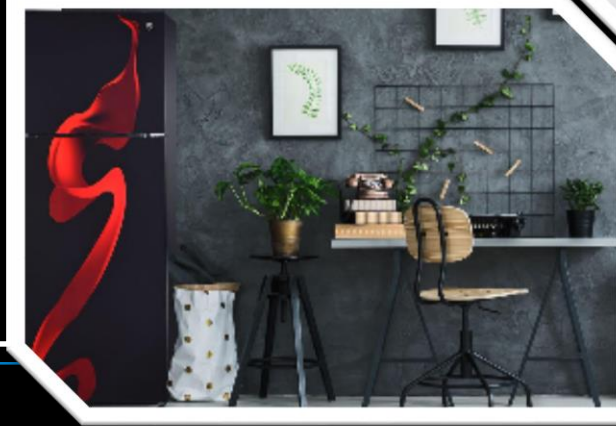




Perfecting Homes For Over 70 Years



There is a PEL in every home

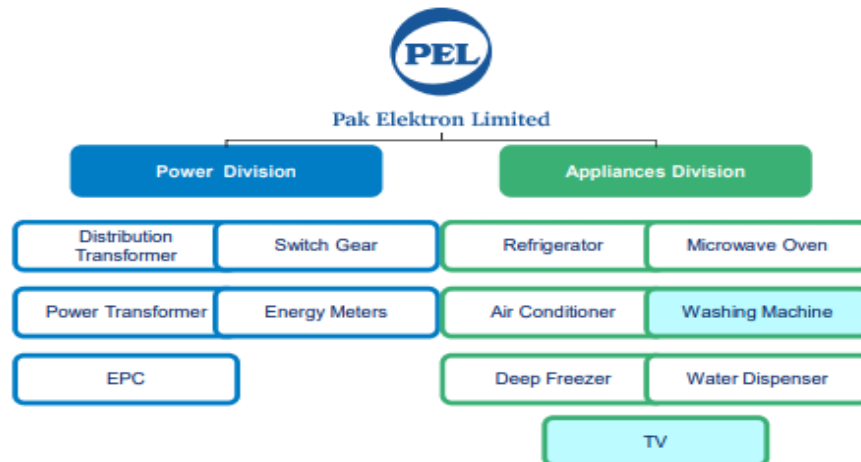
# Saigol Group – Century Old Business Group



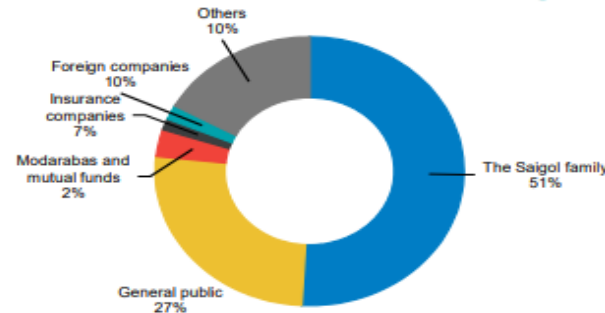
## Pak-Elektron – There is a PEL in every Pakistani House

- Pak Elektron Ltd (“PEL”) is the pioneer manufacturer and distributor of electrical goods in Pakistan in the Power and Appliances segments:
  - **Power:** Distribution Transformers, Power Transformers, Energy Meters, Switchgears and EPC engineering
  - **Appliances:** Refrigerators, Air Conditioners, Deep Freezers, Microwave Ovens, Water Dispensers, TVs, Washing Machines
- PEL is helmed by Chairman M. Naseem Saigol and CEO M. Murad Saigol, both seasoned industry professionals
- Currently, PEL’s Appliances business has an extensive nationwide footprint in Pakistan, with 2,600 dealers, 18 sales offices, 24 Service Centers and 617 Authorised Service Centers in Pakistan

## Business segments



## Pak – Elektron Shareholding overview



- The Saigol family, the majority shareholder of PEL, is one of the most prominent business families in Pakistan
- Mr. M. Naseem Saigol is the current Chairman of the Saigol Group (including PEL), and holds a 25.45% stake in PEL

