



Service Industries Limited

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SIL/PSX/CS/152
May 21, 2024

BY PUCARS & T.C.S

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

SUBJECT: CORPORATE BRIEFING SESSION OF SERVICE INDUSTRIES LIMITED

Dear Sir,

This is to inform you that Corporate Briefing Session ("CBS") of Service Industries Limited in respect of Annual Audited Accounts for the year ended December 31, 2023 will be held as per below schedule:

Date: May 24, 2024 (Friday)
Time: 04:30 p.m.
Venue: Shalimar Tower Hotel, Adjacent Servis House, 2 - Main Gulberg, Lahore.

Video link facility will also be available for the analysts and shareholders who wish to attend the CBS electronically. The interested participants are required to email their following credentials at shareholders@servis.com by or before 5:00 p.m. on May 23, 2024. The video link and login credentials will be shared with the registered participants.


Name	Institution represents or Shareholder	Subject matter	Contact Number
		Registration for Corporate Briefing Session - SRVI	

You may please inform the TRE Certificate Holders of the Exchange and all concerned accordingly.

Thanking You.

Yours truly,

For **SERVICE INDUSTRIES LIMITED**


Waheed Ashraf
Company Secretary





SERVICE INDUSTRIES LIMITED

CORPORATE BRIEFING SESSION

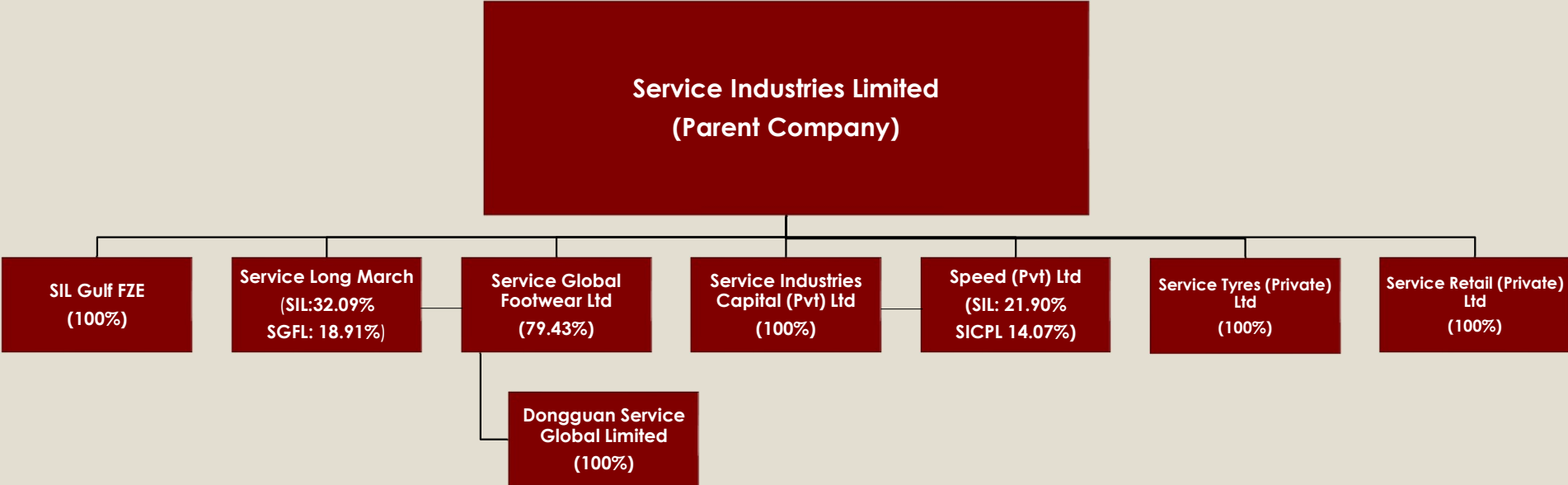
FOR THE YEAR ENDED DECEMBER 31, 2023

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GROUP PROFILE

Service Industries Limited is the flagship and parent company of Servis Group with **seven subsidiary** companies including **two foreign subsidiaries** and **one associated company**, engaged in diversified segments. The group structure is as follow:



