AMRELI STEELS
Building for Life

Corporate Briefing Session

Amreli Steels Limited

Financial results for the year ended 30 June 2026

Agenda

Today’s briefing

01
FY26 at a glance
Restructuring, volume recovery and cost drivers

02
Financial performance
Results, variances, ratios and financial statements

03
Economic indicators
Macroeconomic backdrop during the year

04
Future outlook
Industry outlook and internal priorities

Synopsis

FY26 at a glance

Restructuring and volume recovery

- The Master Restructuring Agreement (MRA) became effective in December 2025 upon satisfaction of conditions precedent
- Sales volume staged a V-shaped recovery once working capital limits were reactivated
- Sales volume rose 48% year on year
- The second half delivered 68% of full-year sales volume
- Capacity utilization improved from 16% to 26%

Construction demand and input costs

- Construction activity shows slight improvement, supported by lower interest rates and inflation
- International steel scrap prices eased over the first three quarters, then rose after the onset of the US–Iran conflict
- Average energy cost fell from Rs 35/unit to Rs 30/unit.

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Financial performance

For the year ended 30 June 2026

Key figures - FY26

Sales

Rs 21.34 bn

FY25: Rs 16.08 bn · up 33%

Gross profit

Rs 1.34 bn

FY25: Rs 76 mn

Operating loss

Rs 567 mn

FY25: Rs 1,063 mn loss

Net profit after tax

Rs 548 mn

FY25: Rs 3,811 mn loss

Earnings per share

Rs 1.69

FY25: Rs (12.83)

