

CORPORATE BRIEFING SESSION 2024

AGHA STEEL INDUSTRIES LIMITED



PRESENTATION INDEX

Inflation

Dollar Parity

Declining Offer Rate

Scrap Price Trends

Energy Prices

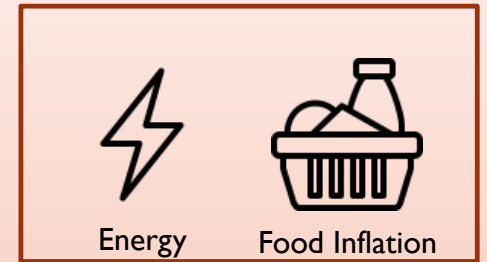
Financial Snapshot

Year in a glance and future outlook

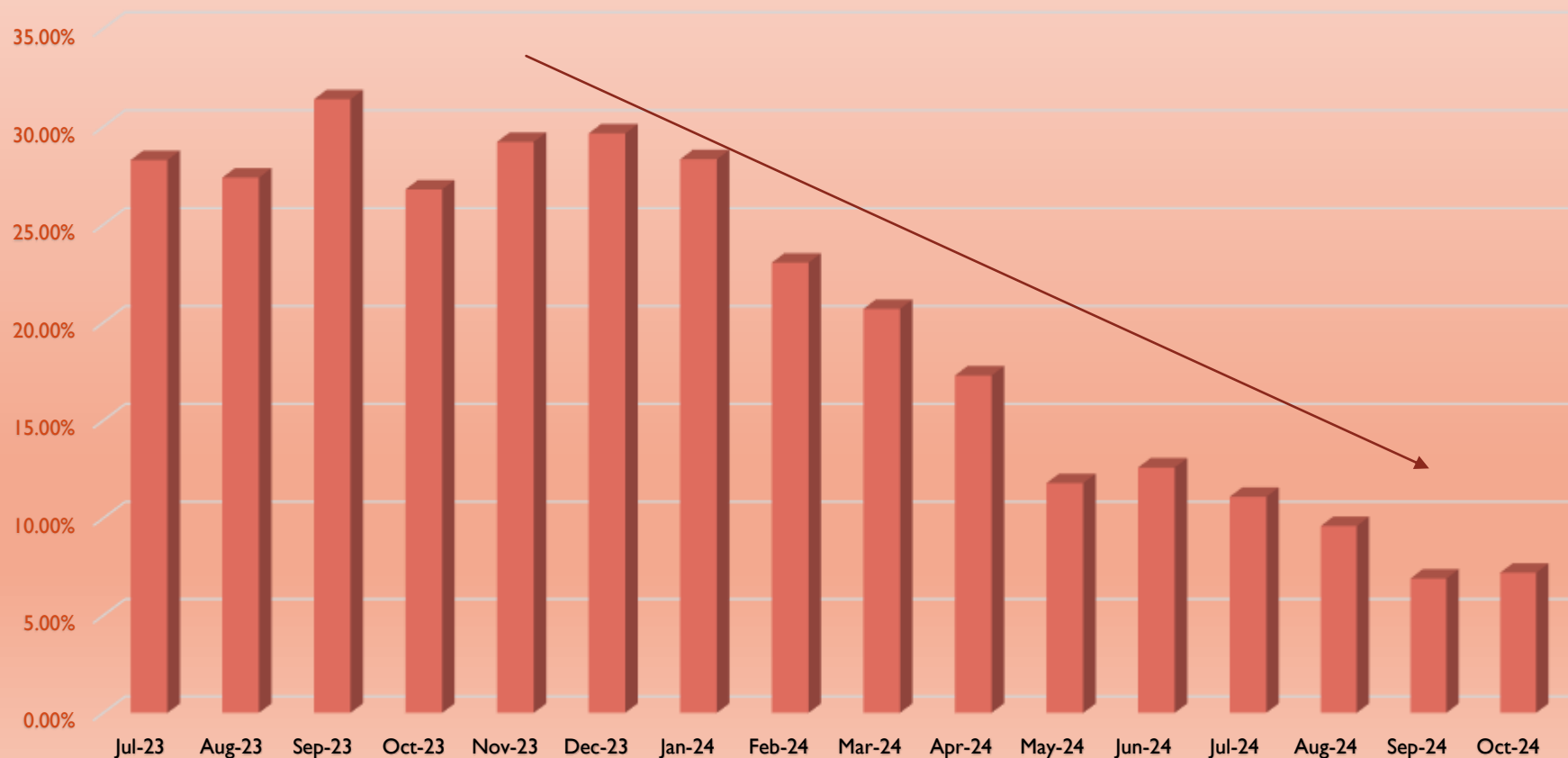
INFLATION HAS PEAKED!

