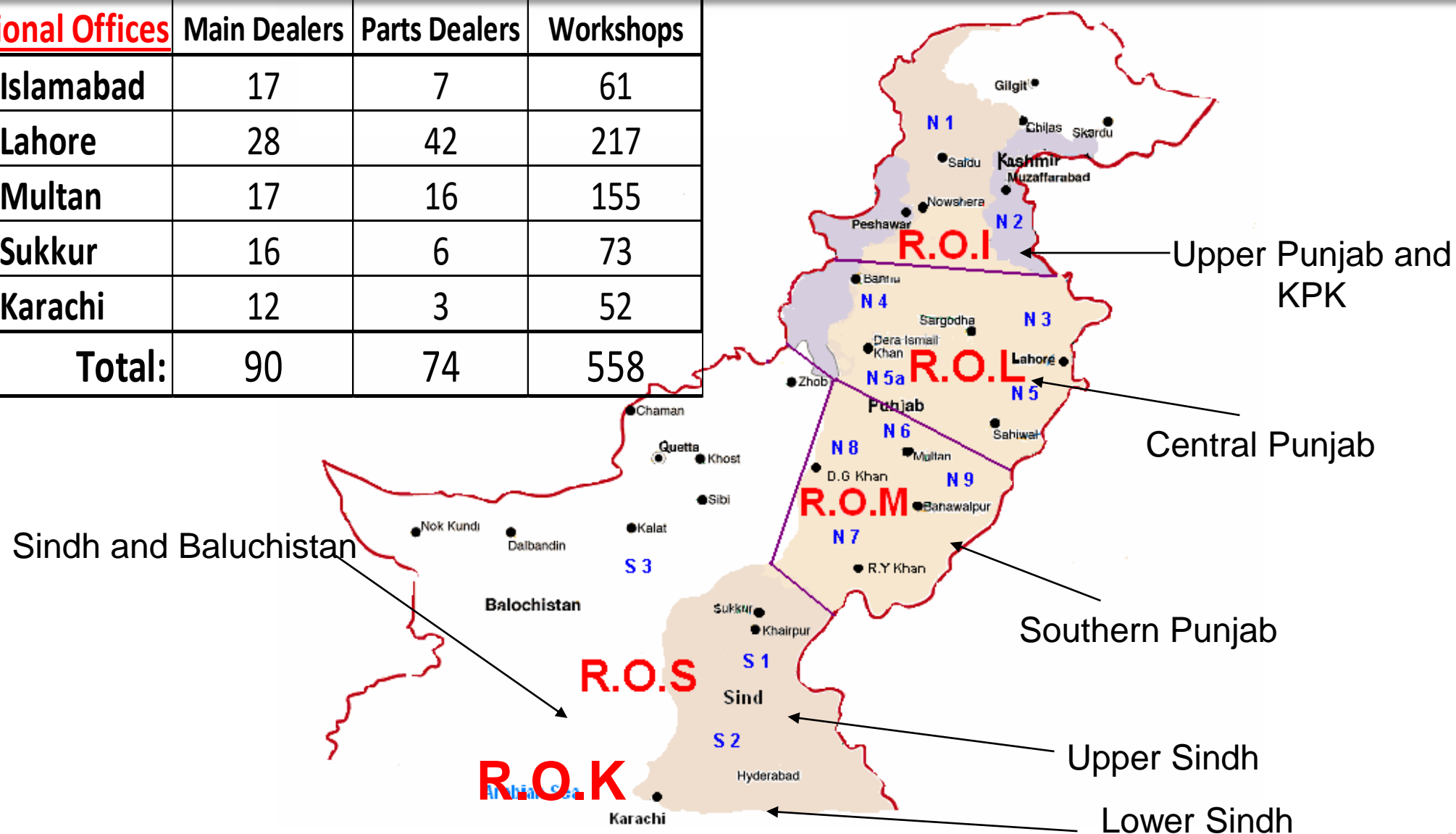
Millat IFS Business Channel - Partner of IFS SWEDEN

- ❑ 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 help companies get better return on investment.



MILLAT'S DEALERS GEOGRAPHICAL COVERAGE

	<u>Location of Regional Offices</u>	Main Dealers	Parts Dealers	Workshops
1	Regional Office Islamabad	17	7	61
2	Regional Office Lahore	28	42	217
3	Regional Office Multan	17	16	155
4	Regional Office Sukkur	16	6	73
5	Regional Office Karachi	12	3	52
	Total:	90	74	558



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 GROUP

Millat Tractors Limited

Subsidiary Companies

Others

TIPEG
Intertrade
DMCC

75%
Rs. 40 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. 6,104 million

* MARKET FAIR VALUE

Baluchistan
Wheels Limited

9.62%
* Rs. 85 million



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 sales remained at **\$5.63 million** in 2022-23.
- ❑ Dividend received during the year is **Rs. 53.02 million**.



Millat Industrial Products Limited (MIPL)

- ❑ **Millat Industrial Products Limited** 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 emphasis on deep cycle series and maintenance free batteries.
- ❑ **MIPL** generally has 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. 57.4 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.
- ❑ **Product range**
 - Transmission Gears and Shafts
 - Hydraulic Pump
 - Balancer Unit
 - Carrier Assemblies
 - Crown Wheel and Pinion etc.
- ❑ Dividend received during the year is **Rs. 175.5 million.**



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
- Trucks / Buses / Cars, Brake Drums Pump Castings
- Spheroidal Graphite/Nodular/Ductile

▪ **Iron Castings**

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

❑ No dividend during the year.