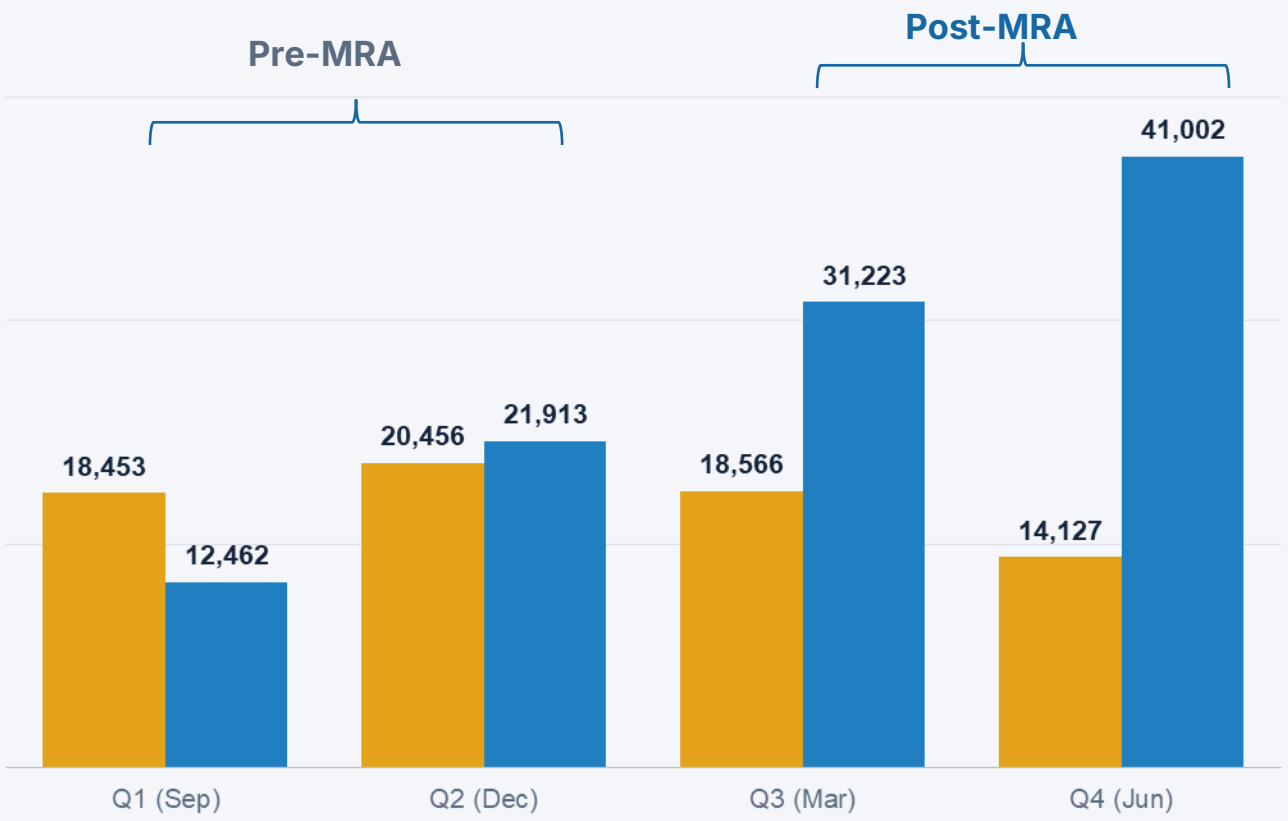
Rebar sold

105,151 MT

Sales volume up 48% year on year

Sales volume

Volume up 48% as the MRA unlocked working capital



Reasons for variance

Sales volume rose 48% year on year, driven primarily by the successful restructuring completed in December 2025.

The recovery was concentrated in the second half, which contributed 68% of full-year volume as working capital lines were unlocked and raw material became available.

Monetary easing and stable inflation improved market sentiment, while lower electricity and gas tariffs reduced manufacturing costs and allowed more competitive rebar pricing.

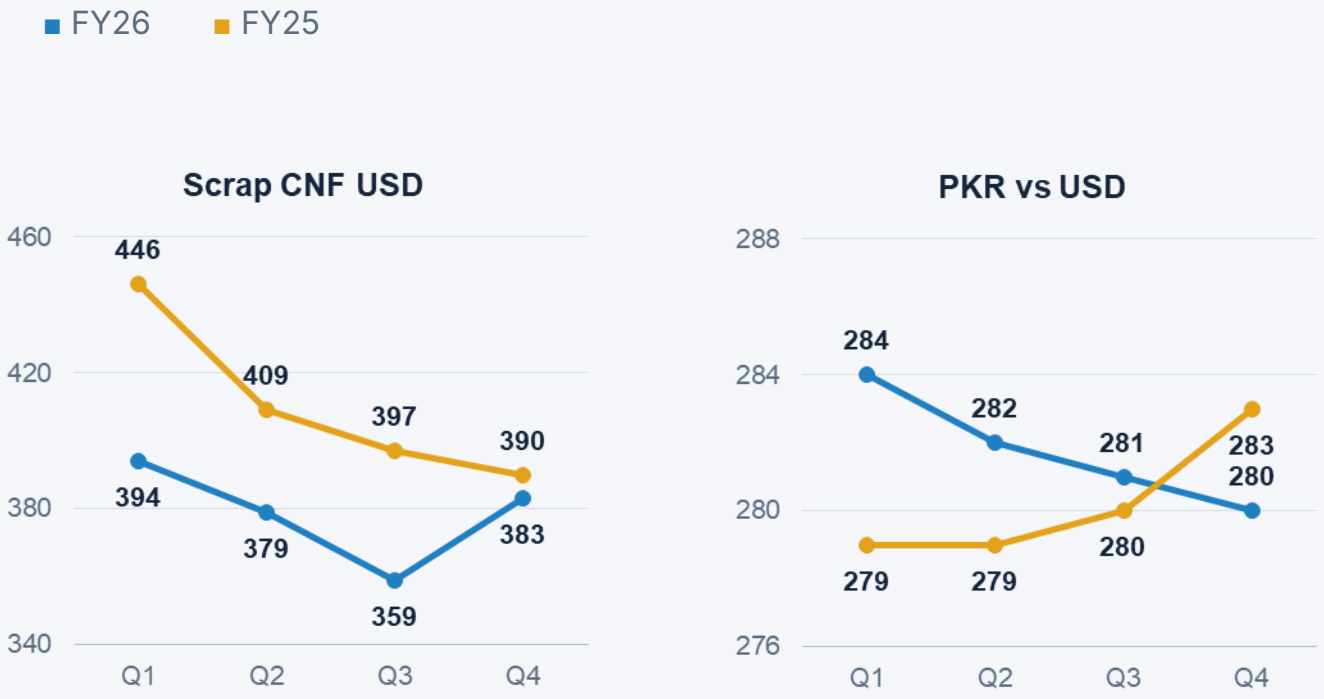
Cost of sales

Cost per ton fell 16% - YoY

USD 376
Avg scrap CNF/MT
(FY25: USD 409)