GROUP PROFILE (CONT.) (1/2)

- Service Industries Limited (SIL) and Service Global Footwear Limited (SGFL) are **listed on Pakistan Stock Exchange**.
- Service Long March Tyres (Private) Limited is the **sole manufacturing facility** in Pakistan for manufacturing and sale of **Truck Bus Radial Tyres (TBR Tyres) and Light Truck Radial Tyres (LTR Tyres)** with complete technology transfer from China. A joint venture arrangement with Chaoyang Long March Tyre Co. Ltd., a tyre manufacturing giant of China, which holds 44% shares
- Group has local and international presence in **footwear, tyres, tubes, spare parts for automobiles and technical rubber products**. Group recorded revenue amounting to **Rs. 97 billion (USD 342 million)** in 2023.
- **Exported** to countries in **Asia, Europe, Africa, North America, South America and Australia** amounting to **PKR 33 billion (USD 116 million)** in 2023.
- The **largest exporter of Footwear** from Pakistan exporting more than **PKR 16 billion (USD 58 million)** in 2023. More than **45% of total leather footwear exports** of Pakistan are driven by Servis Group.

*PKR to USD taken at Rs. 283.35 for conversion of figures related to 2023

GROUP PROFILE (CONT.) (2/2)

- The **largest exporter of Tyre & Tubes** from Pakistan exporting more than **PKR 16 billion (USD 58 million)** in 2023. More than **75% of total tyre exports** of Pakistan are driven by Servis Group.
- The **leading manufacturer of Tyres and Tubes** in Pakistan having combined capacity of more than **25 million tyres** and around **63 million tubes**.
- Total assets worth over **PKR 86 Billion (USD 305 million)** as at **December 31,2023**.
- Provider of direct employment to around **15,000 workforce**.
- The Group contributed more than **PKR 88 million for CSR activities** in various sectors in 2023.

GROUP PROFILE (CONT.) (3/3)

GEOGRAPHICAL SPREAD OF GROUP

<u>Location</u>	<u>Product</u>	<u>Business Orientation</u>
▪ Gujrat, Punjab	Tyre, Tube & Footwear	Manufacturing
▪ Muridke, Punjab	Footwear	Manufacturing
▪ Muridke, Punjab	Motorcycle Chain Kit	Manufacturing
▪ Nooriabad, Sindh	Tyre	Manufacturing
▪ China	Footwear	Product Development/ Marketing
▪ UAE	Tyre	Trading

COMPANY PROFILE (SERVICE INDUSTRIES LIMITED)

- **Flagship company** of the Servis Group.
- Incorporated as a **private limited company in 1957**, converted to **public company in 1959** and got listed on **PSX in 1970**.
- Engaged in manufacturing and sale of **footwear, tyres and tubes, spare parts of automobiles and technical rubber products**.
- **Market Cap** stands at **PKR 37 billion (USD 133 million)** as on May 20 , 2024.
- **Manufacturing facilities** located in Gujrat setup on a land of **47 acres** and in Muridke on land of **16 acres**.
- **Tyre Division revenue** is mainly generated from **local sales** to **Replacement Market** and exports. The main products included in this segment are **tyres and tubes** of motorcycle, cycle, rickshaw and tractors. Manufacturing also includes production of motorcycle chains and sprockets.

COMPANY PROFILE (CONT.)

- **Footwear segment's** revenue is earned from retail, local sales (institutional & wholesale) and exports. The company's retail segment has nationwide coverage with **250 outlets as of May 2024**, spread all across Pakistan.
- The company has posted a topline of **PKR 56 billion (USD 197 million)** in 2023. **70% of the revenue** is driven by tyre segment and remaining **30% from footwear segment**.
- **Largest exporter of Tyres and Tubes** from Pakistan.
- **Third (3rd) largest market share** in Motorcycle spare parts.
- The Company has achieved significant geographical presence in export sales over the years.