- ❑ **January - March 2024:** Inflation eased from around 20% YoY at the start of the year to under 10% by mid-2024, reflecting stabilizing global commodity prices and improved currency conditions.
- ❑ **April - June 2024:** Continued downward momentum with YoY inflation declining to around 7%-8%.
- ❑ **November 2024:** Projected YoY inflation at **5.5%-6.5%**, the lowest since early 2021

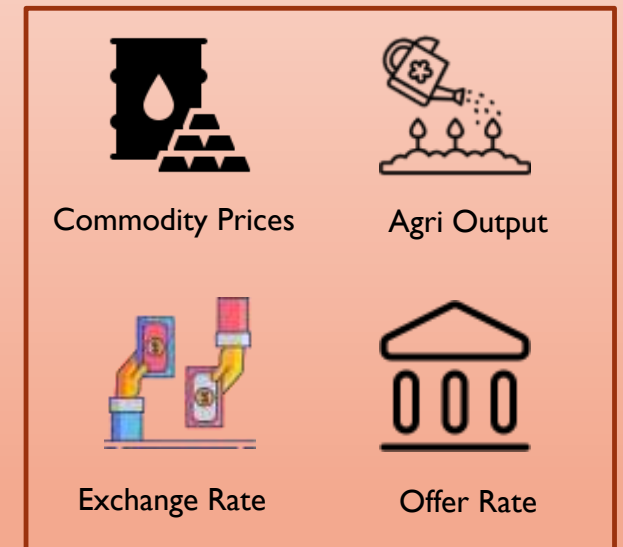
UPWARDS TRENDS



INFLATION (%)