OTHER Group Members

☐ Hyundai Nishat Motors (Private) Limited

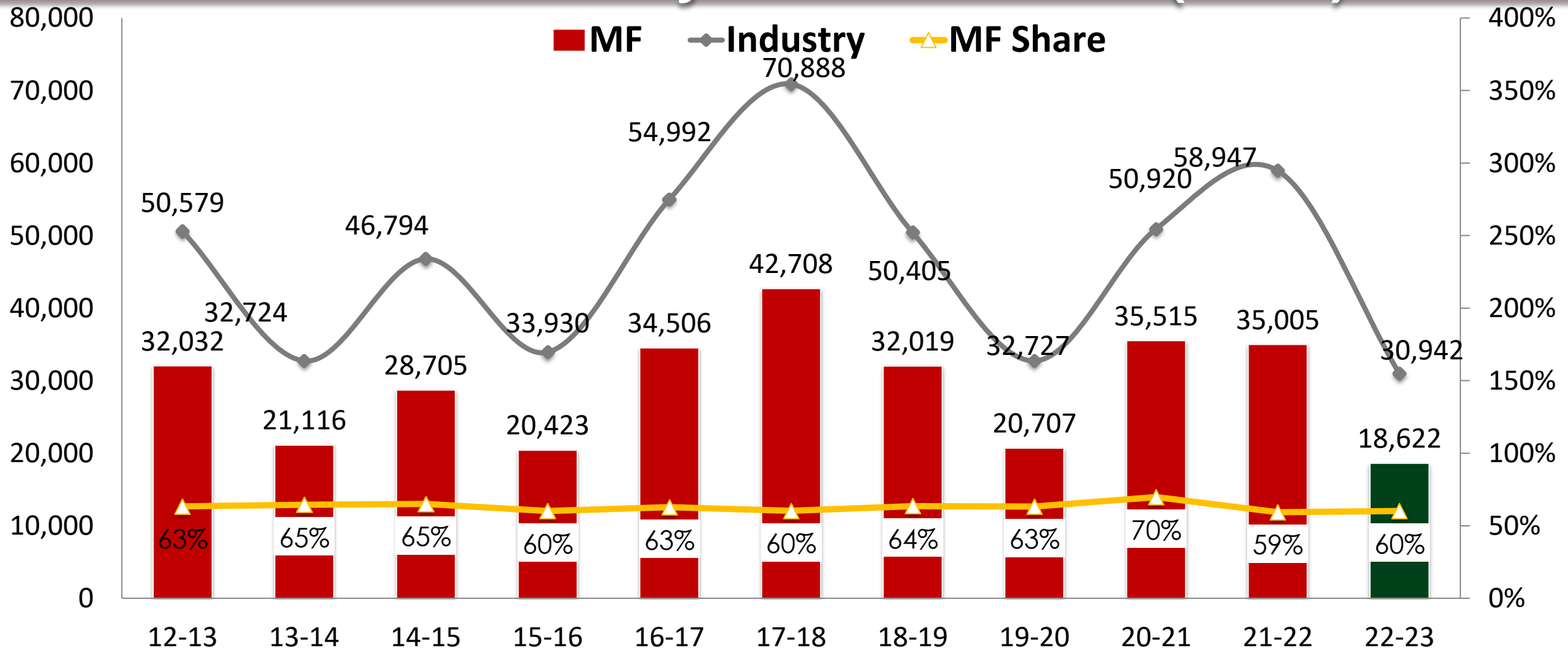
- **15.86%** shareholding by MTL as at June 30,2023.
- Cost of investment is **Rs. 3,103 million** as of June 30,2023.
- Fair value as on June 30, 2023 is **Rs. 6,104 million**.

☐ Baluchistan Wheels

- **9.62%** shareholding by MTL.
- Cost of investment is **Rs. 12 million**.
- Fair value as on June 30, 2023 is **Rs. 85 million**.
- Dividend received during the year is **Rs. 14.11 million**.

INDUSTRY OVERVIEW

Tractor Industry and MTL Sales (units)