COMPANY PROFILE (CONT.)

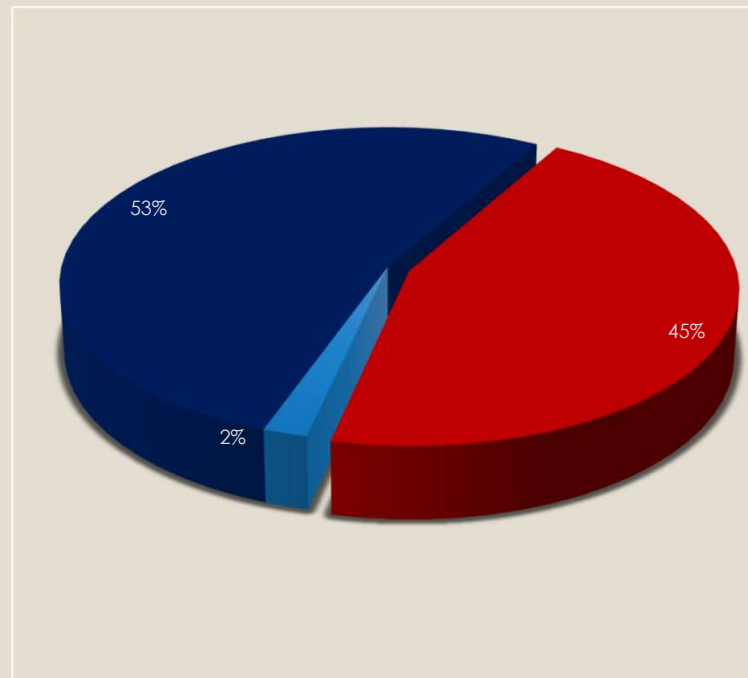
- Sales mix of exports and local sales for the year 2023 is provided in the chart below
 - Export sales – Rs. 8 Billion
 - Local sales – Rs. 48 Billion



COMPANY PROFILE (CONT.)

FREE FLOAT AS AT DECEMBER 31, 2023

Free float shares are 21,245,967 out of total paid up share capital of 46,987,454 which make up to 45%.



■ Free float ■ Physical Shares held by General Public ■ Directors, Sponsors and Associates

BUSINESS SEGMENT

TYRE AND TUBE SEGMENT

Tyre & Tube Segment revenue comes from the following streams:

- Exports
- Local – OEMs (Original equipment Manufacturer)
- Local – Replacement Market

The main Products included in Tyre & Tube segment are:

- Motorcycle Tyre & Tube
- Cycle Tyre & Tube
- Rickshaw Tyre & Tube
- Tractor Tyre and Tube
- Four wheel Tyre and Tube



BUSINESS SEGMENT (CONT.)

TYRE AND TUBE SEGMENT

- Total Tyre & Tube segment revenue is around of **PKR 36 billion (US\$ 127 M)** in the year 2023. In the motorcycle tyre & tube business, SIL is leading in market share.
- SIL is the largest exporter of tyres and tubes in Pakistan exporting goods valuing **PKR 6.4 billion (US\$ 23 M)** in Europe, Asia, Africa, South America and North America. SIL tyres and tubes' exports constitutes around **31% of the total export of tyres** and tubes of Pakistan.
- An expansion in Agri Tyres is already being undertaken and it will increase the production capacity of Agri Division by 10%. This expansion requires a capex of more than **PKR 600 million** majorly in Plant and Machinery. This increase in annual production capacity will be available by the end of Dec 2024.



BUSINESS SEGMENT (CONT.)

