



CORPORATE BRIEFING SESSION

For the Year ended

June 30, 2024

The slide features a white background with two large, overlapping triangular shapes. The left triangle is light gray and points towards the right. The right triangle is light blue and points towards the left. A dark blue horizontal bar is centered across the middle of the slide, containing the text "Company Overview" in white.

Company Overview

Next Capital Limited

Overview

One of the leading securities brokerage & investment banks in Pakistan with successful track record and solid financial advisory services experience, having strong access to a network of local and international investors

- Next Capital Limited was incorporated as a public limited company in Pakistan on 14 December 2009 under Companies Act, (previously Companies Ordinance, 1984). NCL got listed on the Pakistan Stock Exchange on 27 April 2012
- NCL is a TREC holder of Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited and is accredited broker by Financial Market Association of Pakistan
- NCL is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex, other financial instruments, and corporate investment banking
- NCL is also engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange
- The registered office of the Company is situated at 2nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi. The branch office is situated at 63 - A Agora Eden City, Phase 8, Lahore



Investment Banking

Lead various high-profile M&A and capital market transactions worth more than PKR 100 billion in aggregate



Equities

Being TREC holder of PSX, we offer brokerage services to a wide network of Institutional & High Net Worth Individual investors



Research

Comprehensive research coverage of KSE-100 with periodic research reports on industries, companies, economy, and strategy



Fixed Income

Debt brokerage services to various clients for trading in Term Finance Certificates, Commercial Papers and Sukuks



Portfolio Management

Manage equity portfolios on a discretionary basis for High Net Worth and Corporate investors

Next Capital Limited

Pattern of Shareholding & Board of Directors

Strong shareholder base including prominent Individuals and Institutional Investors

Name	Number of Shares (as on June 30, 2023)	Shareholding (as on June 30, 2023)
Muhammad Najam Ali	15,645,836	27.5%
Muhammad Zulqarnain Mahmood Khan	9,005,908	15.8%
Adnan Afridi	5,691,867	10.0%
MCB Bank Limited – Treasury	5,516,032	9.7%
Mrs. Hanna Khan	4,408,401	7.7%
Maple Leaf Cement Factory Ltd	4,269,375	7.5%
Others	12,387,581	21.8%
Total	56,925,000	100%

Name	Designation
Lt. Gen. Tariq Waseem Ghazi (Retd.)	Non-Executive Independent Director, Chairman
Mr. Muhammad Najam Ali	Executive Director, Chief Executive Officer
Mrs. Hanna Khan	Non-Executive Director
Mr. M. Zulqarnain Mahmood Khan	Non-Executive Director
Dr. Ali Akhtar Ali	Executive Director
Mr. Malik Khurram Shahzad	Non-Executive Director
Mr. Hasan Shahnawaz	Non-Executive Director

Next Capital Limited

CEO's Profile



Mr. Najam Ali



Regulatory background	Access to market intelligence
Extensive relationships with public & private decision makers	Renowned for Conflict resolution

Experience

- Najam Ali has over 35 years of rich experience of working in different capacities in Pakistan's capital markets. Prior to forming Next Capital Limited, he served as the CEO at JS Investments Limited during which period the company achieved the highest rating of AM2 Plus in the industry and remained the largest asset management company in the private sector. During this time, he also served twice as the Chairman of Mutual Funds Association of Pakistan
- Prior to that, he served at Securities and Exchange Commission of Pakistan (SECP) in the capacity of Executive Director where he headed the Securities Market Department and Non-Banking Finance Companies (NBFC) Department
- He was also the founding CEO of the Central Depository Company (CDC), Pakistan's first and only securities depository. Prominent shareholders of CDC included Citigroup, IFC and Pakistan's stock exchanges. While at CDC, he also led the development and implementation of the National Clearing and Settlement System, which is the centralized clearing system in Pakistan for the stock exchange. The success of these projects has laid the foundation of a world class capital market infrastructure that has earned him praise and recognition at the national level
- He has also served on the Board of Directors of Pakistan Oilfields Limited, the Karachi Stock Exchange (Guarantee) Limited, the National Clearing Company of Pakistan Limited and Askari Bank Limited