Tractor industry annual sales units 2022-23

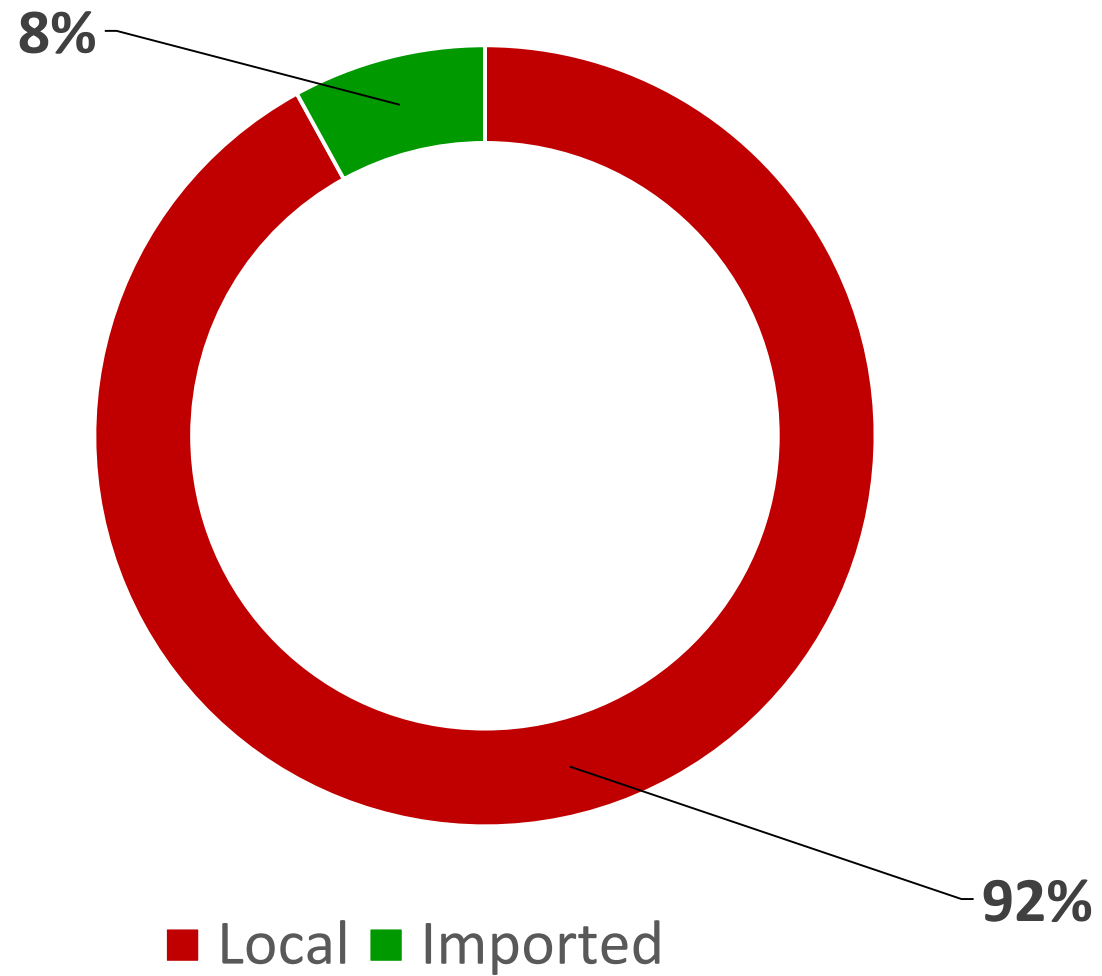
❖ Fiat (AGTL) 12,320

❖ Massey Ferguson (MTL) 18,622

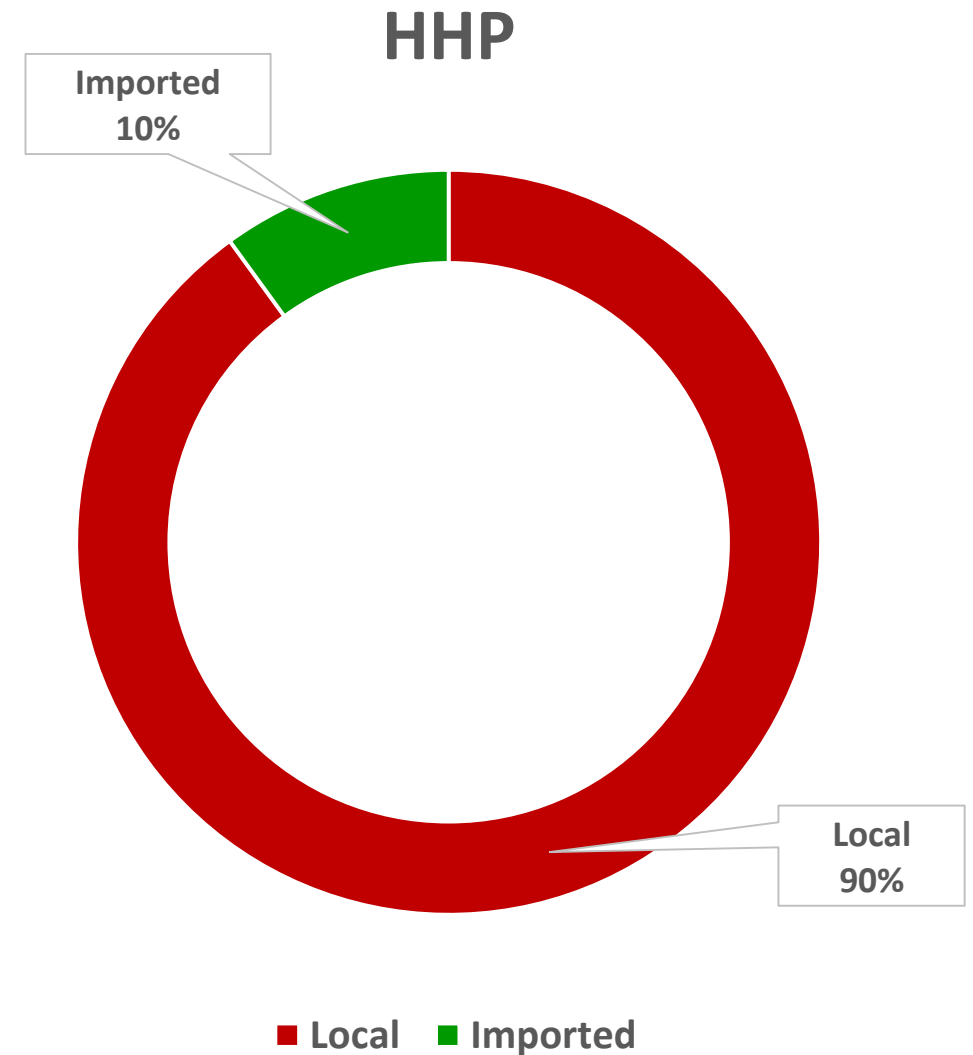
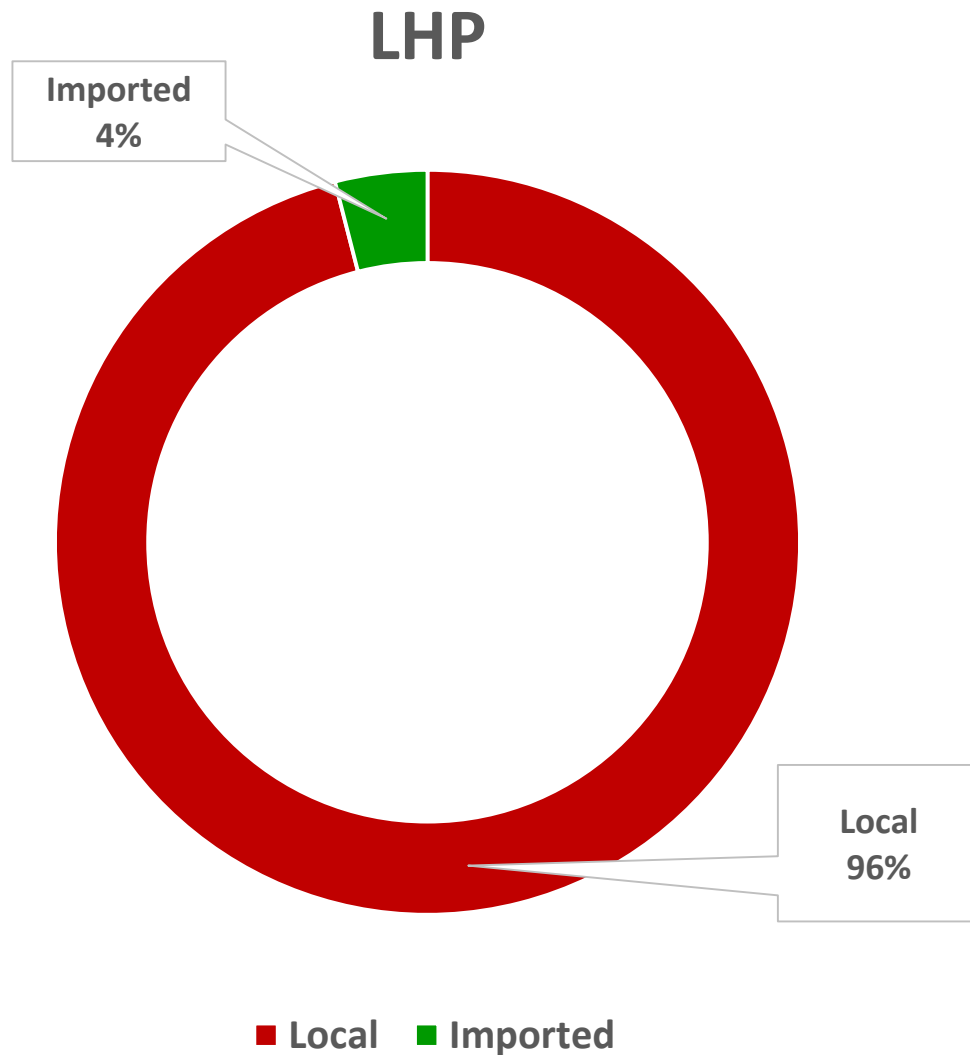
❖ Orient Tractor (IMT) zero