FOOTWEAR SEGMENT

Footwear Segment revenue of around **PKR 16 Billion (US\$ 56M)** comes from the following streams:

- Exports
- Local – institutional & Wholesale
- Retail

The company's export sales of footwear amounted to **PKR 1.6 billion (US\$ 6 million)** in the year 2023. The company's exports are spread across various regions, including **Europe, Asia , Australia and North America**

In the year 2023, the company's domestic institutional and wholesale revenue amounted to **PKR 5 billion (US\$ 19M)**. The concentration of institutional sales remained on government institutions and other footwear retailers in Pakistan.



BUSINESS SEGMENT (CONT.)

FOOTWEAR SEGMENT

The Company's retail segment achieved phenomenal results in the year 2023 as sales revenue crossed **PKR 9 billion mark (US \$ 33 million)**.

The number of retail outlets increased from **152 in Dec 2022** to **232 in Dec 2023** with an increase of **80 new outlets in 2023**. The number of stores **stands at 250** as of **May 2024**. Online sales also witnessed tremendous growth of **182%**.

In order to **bring diversity** in the product offering, a **range of apparel** has been introduced at **online and selected stores** in Lahore region to gauge customer response. The feedback received is quite promising.

Energy conservation is also of paramount importance to business and society as a whole. Recognizing this fact, **63 retail outlets** have been **solarized** till date.



BUSINESS SEGMENT (CONT.)

SERVICE GENUINE PARTS SEGMENT

- Started in Jan-15.
- Own manufacturing of motorcycle chains and sprockets commenced in 2022.
- Third (3rd) party manufacturing was done earlier.
- The basic idea is to leverage existing distribution network, which already has access to around 11,500 retailers.
- Service Genuine Parts segment of SIL did a business of **PKR 3 Billion (US\$ 11 M)** in the year 2023.



BUSINESS SEGMENT (CONT.)

SERVICE GENUINE PARTS SEGMENT

- The annual capacity of the project stands at **2.5 million for chains** and **1.9 million for sprockets**.
- The segment expects to increase revenue in **OEMs market** and **replacement market**.



FINANCIAL PERFORMANCE HIGHLIGHTS : OVERALL SNAPSHOT

Description		2018	2019	2020	2021	2022	2023
Export Sales	Rs. (million)	7,472	6,353	3,049	4,009	5,258	8,063
Local Sales	Rs. (million)	16,608	19,803	21,394	28,716	37,341	47,681
Revenue	Rs. (million)	24,080	26,156	24,442	32,725	42,599	55,744
Gross profit	Rs. (million)	4,333	4,884	4,921	5,267	7,973	13,690
Net Profit after tax	Rs. (million)	1,061	886	690	357	354	1,342
Shareholder's equity	Rs. (million)	5,516	5,741	7,283	7,308	7,271	8,318
Total Assets	Rs. (million)	18,121	19,150	24,451	33,345	40,250	44,428

SGFL was incorporated in July 2019 and figures of 2019 represents first six-month results of Muridke Unit.

FINANCIAL PERFORMANCE HIGHLIGHTS- DIVIDEND DECLARED, YEILDS & BONUS SHARES

Description		2018	2019	2020	2021	2022	2023
Dividend	Rs. Per share	30.00	20.00	15.00	7.50	5.00	10.00
Paid up Share Capital	No.	12,028,789	18,794,982	23,493,727	46,987,454	46,987,454	46,987,454
Bonus Issue	%	25.00	50.00	100.00	-	-	-
Dividend payout (Cash)	%	34	42	51	99	66	35
Dividend Yield (Cash)	%	4.14	2.57	1.80	1.60	1.47	1.59
Market price per share as at December 31	Rs.	725	777	834	469	340	628

FINANCIAL PERFORMANCE HIGHLIGHTS- PROFITABILITY RATIOS AND RETURNS

Description		2018	2019	2020	2021	2022	2023
Gross profit Ratio	%	17.99%	18.67%	20.13%	16.09%	18.72%	24.56%
Net Profit Ratio (After tax)	%	4.41%	3.39%	2.82%	1.09%	0.83%	2.41%
Earning per share	Rs.	22.59	18.86	14.69	7.59	7.54	28.56
Return on equity (After tax)	%	19.24%	15.43%	9.47%	4.88%	4.87%	16.13%

SGFL was incorporated in July 2019 and figures of 2019 represents first six-month results of Muridke Unit.