## Pak-Elektron – On mission to drive strong sustainable shareholder return

- **Power Division flourishing with healthy margins:**
  - Power division contributed evenly in topline with sustainable outlook as major customers in this division are Government Discos.
  - Renewed government focus on power distribution will enable division to match up it’s contribution
- **Focus on maintaining margins and improving volumes in Appliances Division**
  - Targeting a phenomenal topline growth of 82% mainly on account of volumes
  - Looking to maintain the steady margins as LY company achieved 40% price increase on average.
  - Optimization of working capital days in last year will provide improved cash conversion cycle
- **Forgoing strategic partnership to drive value and efficiency**
  - PEL and Panasonic strategic partnership in growth categories of appliances.
  - Learnings from Panasonic enabling improvement on PEL’s internal production and quality parameters

# F inancial achievement

PKR Bn	FY 2022	FY 2023	FY 2024 Q2	Planned % growth 2024
Gross Sales	66.0	54.3	39.9	24%
Net Sales	52.3	41.4	30.1	22%
Gross profit	10.3	10.4	8.1	17%
<b>Gross profit - %</b>	<b>19.6%</b>	<b>25.17%</b>	<b>26.77%</b>	
Profit from operations	5.4	5.8	4.7	
Finance cost:	3.1	3.7	2.1	-3%
<b>% of NSV</b>	<b>5.9%</b>	<b>9%</b>	<b>7.0%</b>	
Net Profit Before Tax	2.3	2.1	2.6	60%
<b>NPBT%</b>	<b>4.5%</b>	<b>5.1%</b>	<b>8.6%</b>	
Taxation	1.3	0.8	1.2	
PAT	0.9	1.3	1.4	53%
<b>PAT %</b>	<b>1.5%</b>	<b>3.14%</b>	<b>4.70%</b>	

## Key Business Thrusts

**Delivered strong bottom-line despite volume loss due to import restrictions:**

**2023 PAT% doubled vs. 2022 (3.1% vs. 1.5%) despite**

- Approx. 50 % vol reduction in 2023 due to LC limitations
- 37% Devaluation that was covered through avg 46% price increase

2024 growing bottom-line ahead of topline **mainly driven by volume growth**

### **Focused on Cost Optimization:**

YOY improvement on margin from operations

Improved margins behind price execution avg **30-40% price increase**

Executed fixed cost optimization program to save **0.5Bn** across divisions

### **Business continues to generate cash internally:**

Focus on reducing Long-term debt in both division

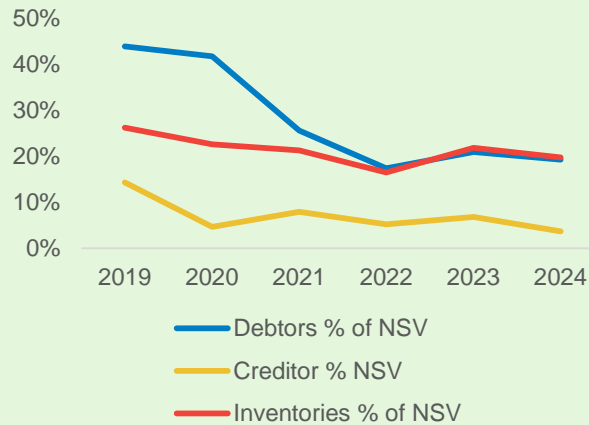
Despite 10% pts increase in KIBOR finance cost remained almost flat

Optimized working capital by reducing term days

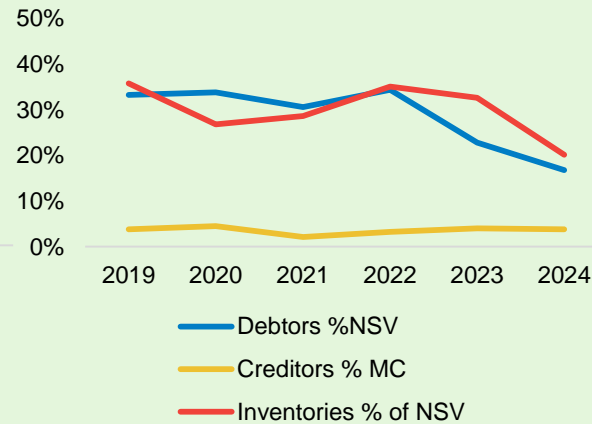
# Financial health

PKR Bn	2021	2022	2023	2024 planned
Debt - Total (Dec Closing)	23.8	23.7	15.9	15
WC - Total	19.1	19.9	22.7	21
WC - AD	12.1	11.9	13	10
<i>as % of NSV</i>	<i>49%</i>	<i>46%</i>	<i>38%</i>	<i>27%</i>
WC - PD	6.9	8.0	9.7	11
<i>% of NSV</i>	<i>39%</i>	<i>29%</i>	<i>36%</i>	<i>25%</i>