Average Composition of Local vs Imported Components Tractors



Average Composition of Local vs Imported Components Tractors LHP & HHP

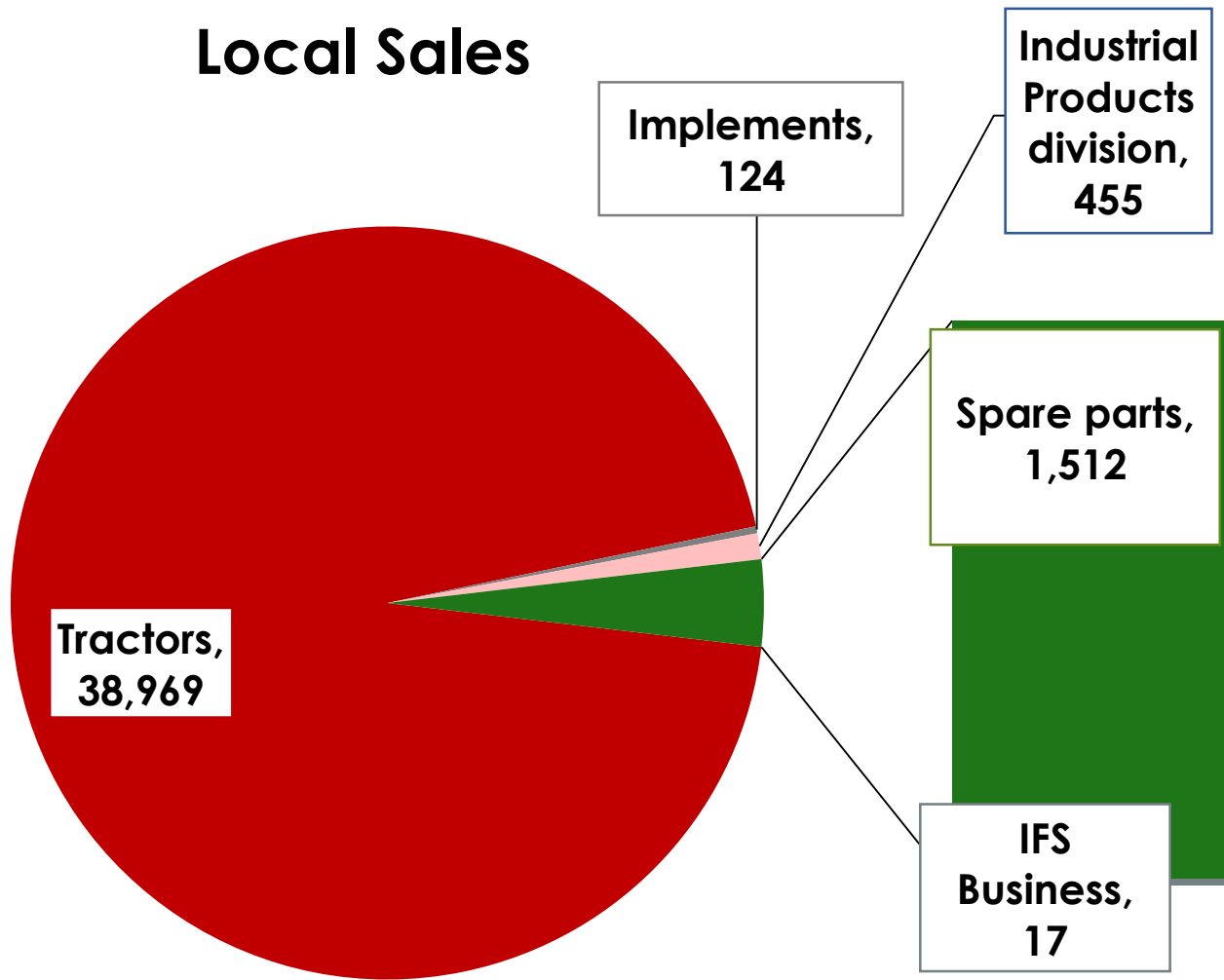


FINANCIAL PERFORMANCE

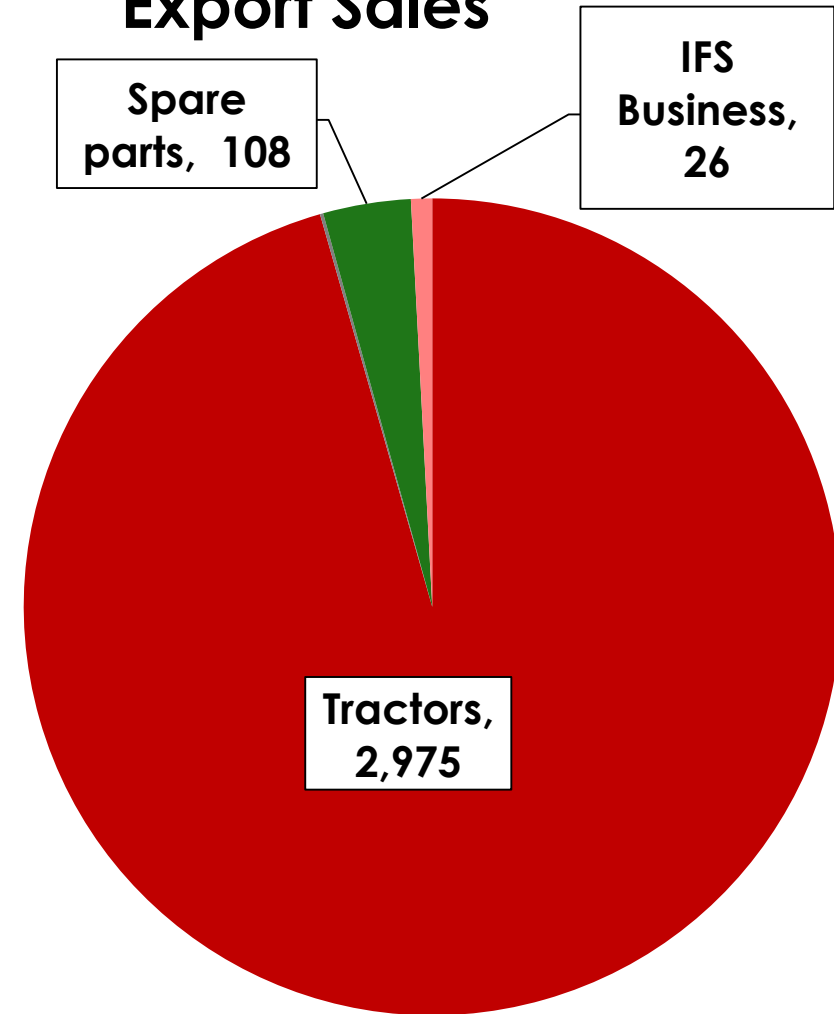


Sales (Rs. in million)

Local Sales



Export Sales



Tractor sales comparison 2022-23 and 2021-22

- ❑ Overall sales of the Tractor industry went down by ↓ 48% from 58,947 to 30,942 units.
- ❑ Reasons for industry decrease:
 - Deteriorated purchasing power of farmers due to floods.