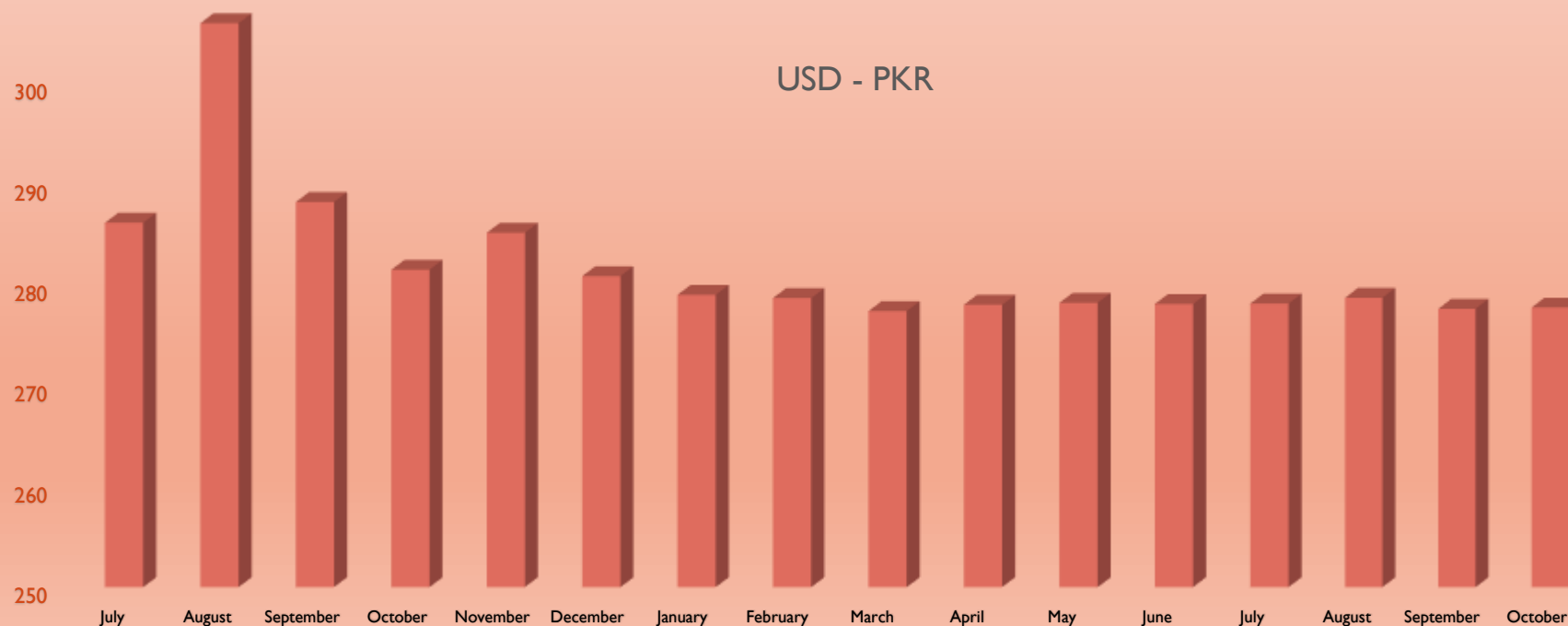


DOWNWARDS TRENDS



PKR – USD PARITY

- ❑ The USD/PKR exchange rate has exhibited significant fluctuations over the past 15 months, reflecting a combination of inflationary pressures, currency devaluation, and economic challenges faced by Pakistan.
- ❑ From July 2023 to October 2024, the Pakistani rupee has depreciated relative to the US dollar, with notable monthly variations. As of late October 2024, the exchange rate stood around 277.98 PKR per USD, reflecting a downward trend from mid-2023 when it hovered around 282 PKR per USD. During the period, it peaked upto 306 but later in the year sustained to a much lower level.