Rs 30.44
Electricity tariff/kWh
(FY25: Rs 34.45)

26%
Capacity utilization
(FY25: 16%)



Reasons for variance

Scrap: lower average CNF prices and a 2% cut in additional customs duty reduced net scrap cost per ton.

Electricity: better unit consumption and a lower tariff.

Fixed costs: higher utilization improved absorption per ton.

These savings were partly offset by higher salaries from annual increments and promotions.

Production and capacity utilization

Production up by 60% across melting and rolling

113,444 MT
Billets (SMS), up 61%

108,761 MT
Rebar (DRM), up 62%

16% → 26%
DRM capacity utilization

Plant	FY26 output (MT)	FY25 output (MT)	Growth	Utilization FY26	FY25
Steel melt shop (SMS)	113,444	70,515	61%	19%	12%
Rolling mill (DRM)	108,761	67,251	62%	26%	16%
Rolling mill (SRM)	–	–	–	0%	0%

Statement of profit or loss

Rs '000	FY26	%	FY25	%
Sales	21,344,119	100.00	16,082,614	100.00
Cost of sales	(20,004,836)	93.73	(16,006,608)	99.53
Gross profit	1,339,283	6.27	76,006	0.47
Distribution cost	(672,023)	3.15	(546,321)	3.40
Administrative cost	(851,531)	3.99	(737,494)	4.59
ECL (allowance) / reversal	(117,392)	0.55	86,734	0.54
Other charges	(484,354)	2.27	(535,057)	3.33
Other income	218,910	1.03	592,800	3.69
Operating (loss) / profit	(567,107)	2.66	(1,063,332)	6.61
Finance cost	(2,500,275)	11.71	(4,099,997)	25.49
Loss after finance cost	(3,067,382)	14.37	(5,163,329)	32.11
Gain on restructuring of loans	3,110,214	14.57	–	–
Profit / (loss) before levy and taxation	42,832	0.20	(5,163,329)	32.11
Levy	(269,015)	1.26	(222,874)	1.39
Loss before taxation	(226,183)	1.06	(5,386,203)	33.49
Taxation – (expense) / reversal	774,104	3.63	1,574,844	9.79
Profit / (loss) after taxation	547,921	2.57	(3,811,359)	23.70

Quantity and price variance · FY26 vs FY25

Gross profit up by Rs 1.26 bn, driven by capacity utilization

Volume (MT)	Price per MT (Rs '000)	Cost per MT (Rs '000)	Gross profit per MT (Rs '000)
107,743	**198**	**186**	**12.43**
FY25: 72,352	FY25: 222	FY25: 221	FY25: 1.05

Sales variance

+5,261,505

Quantity	+7,866,914
Price	(2,605,409)

Cost of sales variance

(3,998,228)

Quantity	(7,829,736)
Cost per MT	+3,831,508

Gross profit variance

+1,263,277

Quantity	+37,178
Margin per MT	+1,226,099

All variance amounts in Rs '000.