Education

- Najam Ali is a member of the Institute of Chartered Accountants in England & Wales and Institute of Chartered Accountants of Ontario – Canada. He has also qualified as a Certified Public Accountant – USA and holds a Bachelor degree in Economics from the University of Michigan, Ann Arbor, USA. He has also attended and successfully completed the 'Advanced Management Program' at the world renowned Harvard Business School, USA



Company Rating

Next Capital Limited

Top-Tier Management, Fiduciary, and Entity Ratings

No.	Brokerage House	Rating	Outlook	Date	Rating Agency
1	AKD Securities	BMR1	Stable	9-Feb-23	VIS
2	Arif Habib Limited	BMR1	Stable	16-Dec-22	PACRA
3	JS Global Capital	BMR1	Stable	14-Dec-22	PACRA
4	Next Capital	BMR2++	Stable	1-Nov-23	VIS

No.	Brokerage House	Rating	Outlook	Date	Rating Agency
1	Arif Habib	BFR1	Stable	16-Dec-22	PACRA
2	JS Global Capital	BFR1	Stable	14-Dec-22	PACRA
3	AKD Securities	BFR2++	Stable	9-Feb-23	VIS
4	IGI Finex Securities	BFR2+	Stable	25-Aug-23	PACRA
5	AL Habib Capital Markets	BFR2+	Stable	19-Jul-23	PACRA
6	Alfalah CLSA	BFR2+	Stable	28-Apr-23	PACRA
7	EFG Hermes Pakistan	BFR2+	Stable	23-Dec-22	PACRA
8	Next Capital	BFR2	Stable	14-Sep-23	VIS

No.	Brokerage House	Long Term	Short Term	Outlook	Date	Rating Agency
1	JS Global Capital	AA	N/A	Stable	14-Dec-22	PACRA
2	Arif Habib	AA-	A-1	Stable	9-Oct-23	VIS
3	AKD Securities	AA-	A-1	Stable	7-Dec-22	VIS
4	Taurus Securities	A	A-2	Negative	17-Aug-23	VIS
5	Topline Securities	A	A-1	Stable	24-Jul-23	VIS
6	Next Capital	A-	A-2	Stable	2-Oct-23	VIS

Broker Management Rating

Next Capital stands amongst **top 4 full-service brokerage houses** of Pakistan with the **second highest Broker Management Rating** of "**BMR2++**" by VIS rating Company

Broker Fiduciary Rating

Next Capital is assigned a Broker Fiduciary Rating of "**BFR2**", making it amongst the **top strong full-service brokerage houses** of the country

Entity Rating

Next Capital enjoys a healthy credit rating, Only five brokers have ratings higher than Next Capital



Performance of PSX and market liquidity during the year ended June 30, 2024

Market Performance

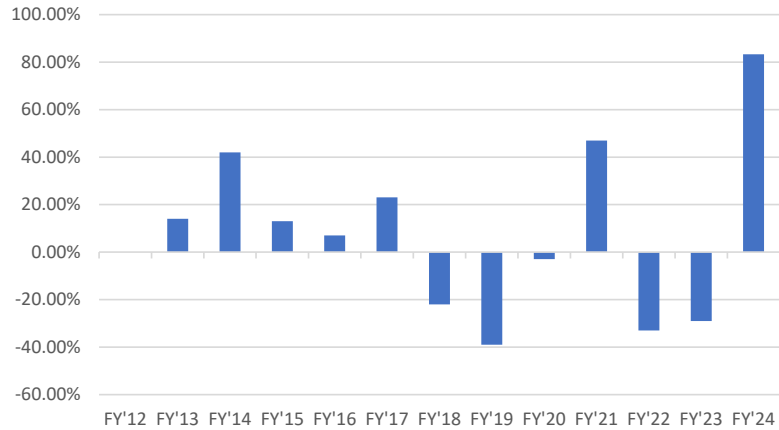
Market responses to key events during the year