Declining Offer Rate

Monetary Policy Adjustment:

The **interest rate trend** in Pakistan from March 2024 to November 2024, as presented, reflects a pattern of **monetary easing** by the **State Bank of Pakistan (SBP)** in response to changing economic conditions.

Inflation Control:

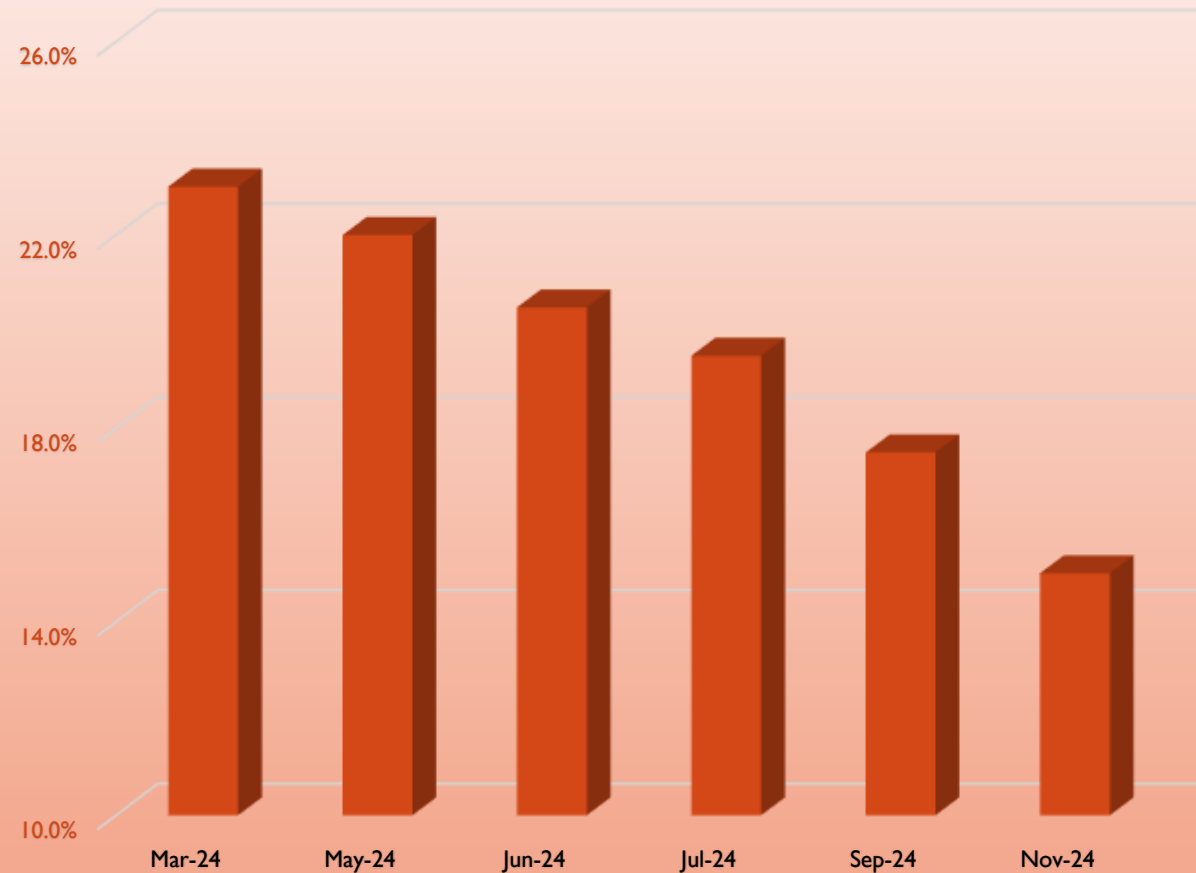
The initial **high interest rates** were primarily introduced to curb inflation. By mid-2024, inflation had shown signs of stabilizing, prompting the SBP to start **lowering rates**.