Ratio analysis

Ratio	FY26	FY25	FY24	FY23
Profitability				
Gross Profit Ratio	6.27%	0.47%	6.19%	13.09%
Net Profit / (Loss) to Sales	2.57%	(23.70%)	(15.75%)	(1.53%)
Return on Equity	4.51%	(36.47%)	(42.93%)	(4.85%)
Investment / Market				
Earnings / (Loss) Per Share (Rs.)	1.69	(12.83)	(20.56)	(2.35)
Interest Cover (times)	1.02	(0.31)	(0.13)	0.93
Turnover				
Total Asset Turnover (times)	0.52	0.37	0.83	1.13
Fixed Asset Turnover (times)	0.85	0.59	1.29	2.04

Ratio	30-Jun-26	30-Jun-25	30-Jun-24	30-Jun-23
Liquidity				
Current Ratio	**1.40 : 1**	**0.52 : 1**	**0.60 : 1**	**0.88 : 1**
Quick / acid-test ratio	1.00 : 1	0.38 : 1	0.34 : 1	0.53 : 1
Debtor turnover (days)	39	44	35	42
Breakup value per share (Rs.)	36	35	47.90	48.40
Capital Structure				
Long Term Debt to Equity	1.07 : 1	0.00 : 1	0.00 : 1	0.26 : 1
Financial Levarage Ratio	1.76 : 1	2.12 : 1	1.58 : 1	1.24 : 1

Statement of financial position: Total Assets

Rs '000	30 Jun 2026	%	30 Jun 2025	%
Property, plant and equipment	25,239,993	61.87	27,253,432	62.86
Right-of-use assets	206,980	0.51	102,539	0.24
Intangible assets	543	0.00	1,363	0.00
Long-term deposits	297,809	0.73	141,839	0.33
Total non-current assets	25,745,325	63.11	27,499,173	63.43
Stores and spares	2,220,719	5.44	1,995,376	4.60
Stock-in-trade	4,077,396	10.00	4,011,727	9.25
Trade debts	3,008,538	7.37	1,564,494	3.61
Loans and advances	28,689	0.07	37,513	0.09
Trade deposits and prepayments	35,770	0.09	17,426	0.04
Short-term investment	14,550	0.04	14,389	0.03
Other receivables	319,765	0.78	648,340	1.50
Taxation – net	3,149,076	7.72	2,898,164	6.68
Cash and bank balances	1,402,244	3.44	3,905,295	9.01
Total current assets	14,256,747	34.95	15,092,724	34.81
Non-current assets held for sale	791,841	1.94	765,011	1.76
Total assets	40,793,913	100.00	43,356,908	100.00

Statement of financial position

Equity and Non-Current liabilities

Rs '000	30 Jun 2026	%	30 Jun 2025	%
Share capital and reserves	12,137,351	29.75	10,449,568	24.10
Non-current liabilities				
Long-term finances	12,948,327	31.74	–	0.00
Loan from related party	120,138	0.29	124,922	0.29
Deferred taxation	2,423,788	5.94	3,393,752	7.83
Deferred liability	332,657	0.82	327,310	0.75
Lease liabilities	168,118	0.41	88,217	0.20
Government grant	268,348	0.66	–	0.00
Deferred markup	2,180,977	5.35	–	0.00
Total non-current liabilities	18,442,353	45.21	3,934,201	9.07

Following the restructuring, short-term finance was largely converted into long-term finances, moving the balance sheet to a longer-dated structure.

Statement of financial position: Current liabilities

Rs '000	30 Jun 2026	%	30 Jun 2025	%
Current liabilities				
Trade and other payables	1,246,407	3.06	1,578,000	3.64
Contract liabilities	464,303	1.14	335,726	0.77
Interest / markup accrued	663,036	1.63	4,648,357	10.72
Short-term finance – secured	5,264,678	12.91	17,793,259	41.04
Sponsor's temporary loan	1,310,000	3.21	–	0.00
Current maturity of long-term finances	865,684	2.12	3,975,727	9.17
Current portion of long-term provision	282,238	0.69	282,238	0.65
Current maturity of lease liabilities	52,395	0.13	18,249	0.04
Current portion of government grant	33,990	0.08	336,328	0.78
Current portion of deferred liabilities	26,235	0.06	–	0.00
Unclaimed dividend	5,243	0.01	5,255	0.01
Total current liabilities	10,214,209	25.04	28,973,139	66.82
Total equity and liabilities	40,793,913	100.00	43,356,908	100.00