- ❑ MTL sales decreased by ↓ 47% in terms of units sold by achieving 18,622 mark and maintained overall market share of 60%.
- ❑ Reasons for MTL sale decrease:
 - Decrease in overall demand on account of floods in the areas where most of the fields are located.



MTL PERFORMANCE FOR THE YEAR ENDED JUNE 2023

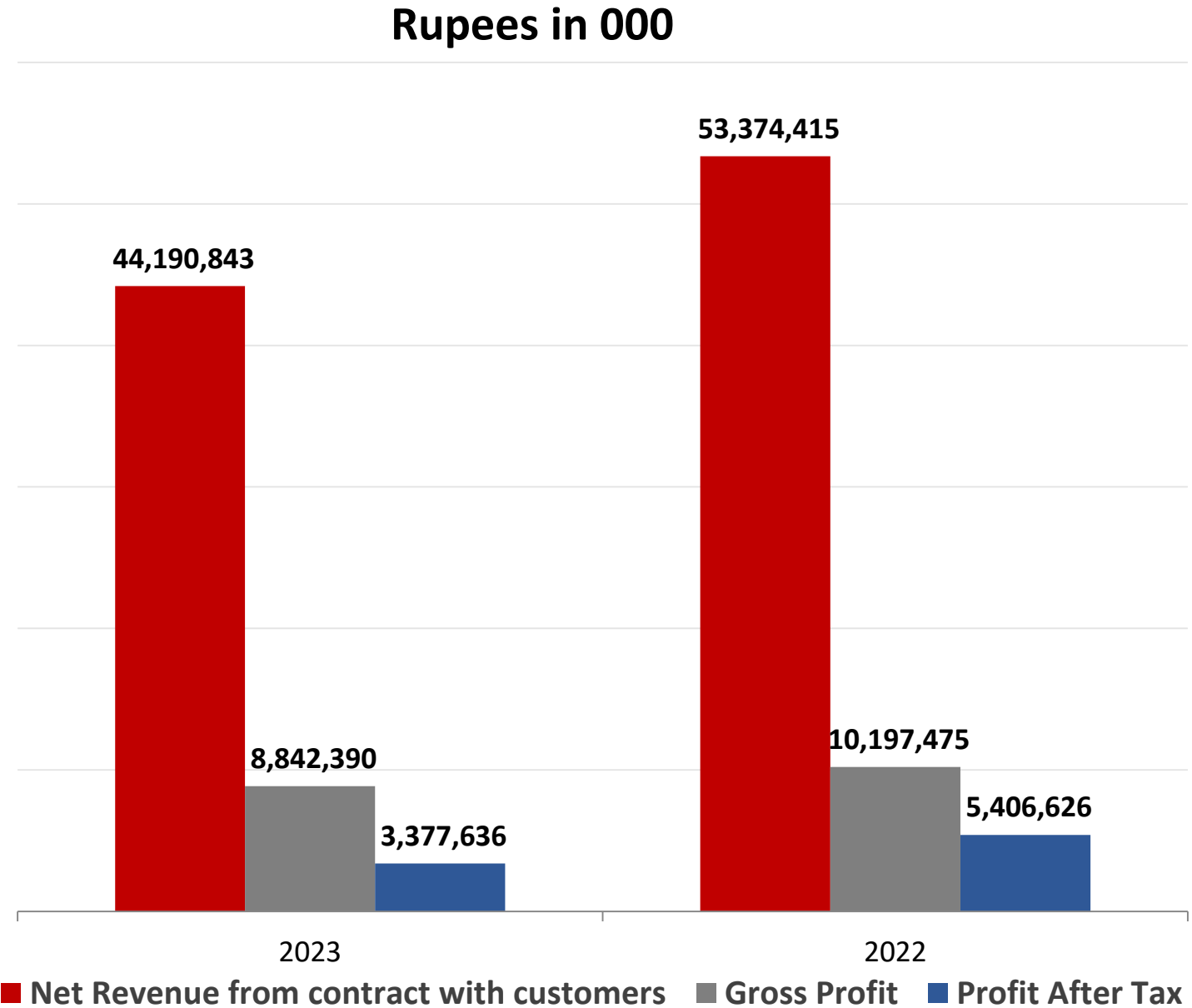
	2023	2022	Increase/ (decrease)	%
Units sold	18,622	35,005	(16,383)	-46.8%↓
Units produced	19,022	34,892	(15,870)	-45.5%↓