The **gradual reduction** in the interest rate reflects an attempt to stimulate economic activity after inflationary pressures start to subside, as high borrowing costs were dampening business investments and consumer spending.

Economic Growth Concerns:

By lowering interest rates, the SBP is likely aiming to **boost economic growth** by encouraging borrowing and investments. Pakistan's economy has been struggling with sluggish growth, and **lowering the cost of borrowing** can help stimulate private investment and consumer demand. This move also indicates that the SBP may be more focused on supporting growth at this stage rather than controlling inflation, as inflation might have peaked or is showing signs of moderation.

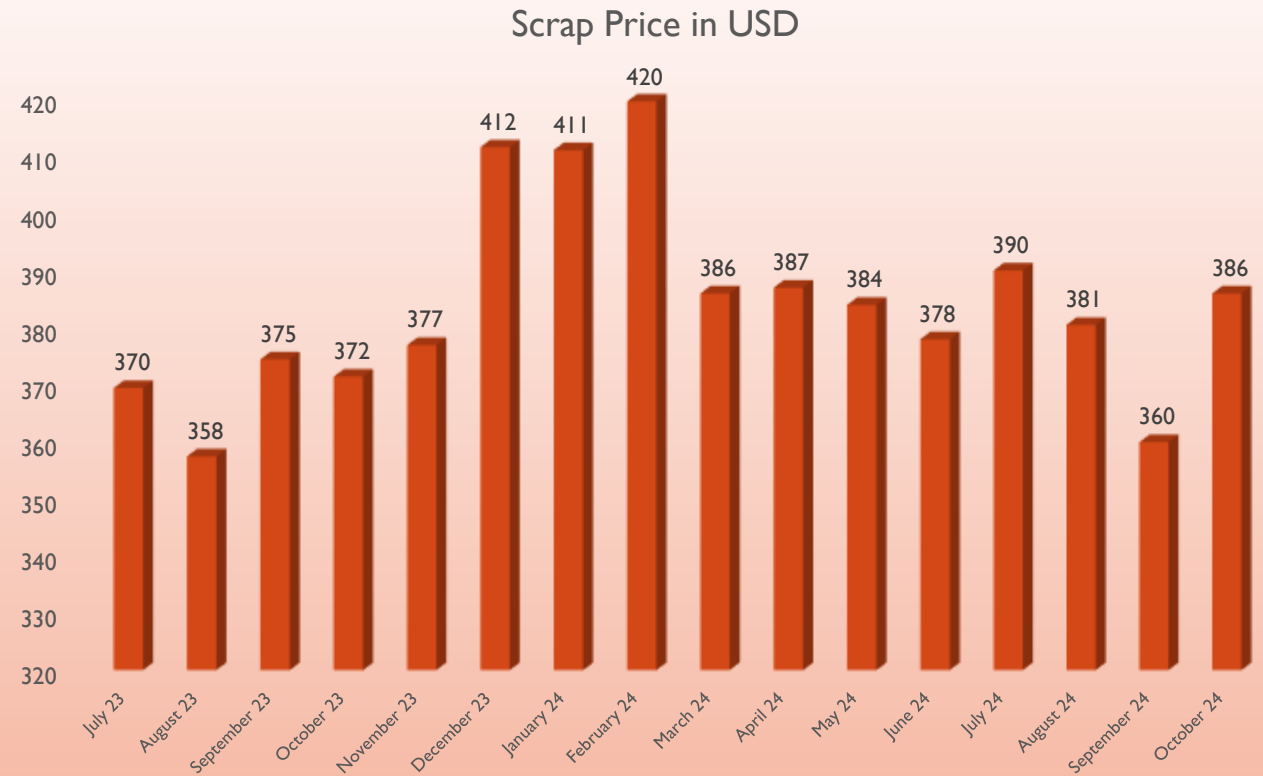
INTEREST RATE (%)



