



IN THE NAME OF ALLAH, THE MOST BENEFICIENT,  
THE MOST MERCIFUL



# Pakistan Paper Products Limited

## Corporate Briefing Session For the Year Ended June 30, 2022

November 8, 2022  
Karachi



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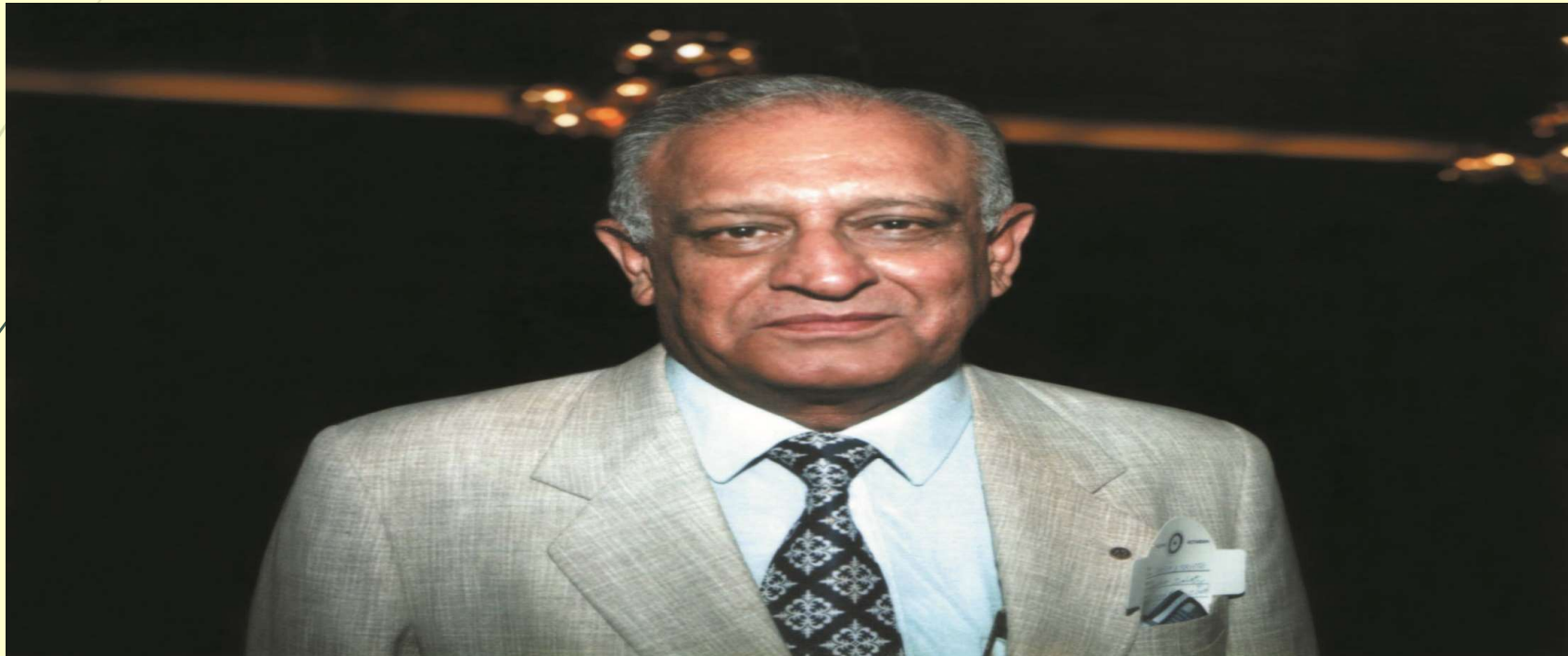
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Mr. Hashim Bin Sayeed  
December 24, 1927 – August 07, 2013  
Founder and Former Chairman



He was the Pillar of Strength for our Company and will always be our guiding light.  
May Allah shower His choicest blessing on him.  
Ameen!