Statement of cash flows: operating and investing activities

Rs '000	FY26	FY25
Operating activities		
Cash generated / (used) before working capital changes	896,797	(81,926)
Cash (used in) / generated from operations	(616,739)	4,200,931
Income taxes paid	(473,275)	(454,836)
Deferred liabilities paid	(148,904)	(214,881)
Finance costs paid	(1,136,272)	(887,933)
Long-term deposits and loans	(155,970)	21,201
Net cash (used in) / generated from operating activities	(2,531,160)	2,664,482
Investing activities		
Capital expenditure incurred	(29,133)	(103,911)
Short-term investments – net	(161)	(100)
Proceeds from disposal of assets held for sale	428,278	–
Proceeds from disposal of property, plant and equipment	34,873	1,286,008
Net cash generated from investing activities	433,857	1,181,997

Statement of cash flows

Financing activities and net cash position

Rs '000	FY26	FY25
Financing activities		
Dividend paid	(12)	(19)
Short-term borrowings – net	(1,068,737)	651,746
Long-term financing – net	(165,367)	(178,389)
Sponsor's temporary loan	1,310,000	–
Issuance of shares	1,000,000	–
Lease rentals paid	(40,839)	(41,154)
Net cash generated from financing activities	1,035,045	432,184
Net position		
Net (decrease) / increase in cash and cash equivalents	(1,062,258)	4,278,663
Cash and cash equivalents at the beginning of the year	1,226,139	(3,052,524)
Cash and cash equivalents at the end of the year	163,881	1,226,139

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Economic indicators

The macroeconomic backdrop during FY26

Economic indicators

Economic recovery widened the current account deficit

The current account moved to a deficit of USD 436 million in FY26 from a surplus of USD 2.1 billion in FY25, mainly reflecting a wider trade deficit as imports rose with the recovery in domestic activity.

The economic recovery was underpinned by GDP growth of 3.7%, a stronger rupee, contained inflation and a reduction in interest rates from 16% to 11%.

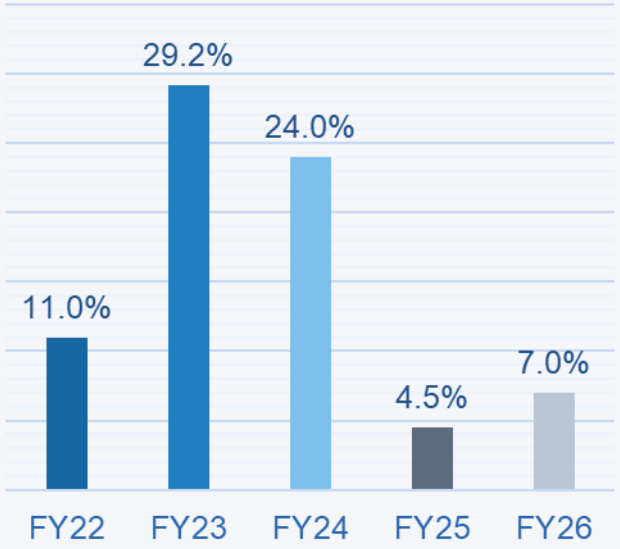
Continued growth in workers' remittances supported the current account.

Monthly average (USD)	FY26	FY25	Change
Imports	6.3 bn	5.8 bn	+9.2%
Exports	3.4 bn	3.3 bn	+0.4%
Trade deficit	2.9 bn	2.4 bn	+21.5%
Workers' remittances	2.9 bn	2.6 bn	+4.3%
Current account	36 mn deficit	176 mn surplus	Reversal