FINANCIAL PERFORMANCE HIGHLIGHTS- LIQUIDITY RATIOS AND FINANCIAL COVERAGE

Description		2018	2019	2020	2021	2022	2023
Interest Cover	Times	3.05	1.95	2.07	1.43	1.32	1.47
Current Ratio	Times	1.11	0.98	0.97	0.96	0.84	0.90
Gearing Ratio	%	38:62	38:62	40:60	52:48	58:42	58:42
Break-up value	Rs.	459	305	310	156	155	177

SGFL was incorporated in July 2019 and figures of 2019 represents first six-month results of Muridke Unit.

FINANCIAL PERFORMANCE HIGHLIGHTS

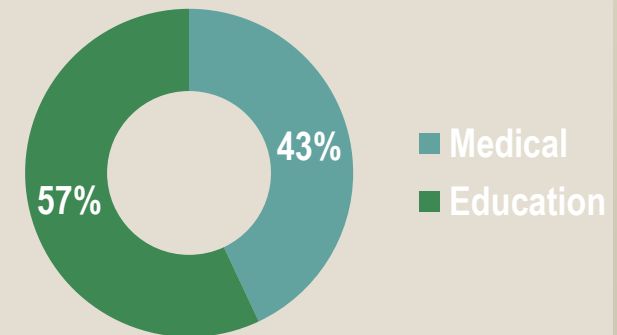
SEPARATE FINANCIALS	December 31, 2023	December 31, 2022	Variance	Percentage
	(Rupees in thousands)			
Revenue	55,744,034	42,599,481	13,144,553	30.86
Cost of Sales	(42,053,764)	(34,626,020)	(7,427,744)	21.45
Gross Profit	13,690,270	7,973,461	5,716,809	71.70
Distribution Cost	(4,643,023)	(3,218,564)	(1,424,459)	44.26
Administrative Expenses	(2,091,125)	(1,505,313)	(585,812)	38.92
Other Expenses	(263,574)	(300,384)	36,810	(12.25)
Other Income	622,573	1,073,620	(451,047)	(42.01)
	(6,375,149)	(3,950,641)	(2,424,508)	61.37
Profit from Operations	7,315,121	4,022,820	3,292,301	81.84
Finance Cost	(5,020,990)	(3,075,387)	(1,945,603)	63.26
Share of Profit from Associate	63,752	28,588	35,164	123.00
Profit before Taxation	2,357,883	976,021	1,381,862	141.58
Provision for Taxation	(1,015,747)	(621,594)	(394,153)	63.41
Profit after Taxation	1,342,136	354,427	987,709	278.68
Earnings per Share	28.56	7.54		
Gross Profit Margin (% of Revenue)	24.56%	18.72%		
Net Profit Margin (% of Revenue)	2.41%	0.83%		