KSE 100 Index

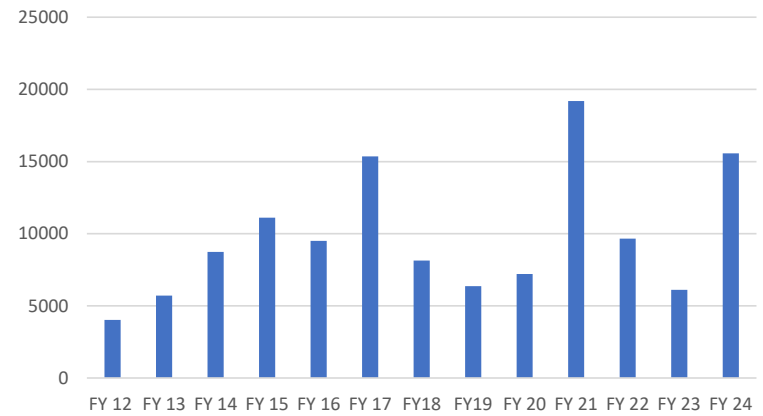


Market Performance

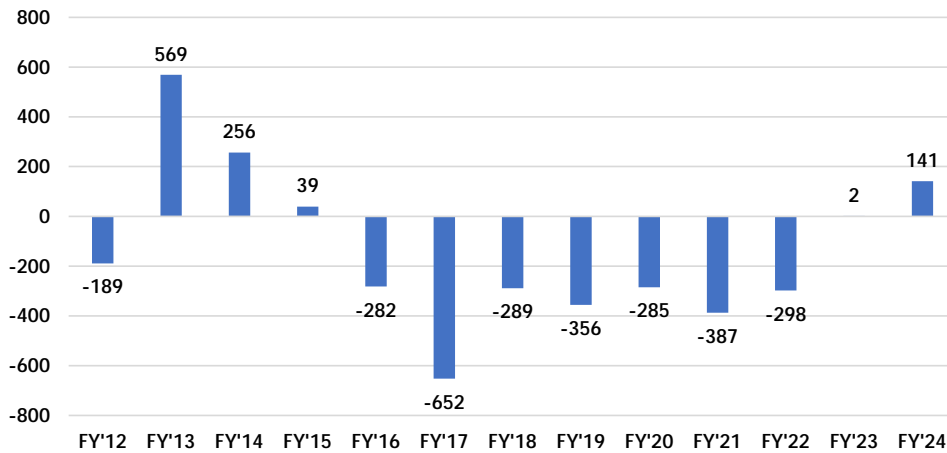
KSE100 Index Performance – Absolute return



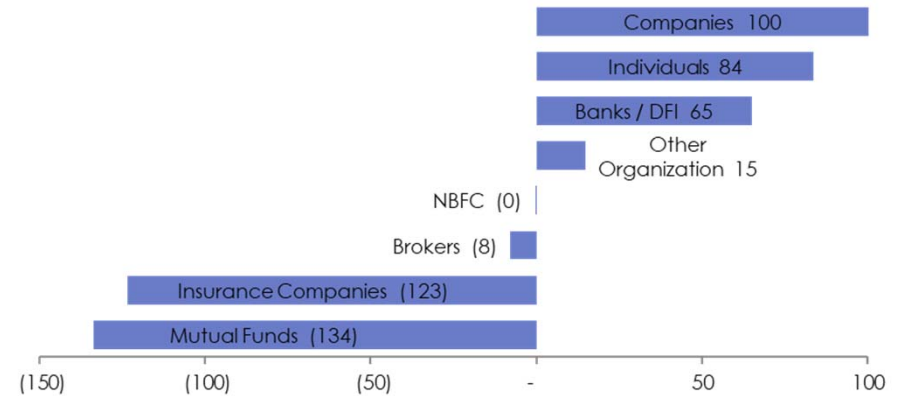
Average Daily Value Traded (PKRmn)



FIPI Yearly Flow (USDmn)



LIPI Investor wise – FY23 (USDmn)