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## Sequence of Presentation





**Company Profile**  
**Pakistan Paper Products Limited**



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## Company Profile

- ▶ Pakistan Paper Products Ltd came into existence in 1951. At that time, our newly founded country had to import all its paper products which were resulting in the drain of valuable foreign Exchange. Realizing the need of the times, Mr. Hashim B. Sayeed (Late), founder and former Chairman of Pakistan Paper Products Limited, armed with machinery and technical know how from Germany decided to set up a paper converting unit in Pakistan.
- ▶ In 1962, Pakistan Paper Products became a Private Limited Company. In 1964, it became a Public Limited company and was quoted on the Karachi Stock exchange and till today it is one of the oldest listed companies at Pakistan Stock Exchange (PSX).
- ▶ From the very start, the company has strived to modernize, expand, and diversify to meet the challenges of the changing times and today is one of the largest and most modern paper converting company in the country.



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## Historical Milestones

1951

- Foundation was laid by Our Former Chairman (Late) Mr. Hashim B. Sayeed
- Started segment of Exercise Books

1957

- Started segment of Ammonia Sensitized Paper

1962

- Incorporated as Private Limited Company

1964

- Listed on the Karachi Stock Exchange (now Pakistan Stock Exchange - PSX)

1997

- Started segment of Self Adhesive Pro Labels

2016

- Major Capacity Expansion of Self Adhesive Pro Label Segment was undertaken.

2020

- Capacity Expansion of Self Adhesive Pro Label Segment was undertaken.

2022

- Capacity Expansion of Self Adhesive Pro Label Segment was undertaken.





## Vision and Mission Statement

➤ *The Company's vision is :*

*To transform the company into a modern and dynamic paper converting company by utilizing experience of the team of professionals to play a meaningful role on sustainable basis in the economy of Pakistan*

➤ *The Company's mission is :*

*To provide quality products to customers and explore new clients to promote sales of the company through good governance and encourage a sound and dynamic team, so as to achieve best practice of products of the company for sustainable growth and prosperity of the company*



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## Products



Self  
Adhesive  
Labels



Exercise  
Books



Ammonia  
Sensitized  
Papers



Photocopy  
&  
Plotter Paper



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## Exercise Books Segment

### **"Serving the cause of education for more than 70 years"**

Pakistan Paper Products Ltd started its operations in 1951 with the production of exercise books, and had the distinction of being the first company in Pakistan to produce exercise books on automatic machinery and after more than 7 decades of its existence, it still remains the only such company in the industry. For seven decades PPP Brand exercise books, journals, registers, writing Pads, College Note books, etc. have been recognized for their superior quality, and have become a household name amongst all school and college going students. Constant modernization and up-gradation has been the hallmark of our company's progress and even today our exercise books production line boasts of machines which are unmatched by any other producer in Pakistan. Our client list boasts of more than 100 private schools in Pakistan who get their exercise book made in their own cover, including the nationwide branches of The City School. In addition many government organizations like POF, Pakistan Navy, DGDP, CSD also get their stationary items from PPP Ltd.





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## Ammonia Sensitized paper Segment

In 1957, Pakistan Paper Products Ltd also had the distinction of being the first company in Pakistan to start producing ammonia sensitized paper and till today remains the market leader of this product. This product which is used in Architect and Engineer Drawings amongst various other uses played a pivotal role in the development of our beloved nation. Since the inception we have been regularly supplying this product to Government organizations like WAPDA, KESC, POF, DGDP, NESPAK, HMC, Pakistan Army, Pakistan Navy, Pakistan Steel, along with private printers nationwide.





## Pro Labels Self Adhesive Labels in Roll Form Segment

In 1997 to mark the 50th Anniversary of Pakistan and 46 Years of its dynamic operations in the country, Pakistan Paper Products Ltd. brought out yet another innovation in the market; **Pro Labels –Self Adhesive Labels in Roll Form**. These labels which are applied using automatic labeling machinery has introduced a new facet in the packaging industry of Pakistan, revolutionizing the packaging and supply chain for companies requiring high speed and accurate labeling solution. Once again, the company came out with an innovative and unique product which was not yet being produced in the country and valuable foreign exchange was being spent in importing the product.