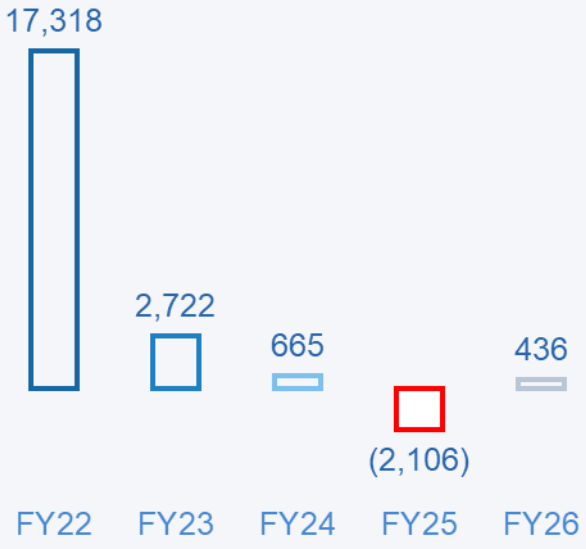
Economic indicators

Inflation contained and reserves at a record high

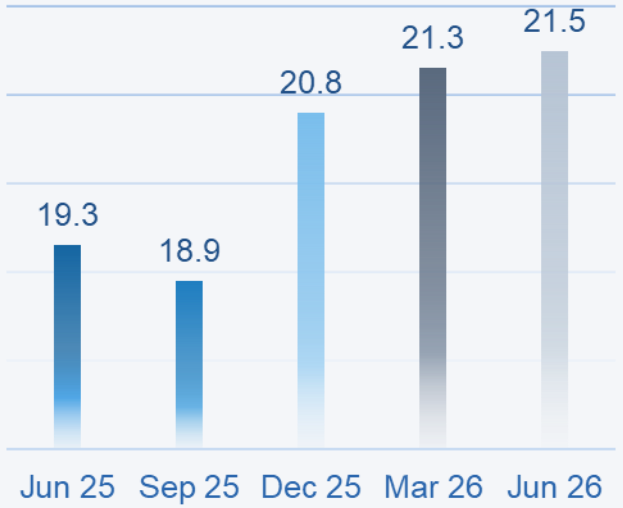
Inflation (%)



Current account deficit / (surplus), USD mn



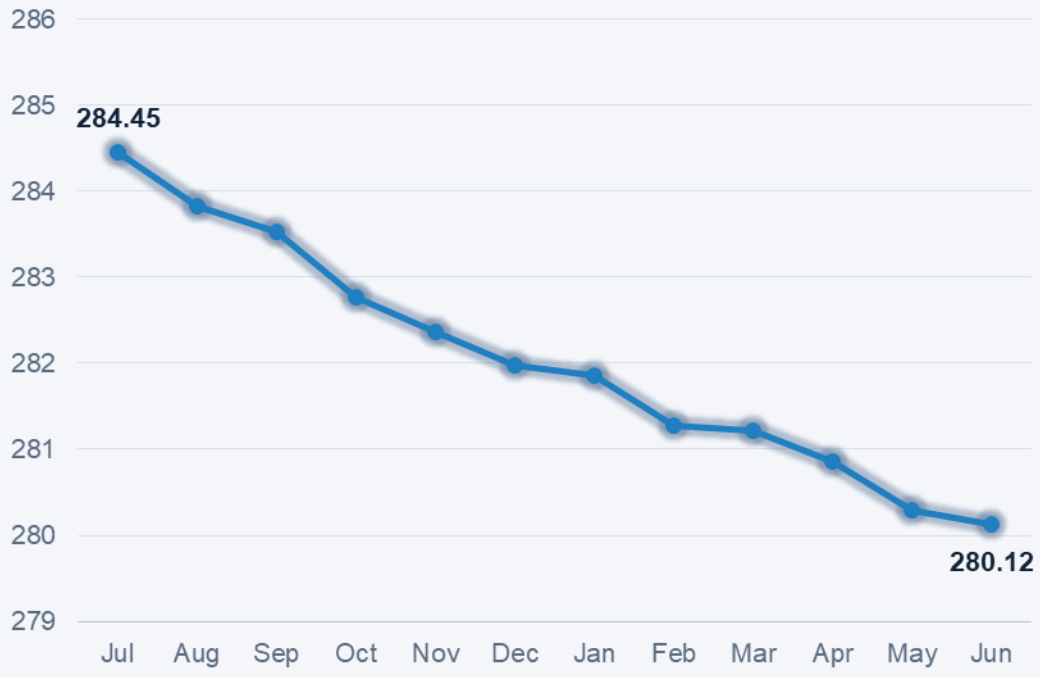
FX reserves (USD bn)