	Rs. in million	Rs. in million	Rs. in million	%
Revenues - net	44,190	53,375	(9,185)	-17.2%↓
Gross profit	8,842	10,197	(1,355)	-13.3%↓
Other income	471	921	(450)	-48.8%↓
Finance cost	1,357	227	1,130	5 times↑
Profit before tax	5,350	8,665	(3,315)	-38.3%↓
Profit after tax	3,378	5,407	(2,029)	-37.5%↓
EPS – basic and diluted (rupees)	17.61	55.81	(38.2)	-68.4%↓

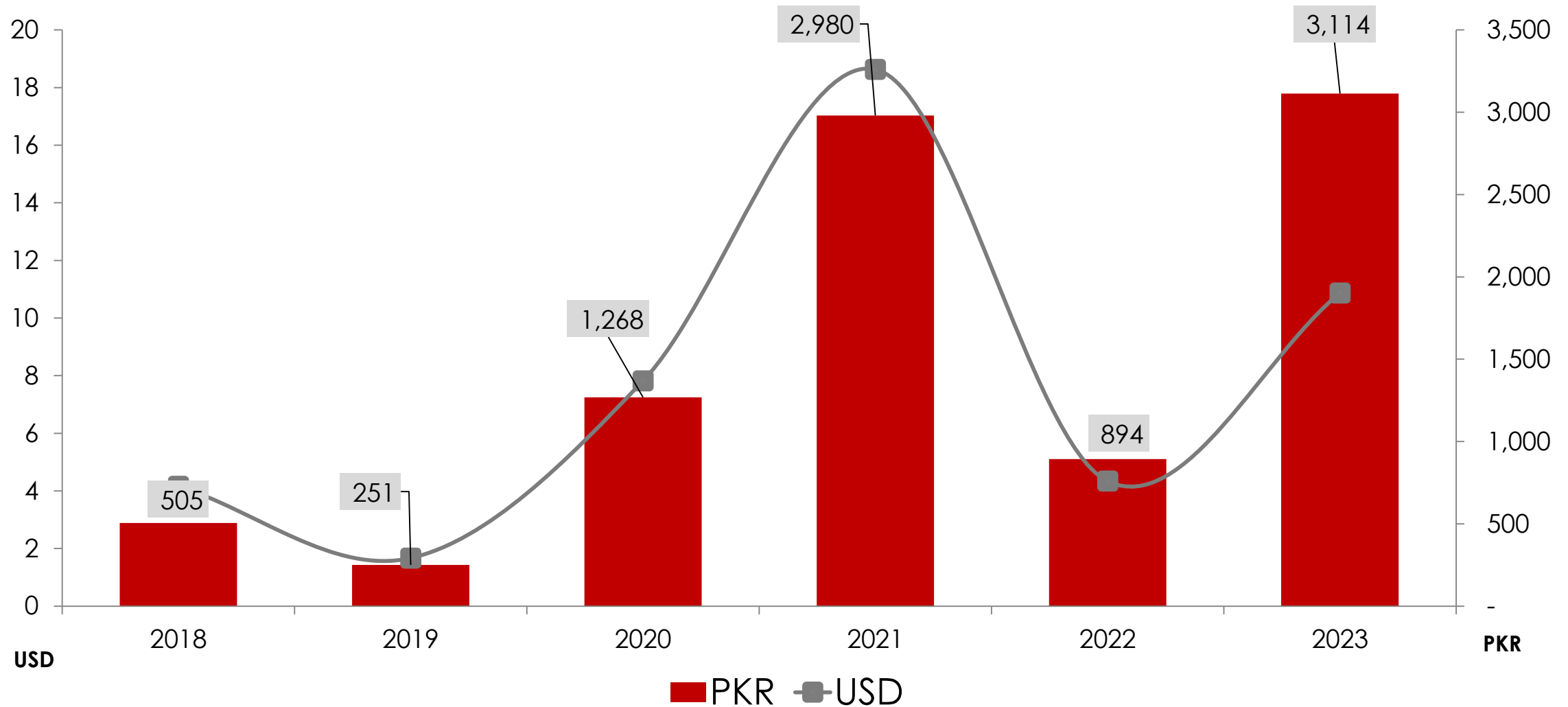


Profitability

- ❑ **Net revenues** decreased by 17%.
- ❑ **Gross profit ratio** decreased by 13% due to increased inputs and exchange parity.
- ❑ **Profit after tax ratio** decreased by 38% on mainly account of:
 1. Increased input cost and exchange rate parity
 2. Super Tax (@ 10%) imposition (average effective tax rate increased)
 3. Delayed refunds of sales tax from Government resulting in increased financing cost (which is Rs. 1,357 million against Rs. 227 million for last year) to meet working capital costs.



Exports – (million)



Export volume has grown to 1,659 units as against 453 units in the last year.

* Source: Annual published financial statements



Financial Position as on June 30, 2023.(Rs. in 000)

	2023	2022	Change	%
Current assets	17,766,037	14,604,316	3,161,721	22%↑
Current liabilities	15,685,887	12,123,350	3,562,537	29%↑
Shareholders Equity	7,717,652	7,022,757	694,895	10%↑

Reasons:

- Increase in current assets is due to decrease in sale of produced tractors which increased our inventory by Rs. 3 billion in current year.
- Increase in current liabilities is due to short term borrowing obtained during the year to meet the working capital requirement.
- Shareholders equity increased mainly due to increase in fair value of Hyundai Nishat Motors Pvt. Ltd which increased the fair value reserves, as well as profit earned during the year.



Market performance

Ratios		2023	2022	Increase/ (decrease)	(%)
Dividend Payout Ratio	Percentage	119.59	91.82	27.77	30%↑
Return on Capital Employed	Percentage	115.35	164.38	(49.03)	-30%↓
Current Ratio	Times	1.13:1	1.20:1	0.07	-
Debt : Equity Ratio	Times	15 : 85	0.02 : 100	-	-

Debt to equity ratio has gone up due to long term loan obtained to maintain ownership stake in Nishat Hyundai.