- The **interest rate trend** in Pakistan as presented, reflects a pattern of **monetary easing** by the **State Bank of Pakistan (SBP)** in response to changing economic conditions.

SCRAP PRICE TREND AND PREDICTIONS

- ❑ **Initial Decline (July 2023 to August 2023):** The scrap price decreased from **\$370** in July 2023 to **\$358** in August 2023. This 3.2% drop could be due to seasonal factors or lower demand during the summer months. A drop in global manufacturing activity or weaker economic indicators might have also contributed to this decline.
- ❑ **Recovery and Peak (September 2023 to February 2024):** From August 2023, the price increased significantly, reaching a peak of **\$420** in February 2024. This suggests a recovery in demand or supply-side constraints. The global commodity markets, including metals and recycling industries, often see price rises during periods of increased construction, industrial activity, or supply shortages. Prices also tend to spike during the end of the fiscal year, particularly in markets like Asia and the Middle East, where steel production is ramped up.
- ❑ **Steady Decline and Stabilization (August 2024 to October 2024):** The prices remained relatively stable at around **\$380** to **\$386** from August 2024 onwards, indicating a stabilization phase. After the steep rise in December 2023 and January 2024, the market appears to have adjusted, potentially reflecting improved supply chain conditions or a more balanced market.



Key Factors



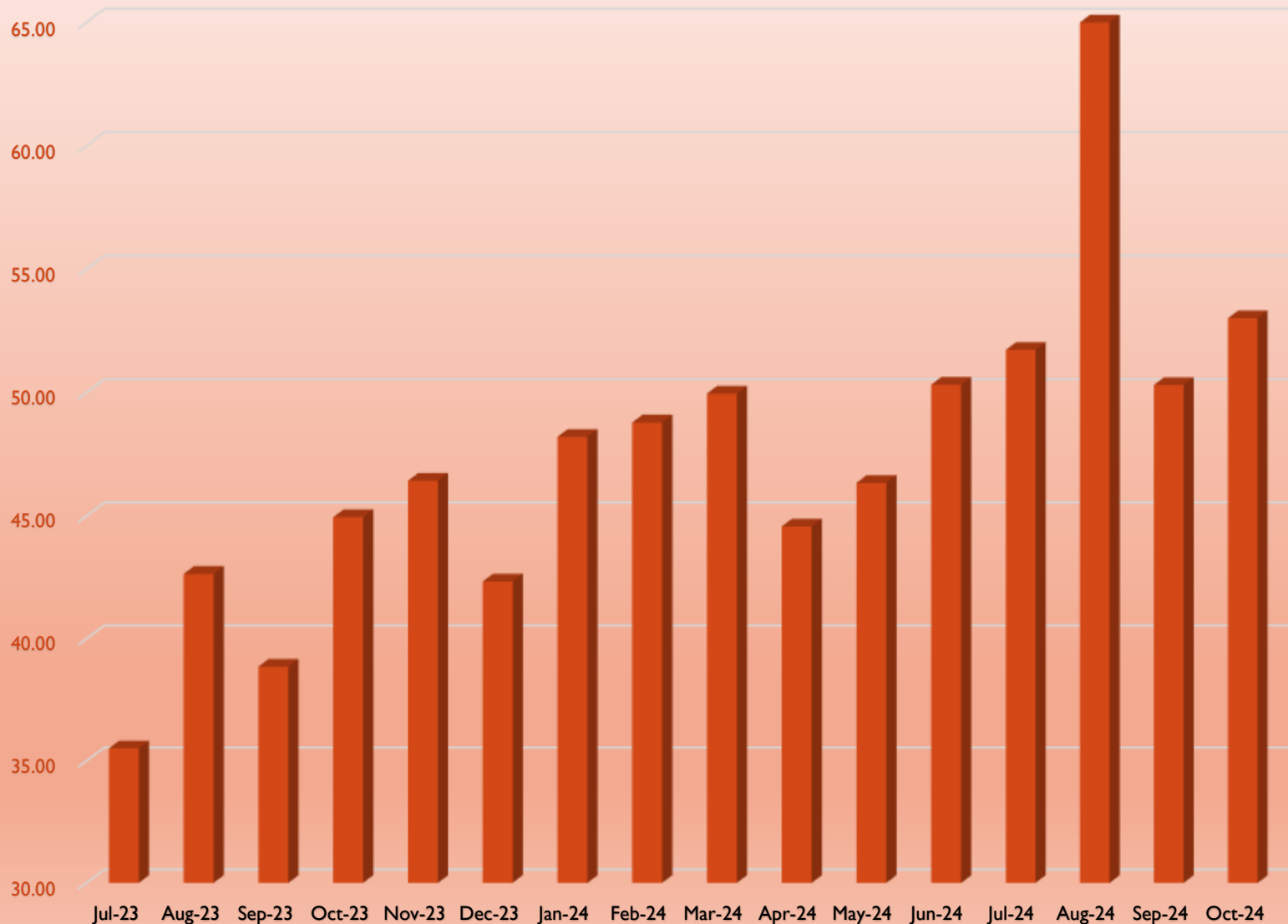
Global
Economic
Conditions

Steel
Production &
Demand



Supply Chain
Issues

KE UNITS ANALYSIS - EXCLUSIVE GST



Average Price Analysis

- Average Unit Price for KE consumption of the Company for 12 months stood at Rs 45 (approx.)
- Average Unit Price for KE consumption of the Company for first 4 months of FY 2025 stood at Rs 55.91

The effect reflects fuel adjustment surcharge for previous period

Price Fluctuations:

- The price started at **PKR 35.51** in **July 2023**, which was the lowest point during the year. Following this, there was a steady increase over the months, peaking at **PKR 50.32** in **June 2024**.
- From **August 2023** to **June 2024**, the price generally trended upward, with periodic price surges. For instance, from **August** to **November 2023**, the price increased from **42.65** to **46.43**, followed by a slight dip in **December 2023** (**42.34**) and further increases from **January 2024** to **June 2024**.



FINANCIAL SNAPSHOT

Sales



13.69 Billion

(5.09) Billion



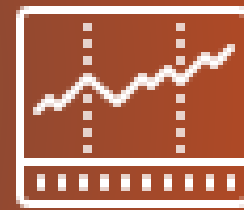
Net Loss

Gross Loss



(0.628) Billion

Rs (8.4)



LPS

Operating Loss



(5.82) Billion

60,000 MT



Bars Sold



HIGHLIGHTS

| | June 30, 2024 | June 30, 2023 |
|---------------|---------------|---------------|
| Gross Income | 13,691,815 | 20,582,205 |
| Total Expense | 18,780,380 | 19,677,309 |
| Net Profit | (5,088,565) | 904,896 |

MARGIN ANALYSIS

| Area | Measure | Year ended FY 2024 | Year ended FY 2023 |
|----------------|---------|-----------------------|-----------------------|
| GP Ratio | % | (4.59) | 23.42 |
| EBITDA Ratio | % | (5.86) | 23.49 |
| NP ratio | % | (37.17) | 4.39 |
| Interest cover | Times | (0.18) | 1.51 |
| DSCR | Times | (0.10) | 1.23 |