Since that time, this division of the company has shown very impressive growth on year on year basis, and the company has kept pace with the increasing demand by consistently investing in brand new state of the art printing machines from Europe and USA, with our latest machine installed in June 2022. From a very humble beginning of one 3 color machine in 1997, we have now expanded to one 6 color machine, four 8 color machines and two 10 color machine. We are capable of doing full UV printing in combination with screen printing and cold foil. In 2010 we built a brand new purpose built facility for Pro Labels and have positioned ourselves to fully meet the challenges and rising demand of our ever growing client base of top multinational and local companies.

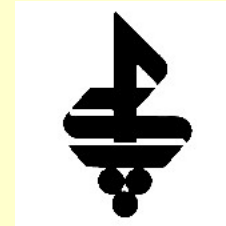


### Some of our distinguished clients are:

Chevron Lubricants Pakistan, Shell Pakistan Ltd, Total Parco Pakistan Ltd, Castrol Pakistan (Pvt.) Ltd, Atlas Honda, Highnoon Pharmaceuticals Ltd, Reckitt Benckiser, Unilever Pakistan, Engro Foods, ICI Pakistan Ltd. , Getz Pharma (Pvt.) Ltd. , Asian Consumer Products (makers of Dabur & Vatika products), and many more.

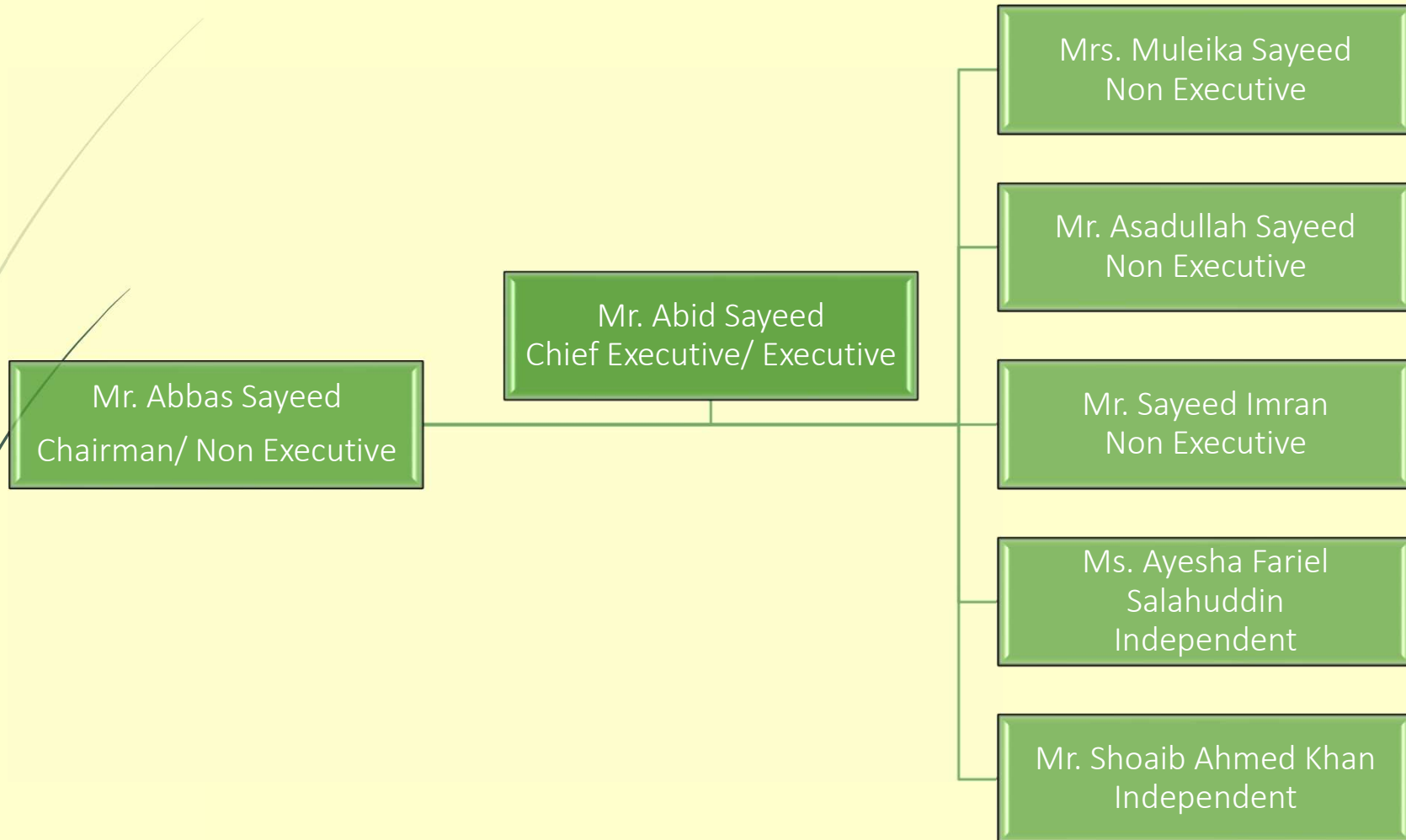


# Major Customers/ Clients





## Board of Directors





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## Pattern of Share holdings as on June 30, 2022

S.No.	Categories Shareholders	Shares Held	% Age
1.	Associated Companies	907,026	11.34%
2.	NIT & ICP	626,458	7.83%
3.	Directors, CEO, their spouses and Minor Children	2,958,684	36.98%
4.	Executives	Nil	
5.	Individuals	2,593,386	32.42%
6.	Public Sector Companies and Corporation	268,512	3.36%
7.	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and Others	645,934	8.07%
	Total	8,000,000	100%





## Historical Financial Performance

Pakistan Paper Products Limited



## OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TRENDS	2022	2021	2020	2019	2018	2017
<b>Trading results</b>						
Turnover	1,365,460	1,224,655	1,021,263	969,478	868,871	724,393
Sales -Net	1,234,186	1,092,962	913,310	875,439	788,229	659,935
Gross Profit	189,157	160,813	96,911	99,271	129,719	124,258
Profit before Tax	90,427	97,014	21,616	23,968	64,459	73,059
Taxation	28,683	26,449	6,045	5,994	14,391	12,227
Profit after Tax	61,744	70,565	15,570	17,975	50,068	60,832
<b>Dividend</b>						
Cash Dividend	25%	50%	12.5%	10%	25%	55%
Stock Dividend	-	-	-	-	33.33%	-
Cash Dividend Value	20,000	40,000	10,000	8,000	15,000	33,000
Stock Dividend Value	-	-	-	-	20,000	-
Dividend Payout	32.39%	56.69%	64.22%	44.51%	69.90%	54.24%



## OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TRENDS	2022	2021	2020	2019	2018	2017
<b>Financial Position</b>						
Total Assets	1,600,646	1,397,162	1,376,352	1,234,181	870,670	843,795
Paid up Capital	80,000	80,000	80,000	80,000	60,000	60,000
Reserves	936,558	999,029	955,050	947,258	634,269	597,018
Working Capital	308,128	322,419	207,876	247,273	247,727	223,235
Current Ratio	1.77	2.19	1.61	2.22	2.93	3.03



## OPERATING HIGHLIGHTS

KEY INDICATORS	2022	2021	2020	2019	2018	2017
<b>Operating</b>						
Gross Profit	15.33%	14.1%	10.61%	11.34%	16.46%	18.83%
Profit before Tax	7.33%	8.88%	2.37%	2.74%	8.18%	11.07%
Profit after Tax	5.00%	6.46%	1.70%	2.05%	6.35%	9.22%
Return on Equity	6.07%	6.54%	1.50%	1.75%	7.21%	9.26%
Return on Assets	3.86%	5.05%	1.13%	1.46%	5.75%	7.21%
<b>Valuation</b>						
Earning per share (pre tax)	11.30	12.13	2.70	3.00	10.74	12.18
Earning per share (post tax)	7.72	8.82	1.95	2.25	8.34	10.14
Breakup value per share	127.07	124.88	119.38	118.41	115.71	109.50
<b>Asset Utilization</b>						
Inventory turnover ratio	3.72	3.79	3.96	4.62	4.48	4.21
Total assets turnover ratio	0.77	0.78	0.66	0.71	0.91	0.78