Performance of Next Capital Limited during the year ended June 30, 2024

Next Capital Limited

Performance Overview



- The performance of Pakistan's equities market was supported by the overall improvement in the macroeconomic environment along with increased multilateral and bi-lateral agreements with numerous countries, improved investor confidence and increased Foreign investment In Pakistan's industries as well as its equities market.
- Economic improvements include improvement in growth, decreased inflationary pressures, high interest rates, fast depleting foreign exchange reserves, a weak currency caused by Pakistan's external vulnerabilities to high international commodities prices amidst Russia-Ukraine war.
- Investor activity have greatly improved due to these factors in the equities market with average daily turnover rising to PKR16.57bn and 461mn shares compared to PKR6.1bn and 191mn shares of the previous year.
- The company posted a loss after tax of PKR 21.726 million compared to a loss after tax of PKR 97.213 million of the previous year. Resultantly the loss per share for the year is PKR 0.38 compared to loss per share of PKR 1.71 of the previous year.
- The improvement in financials primarily emanated from higher operating revenues as well as Capital gains on sale of investments
- Total gross brokerage income grew to PKR 121.131 million from PKR 100.5 million of the previous year depicting a improvement of 20.5%.
- The Advisory and related income of the company also grew to PKR 67.073 million compared to PKR 33.6 million of the previous year primarily due to the overall increase in economic activities in the country.
- Operating expenses increased by 19% over the past year to PKR 108.627 million, owing to increased business activities. Administrative expenses also increased by 10.1% over the last year to PKR134.829 million.

Next Capital Limited

Investment Banking and Advisory



- The Investment Banking Division of Next Capital Limited actively participated in a range of capital-raising and advisory transactions throughout the year, including prominent deals in M&As, REIT, and management consultancy.
- Some of the notable transactions during 2024 are as follows:
 - Successfully closed the IPO and listing of the **first developmental REIT of Pakistan** (TPL REIT Fund-I)
 - Successfully closed the **first management consultancy assignment** of the firm with Toyo Packaging
 - Successfully closed the **reverse merger** of TPL Life making it a listed company
 - Secured mandate and **achieved financial close on a long term Sukuk** for a chemical sector listed company
 - Secured the mandate and made significant progress on the **acquisition of Agritech Limited** by Maple Leaf Cement Factory Limited
 - Secured mandate for fundraising of a **light electric vehicle startup**
 - Secured mandate for the first **TFC of a media company**
 - Secured mandate for the **acquisition of a listed insurance company**
- On the **Nex-Pro** front (which is NCL's JV for providing a one-stop solution for REITs/Real Estate projects), significant progress has been made with a leading commercial bank for collaboration on various projects

<p>Maple Leaf Cement</p>  <p>Acquisition of Agritech Ltd.</p> <p>Financial Advisor</p> <p>Ongoing</p>	<p>Chemical Company</p> <p>PKR ~2,300 million</p> <p>CONFIDENTIAL</p> <p>Sukuk Financing</p> <p>Fin. Advisor & Arranger</p> <p>Ongoing</p>	<p>General Insurance Company</p> <p>CONFIDENTIAL</p> <p>Acquisition</p> <p>Fin. Advisor & Arranger</p> <p>Ongoing</p>	<p>Media Company</p> <p>PKR ~1,000 million</p> <p>CONFIDENTIAL</p> <p>TFC</p> <p>Fin. Advisor & Arranger</p> <p>Ongoing</p>	<p>Electric Vehicle Manufacturer</p> <p>PKR ~1,000 million</p> <p>CONFIDENTIAL</p> <p>Capital Raising</p> <p>Lead Advisor & Arranger</p> <p>Ongoing</p>	<p>TPL REIT Fund I</p> <p>PKR 563 million</p> <p>TPLREIT Fund I</p> <p>Initial Public Offering</p> <p>Financial Advisor</p> <p>2024</p>	<p>Toyo Packaging (Pvt) Limited</p>  <p>Consultancy - Financial Mgt.</p> <p>Management Consultant</p> <p>2024</p>
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Next Capital Limited