FINANCIAL STATEMENTS

INCOME STATEMENT

| | FY 2024 | | FY 2023 | |
|--------------------------------|--------------------|----------------|------------------|-----------|
| Turnover - net | 13,691,815 | 100.00 | 20,582,205 | 100 |
| Cost of sales | (14,320,123) | (104.59) | (15,762,192) | (77) |
| Gross (loss) / profit | (628,308) | (4.59) | 4,820,013 | 23 |
| Administrative expenses | (329,110) | (2.40) | (310,906) | (2) |
| Selling and distribution costs | (280,063) | (2.05) | (319,830) | (2) |
| Finance costs | (4,582,384) | (33.47) | (3,208,735) | (16) |
| Operating profit | (5,819,865) | (42.51) | 980,542 | 5 |
| Other expenses | (2,428,857) | (17.74) | (163,315) | (1) |
| Other income | 655,043 | 4.78 | 351,076 | 2 |
| Profit before taxation | (7,593,679) | (55.46) | 1,168,303 | 6 |
| Taxation - net | 2,505,114 | 18.30 | (263,407) | (1) |
| Profit after taxation | (5,088,565) | (37.17) | 904,896 | 4 |

STATEMENT OF FINANCIAL POSITION

| | FY 2024 | | FY 2023 | |
|-------------------------------------|-------------------|------------|-------------------|------------|
| Property, plant and equipment | 45,575,831 | 76 | 21,277,380 | 51 |
| Intangible asset | 36,110 | 0 | 42,390 | 0 |
| Long term deposits and receivable | 387,360 | 1 | 449,463 | 1 |
| Stores, spare parts and loose tools | 2,869,749 | 5 | 2,360,897 | 6 |
| Stock-in-trade | 3,545,206 | 6 | 10,439,863 | 25 |
| Trade and other receivables | 4,024,456 | 7 | 4,948,795 | 12 |
| Loans and advances | 2,752,355 | 5 | 1,815,346 | 4 |
| Deposits | 33,063 | 0 | 17,632 | 0 |
| Tax refunds due from Government | 524,053 | 1 | 540,924 | 1 |
| Cash and bank balances | 239,134 | 0 | 87,295 | 0 |
| Total Assets | 59,987,317 | 100 | 41,979,985 | 100 |
| Finance By | | | | |
| Shareholders' Equity | 28,138,240 | 47 | 16,570,450 | 39 |
| Deferred liabilities | 4,010,148 | 7 | 1,063,819 | 3 |
| Long Term Financing | 750,000 | 1 | 4,723,940 | 11 |
| Lease liabilities | 72,668 | 0 | 108,721 | 0 |
| Current Liabilities | 27,016,261 | 45 | 19,513,055 | 46 |
| Total Funds Invested | 59,987,317 | 100 | 41,979,985 | 100 |

RATIO ANALYSIS

Profitability ratios

| | | FY 2024 | FY 2023 |
|----------------------------|---|----------------|----------------|
| Gross Margin | % | (5%) | 23% |
| Net Margin | % | (37%) | 4% |
| Return on equity after tax | % | (47.8%) | 6% |

Liquidity Ratio

| | | | |
|-----------------------------------|-------|------|------|
| Current Ratio | Times | 0.52 | 1.04 |
| Quick ratio | Times | 0.28 | 0.48 |
| Cash flow from Operation to sales | Times | 0.09 | 0.13 |

Investment/ Market Ratio

| | | | |
|-------------|-----|--------|-----|
| (LPS) / EPS | Rs. | (8.41) | 1.5 |
|-------------|-----|--------|-----|

Capital Structure Ratio

| | | | |
|--------------------------|---|-----|-----|
| Long term Debt to Equity | % | 3% | 50% |
| Long term Debt to Assets | % | 1% | 20% |
| Gearing Ratio | % | 48% | 58% |



YEAR AT A GLANCE AND
FUTURE OUTLOOK

YEAR IN A GLANCE AND FUTURE OUTLOOK



Fire incident

- Incident summary & recovery
- Production Capacity



Restructuring of Liabilities

- Scheme
- Updates



Potential Offers

- FF Acquisition Deal
- Foreign Interests



Mi.DA Updates

- Restructured facilities
- Stage of Completion

Q & A

THANK YOU