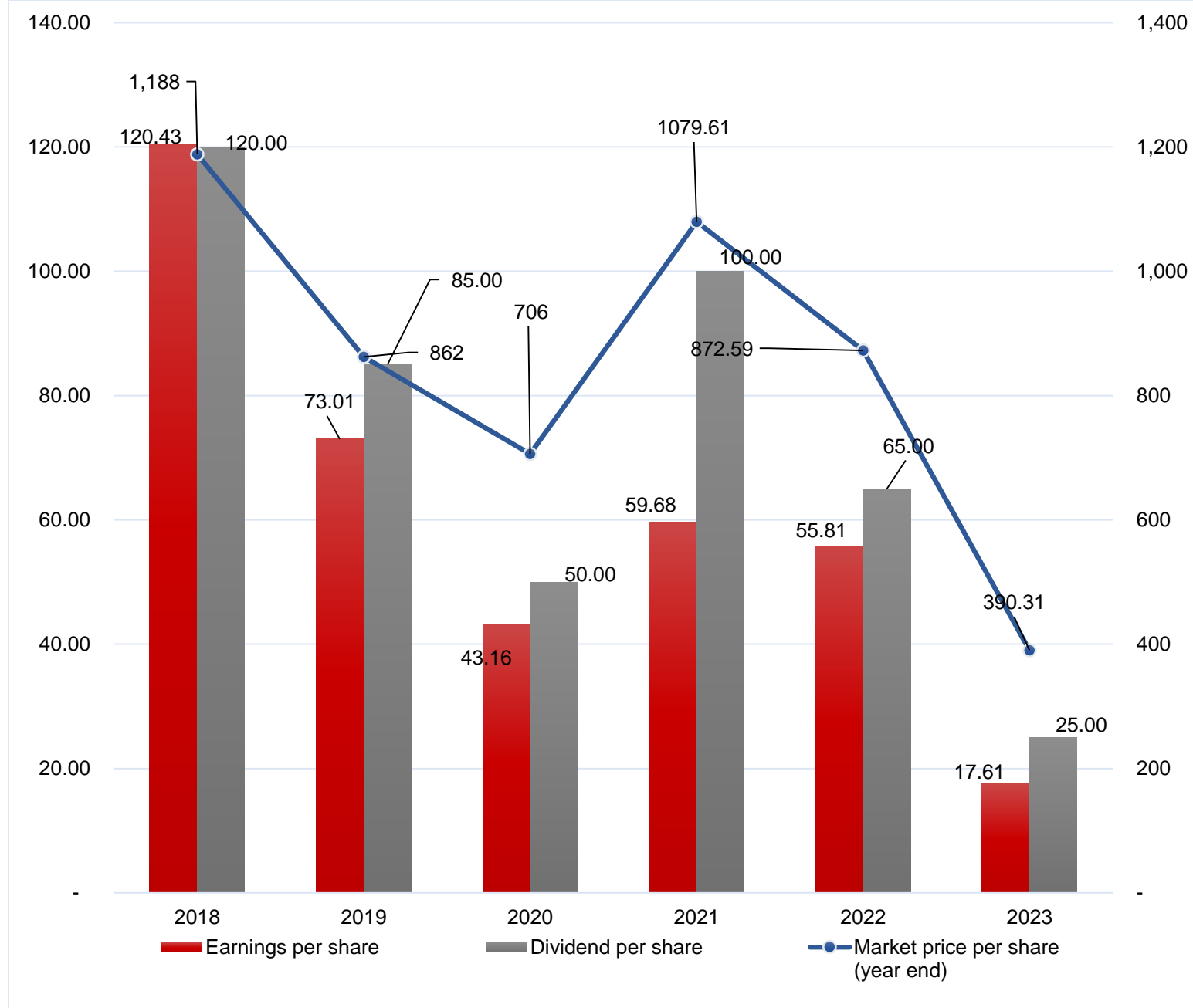
Share Performance		2023	2022	Increase/ (decrease)	(%)
Market Value per share (Year End)	Rs	390.31	872.59	(482.28)	-55%↓
Market Capitalization (Year End)	Rs 000	74,860,794	84,525,961	(9,665,166)	-11%↓

Dilution due to issue of bonus shares.