Financial Highlights

Income Statement	2024	2023	2022	2021	2020	2019
PKR 000's						
Operating revenue	166,552	119,203	417,290	368,170	195,817	174,309
Investment gains – net	47,247	(3,229)	(37,831)	13,362	(1,676)	5,250
Other income	52,558	40,517	47,568	39,980	52,465	40,107
Total Turnover	266,466	156,491	427,027	421,512	246,606	219,666
Operating & administrative expenses	243,357	227,596	337,662	287,488	197,121	197,622
Financial cost	36,263	18,548	26,069	22,970	13,008	6,319
Profit/(loss) before taxation	(21,877)	(89,652)	63,295	111,054	36,477	15,725
Profit/(loss) after taxation	(21,726)	(97,214)	30,779	81,998	17,794	5,307
Balance Sheet						
PKR 000's						
Share capital	569,250	569,250	495,000	495,000	450,000	450,000
Reserves	112,930	91,203	80,260	49,482	(43,023)	(54,945)
Share holders' equity	406,320	428,047	525,260	494,482	406,977	395,055
Long term liabilities	41,536	25,400	22,796	31,322	32,614	-
Current assets	595,020	603,054	965,156	1,044,111	659,265	735,762
Current liabilities	418,067	363,372	602,491	673,698	344,509	430,867
Total Assets	865,923	816,818	1,150,547	1,199,501	784,099	825,922
Total Liabilities	459,601	388,771	625,287	705,020	377,122	430,867

Key Ratios	2024	2023	2022	2021	2020	2019
Performance						
Net Profit/(loss) Margin	-13.0%	-81.6%	7.4%	22.3%	9.1%	3.0%
Profit/(loss) before tax	-2.0%	-75.2%	15.2%	30.2%	18.6%	9.0%
Expense/income	140.1%	190.9%	80.9%	78.1%	100.7%	113.4%
Return on equity	-5.3%	-22.7%	5.9%	16.6%	4.4%	1.3%
Price Earning (x)	(8.3)	(3.0)	12.5	8.9	18.9	44.9
Leverage						
Debt to equity	36.9%	35.0%	28.6%	38.8%	46.7%	-
Interest cover (x)	0.91	(3.8)	3.4	5.8	3.8	3.5
Liquidity						
Current (x)	1.42	1.7	1.6	1.5	1.9	1.7
Earning Per Share (EPS)	(0.38)	(1.71)	0.62	1.66	0.40	0.12
Breakup Value / Net Assets per share	7.14	7.52	10.61	9.99	9.04	8.78
Market Value Per Share	4.59	5.17	7.77	14.72	7.48	5.30

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Business Outlook

Next Capital Limited

Business Outlook

- The year that passed, saw major improvements in Pakistan's overall macroeconomic environment as it concluded.
- External account remained under pressure despite the June 2024 USD3 billion 9-month IMF Stand By Arrangement and continued support from friendly countries including Saudi Arabia, UAE, and China.
- As the year progressed, Pakistan's Balance of Payments stabilized with a series of Current Account Surpluses that were primarily led by a healthy growth in remittances and drop in imports as the economic slowdown persisted. The country total foreign exchange reserves increased to USD14 billion at the end of the year under review from USD9.2 billion on June 30, 2023.
- Exchange parity also improved after effective measures were taken by the law enforcement agencies to control smuggling of USD, and the regulator to strengthen currency market. PKR also stabilized against the greenback after a significant appreciation to below PKR280/USD.
- Significant improvement in exchange parity, a healthy agriculture output, and base effect helped in bringing down inflation despite significant increase in the prices of electricity and gas. Average inflation for the year under review came down to 23.4% compared to 29.2% of the previous year with June 2024 reading coming down to 12.6%.
- Overall economic activity showed signs of recovery where real GDP posted a growth of 2.4% compared to a decline of 0.2% in the previous year where the growth is primarily led by a 6.3% growth in agriculture sector. With easing in inflationary pressures with constrained growth, the Monetary Policy Committee of the central bank embarked on a monetary easing cycle with a 150 basis points reduction in policy rate to 20.5% in June 2024.
- On a broader level ignoring volatility, Pakistan equities and the KSE100 Index rallied breaching the 80,000 mark from the beginning of the year under review with positive sentiments. Overall positive sentiments were fueled by attractive valuations with high dividend yields and expectations of monetary easing amid disinflation. The KSE100 Index closed the period under review at 78,445 level, gaining 89.2%, and 36,992 points. In USD terms, Pakistan equities posted a healthy return of 94.4%.



Q&A