FINANCIAL PERFORMANCE HIGHLIGHTS

CONSOLIDATED FINANCIALS	December 31, 2023	December 31, 2022	Variance	Percentage
	(Rupees in thousands)			
Revenue	96,520,660	61,668,669	34,851,991	56.51
Cost of Sales	(74,670,420)	(51,406,625)	(23,263,795)	45.25
Gross Profit	21,850,240	10,262,044	11,588,196	112.92
Distribution Cost	(6,091,823)	(4,321,758)	(1,770,065)	40.96
Administrative Expenses	(3,215,775)	(2,387,286)	(828,489)	34.70
Other Expenses	(670,189)	(387,385)	(282,804)	73.00
Other Income	1,311,423	831,105	480,318	57.79
	(8,666,364)	(6,265,324)	(2,401,040)	38.32
Profit from Operations	13,183,876	3,996,720	9,187,156	229.87
Finance Cost	(7,546,647)	(4,013,679)	(3,532,968)	88.02
Share of Profit/(Loss) from Associate	104,697	7,580	97,117	1,281.23
Profit before Taxation	5,741,926	(9,379)	5,751,305	(61,321.09)
Provision for Taxation	(1,403,563)	(1,157,143)	(246,420)	21.30
Loss from Discontinued Operations	(25,979)	(58,296)	32,317	(55.44)
Profit after Taxation	4,312,384	(1,224,818)	5,537,202	(452.08)
Earnings per Share	60.48	(13.56)		
Gross Profit Margin (% of Revenue)	22.64%	16.64%		
Net Profit Margin (% of Revenue)	4.47%	-1.99%		

CORPORATE SOCIAL RESPONSIBILITY

- SIL contributed over **PKR 88 million** for CSR activities in various sectors in FY 2023. Major focus being **healthcare** and **education**.
- Servis Group has a strong commitment to social responsibility, with a long-standing tradition of charity and giving dating back to society. Over the past six decades, the Group has undertaken numerous philanthropic initiatives which had considerable impact on the society.
- Servis Foundation (SF), established in 2019 as the independent corporate philanthropic arm of SIL..
- In 2023, Servis Foundation launched a scholarship program for low-salaried employee's children that covers educational expenses for select undergraduate degree programs. After successful roll out of the program, SF awarded 12 scholarships to promising children.



CORPORATE SOCIAL RESPONSIBILITY (CONT.)

INTERNAL COMPANY INITIATIVES & RESPONSIBLE OPERATIONS

- Industrial Relations
- Employment of females and persons with disability
- Occupational Safety and Health
- Consumer Protection Measures
- Gujrat Workers' Children Schooling Programme
- Business Ethics and Anti-Corruption Measures
- SF's Bright Future's Scholarship Program

DIRECT COMMUNITY WELFARE PROJECTS

- Chaudhry Nazar Muhammad, Muhammad Hussain Memorial Society Clinic
- Servis-Sunbeams School, Muridke, Sheikhpura
- Service Charitable Trust's Bagh-e-Rehmat Trust High School

INSTITUTIONAL CONTRIBUTIONS THROUGH SERVIS FOUNDATION

- Shalamar Institute of Health Sciences
- Kidney Center Gujrat (KCG)
- The Citizens Foundation (TCF)
- The Pakistan Society for the Rehabilitation of the Disabled (PSRD)
- Servis Foundation Prosthetic's Initiative
- WISE Education Society
- Lahore Business Association for Rehabilitation of the Disabled (LABARD)
- Professional Education Foundation
- The Salam Award Writers Workshop held at LUMS
- Muhammad Amin Trust
- Forman Christian College (FCU)
- Sindh Institute of Urology and Transplantation

FUTURE OUTLOOK

- The future retail business appears highly promising marked by a trajectory of substantial growth as the Company is expecting to increase the number of **retail outlets to 300** by the end of **December 2024** by adding 60 new outlets and **350 by December 2025**.
- The Company is expanding the **production capacity of Agricultural tyre segment** in order to cater to the excessive demand, A **capex of more than PKR 600 Million** is under execution and it will enhance annual production capacity of agriculture tyres **by 10% by December 2024**.
- The Company is going through corporate restructuring and realigning its operating segments for better performance, through a Scheme of Compromises, Arrangement and Reconstruction . The Scheme is pending for approval before Honorable Lahore High Court. Shareholders of the company have approved the Scheme on **6th May 2024**. Post sanctioning of the scheme by the Court, the subsidiary companies, **Service Tyres Private Limited & Service Retail Private Limited** will assume operations of tyre and retail businesses, respectively.



THANK YOU