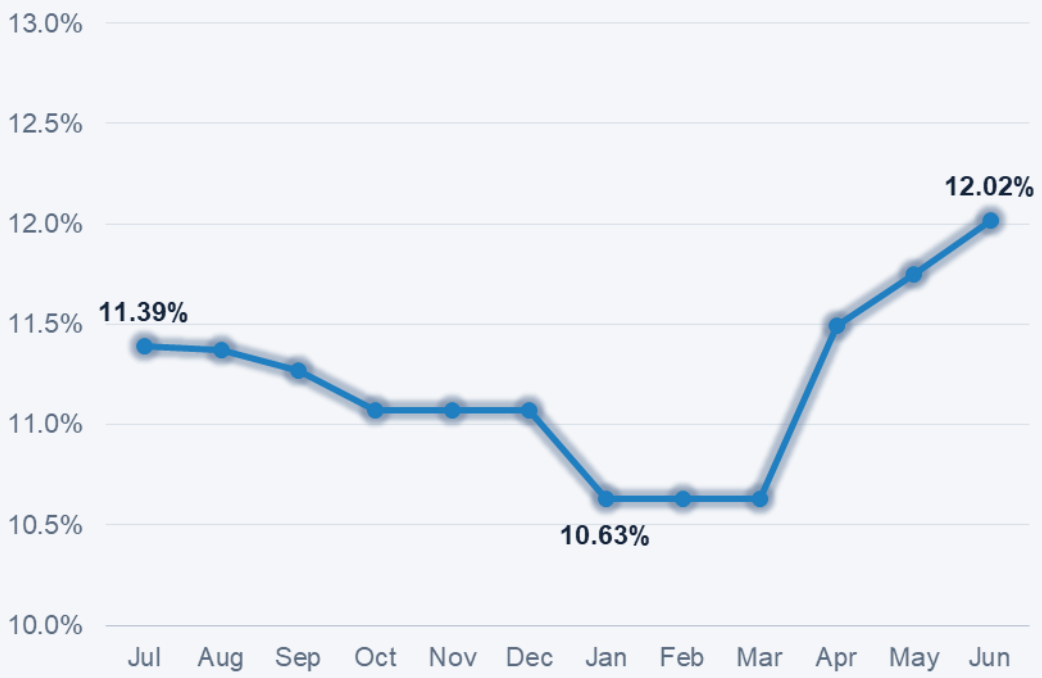
Economic indicators

Rupee appreciated & Interest rates increased in 4thQ

PKR/USD exchange rate (Jul 2025 – Jun 2026)



Interest rate, % (Jul 2025 – Jun 2026)



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Future outlook

External environment and internal priorities

Macroeconomic outlook and its impact on steel demand

Macroeconomic outlook

- GDP growth targeted at 3.5%–4.0%, following 3.7% in FY26
- Imports sustained and current account contained: in 1QFY27 imports rose 5% and exports 9% versus 4QFY26
- Record FX reserves supporting rupee stability
- Near-term external debt repayments managed through recent IMF disbursements and commercial loans
- Lower interest rates and inflation supporting construction financing, affordability and price stability

Demand: gradual recovery in construction and real estate

- Improving macroeconomic stability and business confidence
- Wider availability of housing finance and government-supported housing schemes
- Revival of private residential and commercial construction
- Cement dispatches up 7.8% year on year and 8.8% versus 4QFY26
- Steel scrap import volumes up 58% year on year in 1QFY27
- Higher PSDP allocation this year, following increased spending last year
- Medium- to long-term demand from industrialization and urbanization; LSM grew 6% last year and 1.85% in 1QFY27

Outlook · External

Industry margins and competition

Industry profit margins

- Gradual improvement in operating leverage and fixed-cost absorption as capacity utilization rises
- Electricity cost has fallen sharply; the current variable tariff is PKR 30/kWh
- Steel scrap came down to lowest in last few years to USD 365/MT, but has since risen by approx. USD 20–25/MT due to the Iran–US conflict
- Stable interest rates