Appliances Division WC - Trend L5Y and CBE 2024



Power Division WC - Trend L5Y and CBE 2024



## Key Business Thrusts



### Consistent Focus on Long-Term Debt Reduction :

On track to reduce debt by **2/3<sup>rd</sup> in 2024 vs. 2021**



### Optimizing Cash Flow:

- Reduced WC across both business divisions behind new-policy terms, already implemented in 2023 and will have full year dividends in 2024

# B

## usiness unit overview

PKR Bn	Power Division			Appliance Division		
	2022	2023	2024 Q2	2022	2023	2024 Q2
Gross Sales	31.8	27.4	16.8	34.2	25.2	23
Net Sales	27.2	22.8	14.4	25.1	18.6	15.7
Gross profit	5.2	5.4	3.2	5.0	4.9	4.8
<b>Gross profit - %</b>	<b>19.1%</b>	<b>23.83%</b>	<b>22.23</b>	<b>19.9%</b>	<b>26.82%</b>	<b>30.00%</b>
Profit from operations	2.6	3	1.7	2.7	2.7	3
Finance cost:	1.7	1.7	1.1	1.3	1.9	0.9
<b>% of NSV</b>	<b>4.4%</b>	<b>7%</b>	<b>7.79</b>	<b>5.1%</b>	<b>10%</b>	<b>6.22%</b>
Net Profit before tax	0.9	1.3	0.6	1.4	0.8	2.1
<b>Net Profit before tax %</b>	<b>10.0%</b>	<b>5.84%</b>	<b>3.8%</b>	<b>5.5%</b>	<b>4.32%</b>	<b>14.6%</b>

### Key Drivers For Power Division



#### Expansion Of Distribution Network:

Increase focus by government to bring efficiency in distribution network

- Consistent order stream **5-7% vol increase YOY**



#### Continue to lead on cost to remain market leader:

Improve Cash conversion cycle by

- Reduced Credit Day from **37 Days (2021) to 24 Days**
- Reduced Inventory Days from **80 Days (2021) to 53 Days**

### Key Drivers For Appliances Division



#### Maintain Share in stable categories and grow in growth categories:

Despite 50% vol loss due to Forex limitation business was bottom positive Aggressive pricing avg 40% vs. 2022 enable operating margin recovery



#### Streamline Dealership and Supply Chain network:

YOY improvement on margin from operations

- Reduced Credit Day from **126 Days to 83 Days**
- Reduced Inventory Days from **128 Days 119 Days**

# Appliance Opportunity: Lowest penetration regionally creates opportunity to grow



**Continue to aggressively maintain 3<sup>rd</sup> position in a over 400BN Industry – that is posed to grow!**

## Maintain Market Share in improve margin through premiumization



Refrigerator & Freezer



Air Conditioner



Water Dispenser

Volume Size : 1.9 Million Units / Yr

Volume Size : 1.2 Million Units / Yr

Volume Size : 0.2 Million Units / Yr

Penetration : 54%

Penetration : 14%

Penetration : 5%

Avg Life : 10 Yrs

Avg Life : 06 Yrs

Avg Life : 08 Yrs

	2022	2023	2024
Avg Px	42,423	62,142	72,514
Avg Px Inc	22.8%	46.5%	16.7%
MKT Size	80.6	118.0	137.7
MM %	28.7%	39.0%	39.2%

	2022	2023	2024
Avg Px	84,350	112,920	145,170
Avg Px Inc	30.8%	33.9%	28.6%
MKT Size	101.2	135.5	174.2
MM %	22.1%	27.8%	28.6%

	2022	2023	2024
Avg Px	20,269	26,095	34,846
Avg Px Inc	23.7%	28.7%	33.5%
MKT Size	38.5	49.5	66.2
MM %	24.2%	31.8%	32.0%