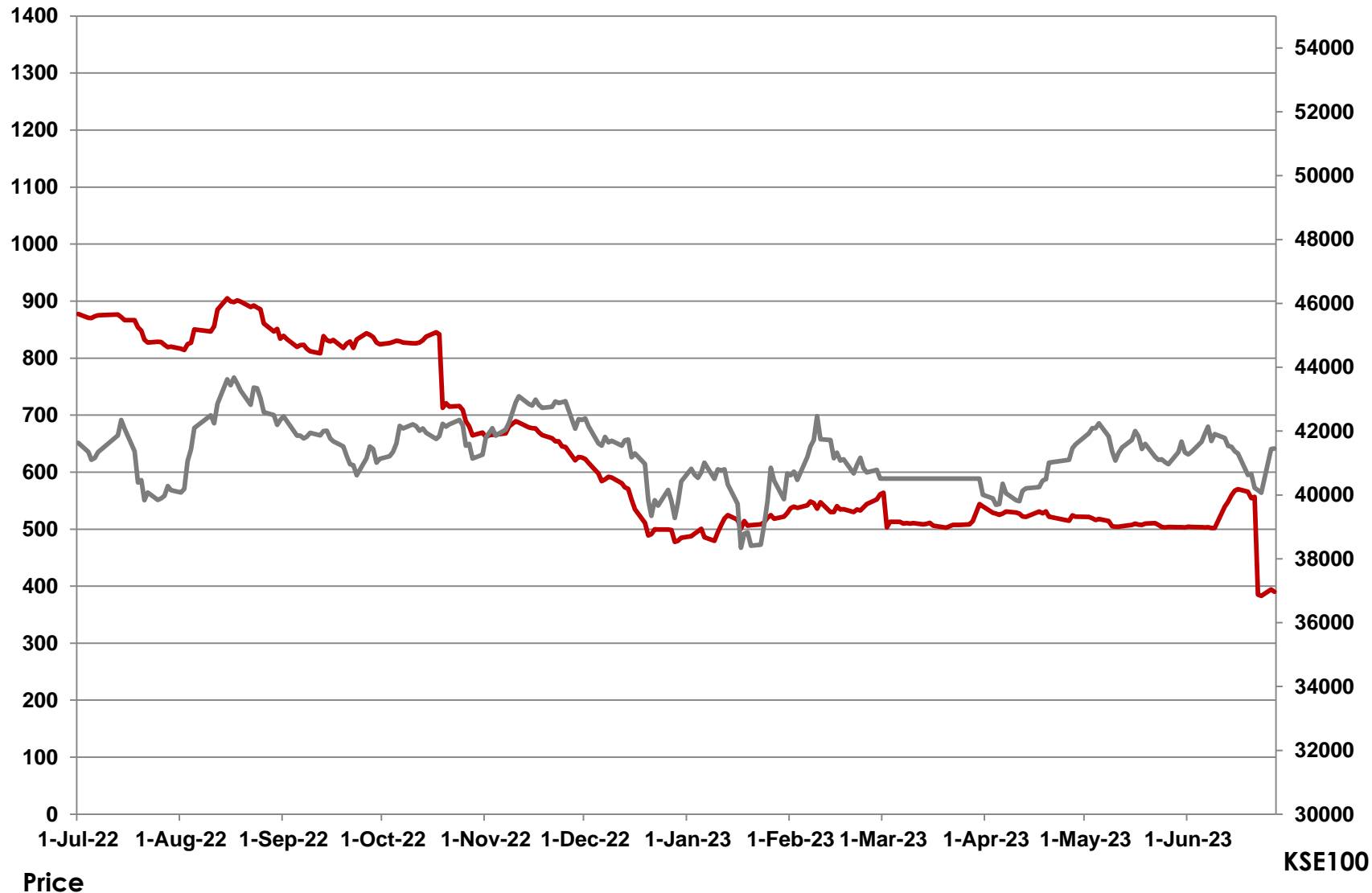


Earnings and dividend payout

- ❑ Market price performed as per profitability trend and market perception.
- ❑ Dividend payout remained one of the highest among PSX listed companies.
- ❑ EPS 2023 – Rs. 17.61 per share.
- ❑ Dividend 2023 - Rs. 25 per share (apart from bonus share @ 60%).
- ❑ Market price at year end June 30, 2023 is Rs. 390.31 per share.



Share price movement 2022-23



Share price

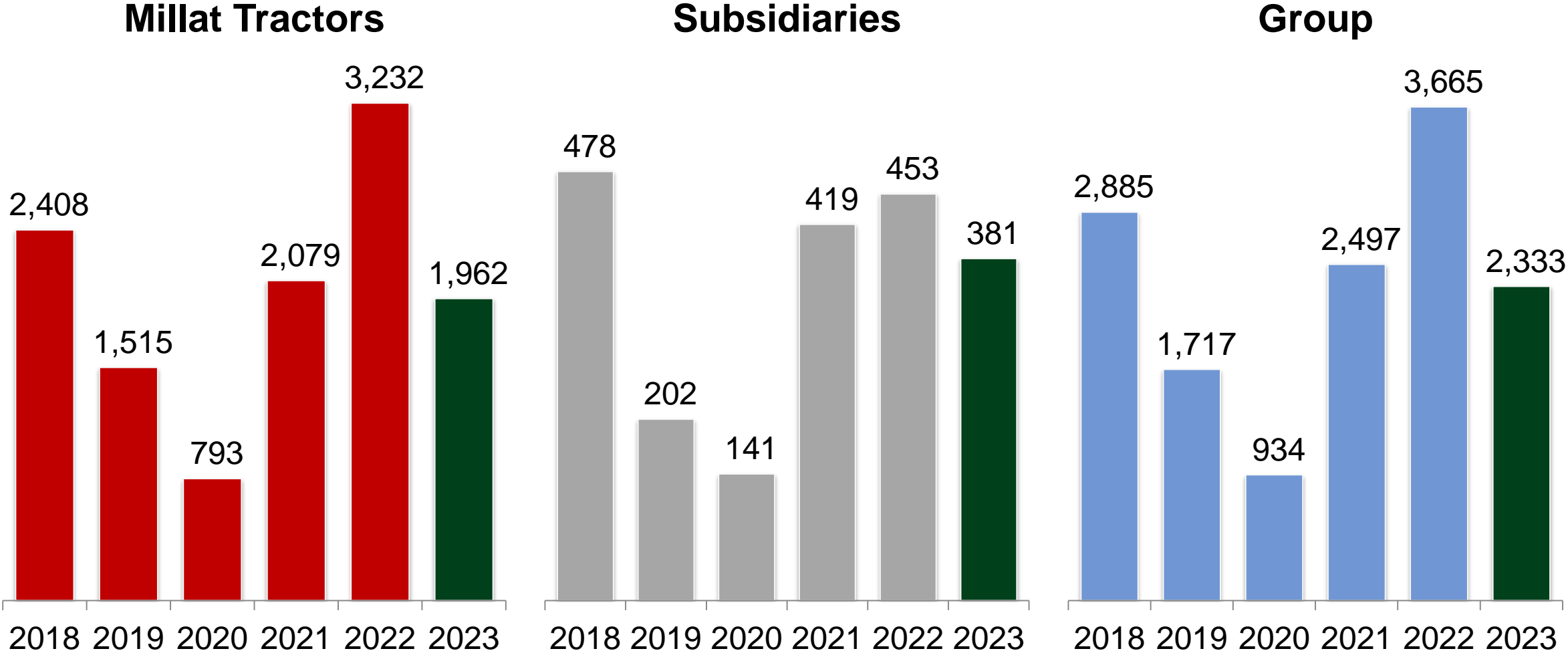
Maximum	904.79
Average	634.96
Minimum	382.83
Closing	390.31

Bonus shares

Description	Date	Shares
Final - 22	14-Nov-22	19,373,600
Interim - 23	14-Mar-23	11,624,100
Interim- 23	26-Jun-23	63,932,700



Direct Income Tax Contribution to National Exchequer – Rs. Million



* Source: Annual published financial statements



FUTURE OUTLOOK



Future outlook

- ❑ MTL is looking forward to increase its exports and develop the export market keeping in view the stagnating domestic demand of tractors.
- ❑ Ease of doing business and timely release of sales tax refunds remain key hurdles in business growth. MTL has sales tax refund claims of **Rs. 5.98 billion** as at June 30, 2023, out of which Rs. 305.15 million relates to the FY 23.
- ❑ 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 has and will continue to boost tractor demand in 2024.
- ❑ Impact of Government policies and farmer Kisaan package is helping the farmers to invest in farm mechanization and rehabilitation, as also reflected in Q1, FY 24 sales of MTL.



Q & A SESSION





THANK YOU