Competition

- The energy-cost advantage of sugar-based players in the North has narrowed; freight from North to South, particularly to Karachi, offsets the remaining differential
- Installing cheaper power is the next step for most large industry players
- Smaller players are exiting as working capital becomes harder to secure
- TOR bars are being phased out, requiring smaller mills to invest substantially to upgrade & produce deformed bars

Outlook · External

Government policy and key challenges

Government policy

- Active FBR screening, e-invoicing and advance tax on electricity are clamping down on tax-evading steel manufacturers
- Rationalization of FATA/PATA tax exemptions in line with the rest of the industry
- Strengthened customs controls on the Iran border to curb smuggled material

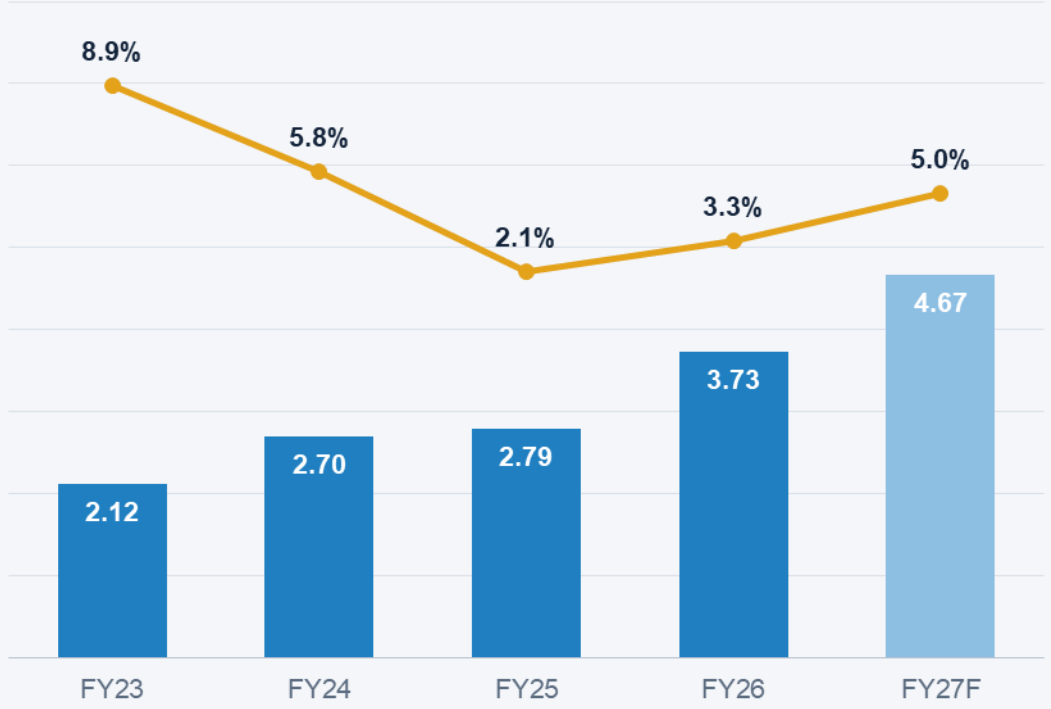
Challenges

- High dependence on two major cost components: imported steel scrap and energy
- Geopolitical crises and its impact on Pakistan’s economy and imported inflation
- Volatility in international steel scrap prices
- International fuel prices and their impact on freight and energy costs
- Significant working capital requirements and funding
- Undocumented sector and an uneven competitive environment

Management priorities

1. Tighter control of fixed operating costs which has cut down by approx. Rs 500 million
2. Improving capacity utilization and regaining lost market share while reducing capex to a minimum
3. Reducing energy costs through renewable energy without a corresponding increase in financing costs
4. Deleveraging over the medium to long term

Steel scrap import (mn MT) and ASL market share*



* Based on Steel Scrap import data and Amreli imports . FY27F = forecast.

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Actual results may differ materially due to changes in economic or industry conditions, the availability of financing and working capital, regulatory developments, energy costs, or unforeseen events such as natural disasters.

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Thank you

Questions and answers