## Growth Opportunity and shield seasonality



Washing Machine



LED

Volume Size : 1.9 Million Units / Yr

Volume Size : 0.9 Million Units / Yr

Penetration : 65%

Penetration : 73%

Avg Life : 10 Yrs

Avg Life : 04 Yrs

	2022	2023	2024
Avg Px	17,752	25,018	30,395
Avg Px Inc	20.7%	40.9%	21.5%
MKT Size	3.5	5.0	6.0
MM %	21.2%	28.1%	28.3%

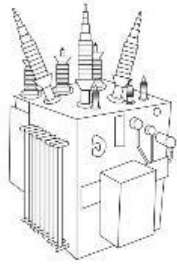
	2022	2023	2024
Avg Px	29,020	35,681	50,956
Avg Px Inc	8.0%	23.0%	42.8%
MKT Size	26.1	32.1	45.8
MM %	18.6%	23.8%	24.4%

**Drive pricing ahead of cost as to ensure consistent margin improvement across portfolio**

# Power Opportunity: Stable business and endowed with natural barrier to entry



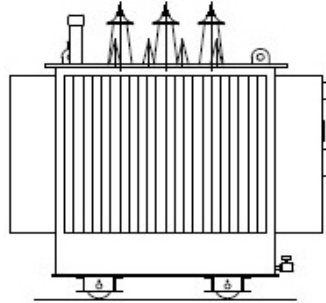
Continue to aggressively maintain market leadership and drive margin through timely pricing actions



Power Transformer

Volume Size : 50 Units / Yr

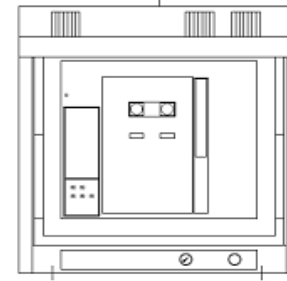
	2022	2023	2024
Avg Px	99 M	193 M	228 M
Avg Px Inc	30.3%	95.1%	18.2%
MKT Size	11.01	10.09	11.16
MM %	30.1%	36.2%	38.0%



Distribution Transformer

Volume Size : 30,000 Units / Yr

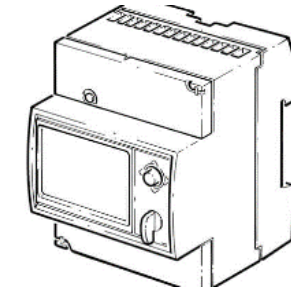
	2022	2023	2024
Avg Px	379.8K	594.1K	663.9K
Avg Px Inc	58.9%	56.4%	11.7%
MKT Size	48.10	57.89	64.83
MM %	24.4%	32.5%	33.5%



Switch Gear

Volume Size : 3.0 Million Units / Yr

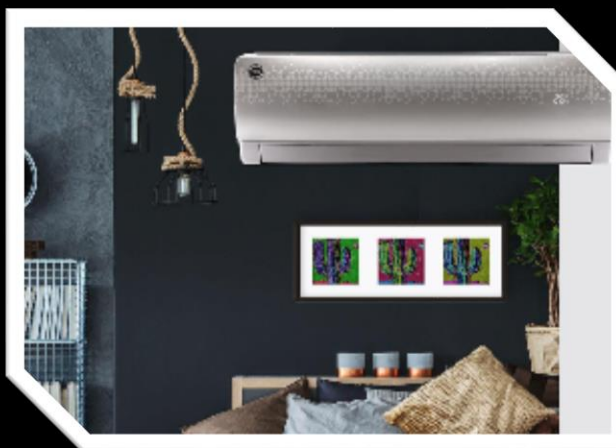
	2022	2023	2024
Avg Px	2.10 M	2.17 M	2.50 M
Avg Px Inc	39.4%	3.2%	15.0%
MKT Size	11.03	8.25	9.49
MM %	23.7%	32.5%	36.0%



Energy Meter

	2022	2023	2024
Avg Px	2.1K	5.6K	6.7K
Avg Px Inc	91.6%	161.0%	18.6%
MKT Size	13.33	28.90	34.39
MM %	29.0%	50.4%	56.0%

Maintain market leadership and drive internal efficiency to remain cost competitive



Perfecting Homes For Over 70 Years



Thank You