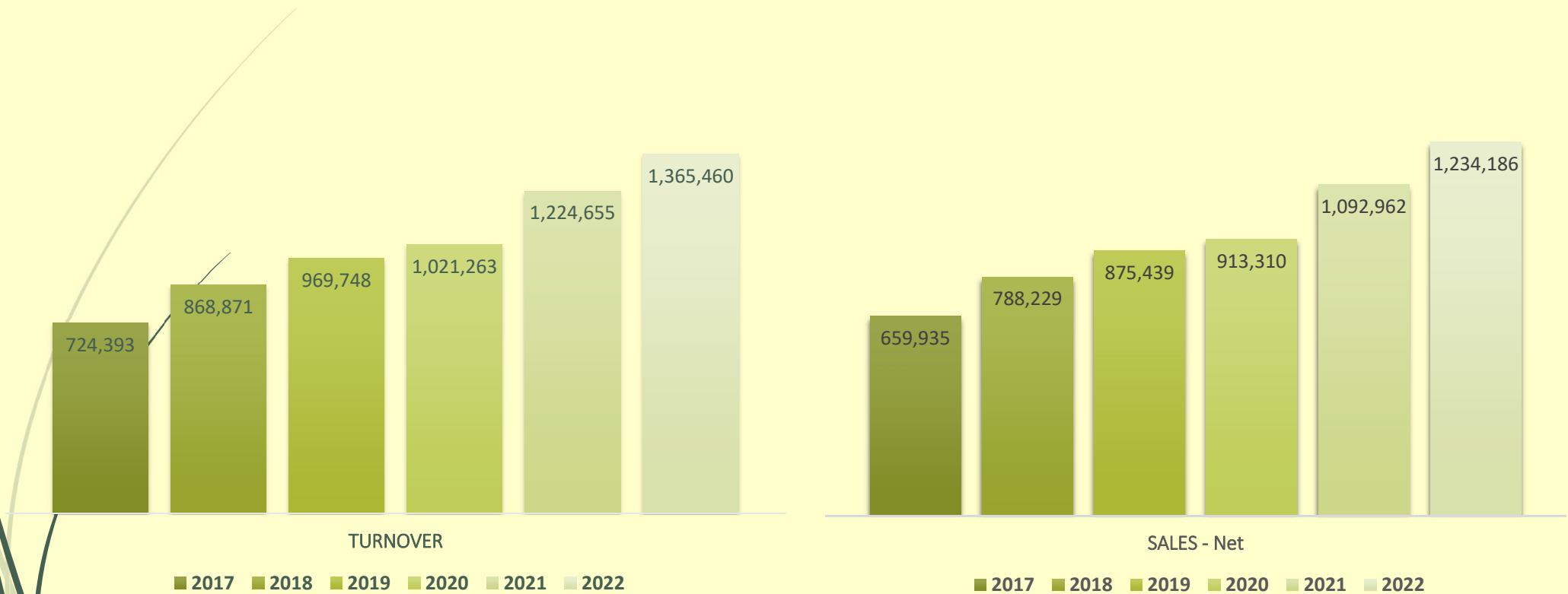
## OPERATING HIGHLIGHTS

KEY INDICATORS	2022	2021	2020	2019	2018	2017
<b>Turnover Ratios in Days</b>						
Inventory Turnover Days	98	102	90	77	79	85
Receivable Turnover Days	69	71	78	63	57	63
Payable Turnover Days	52	55	54	34	31	35
<b>Operating Cycle Days ( Net)</b>	<b>115</b>	<b>118</b>	<b>114</b>	<b>106</b>	<b>106</b>	<b>112</b>



## TURNOVER &amp; SALES - NET

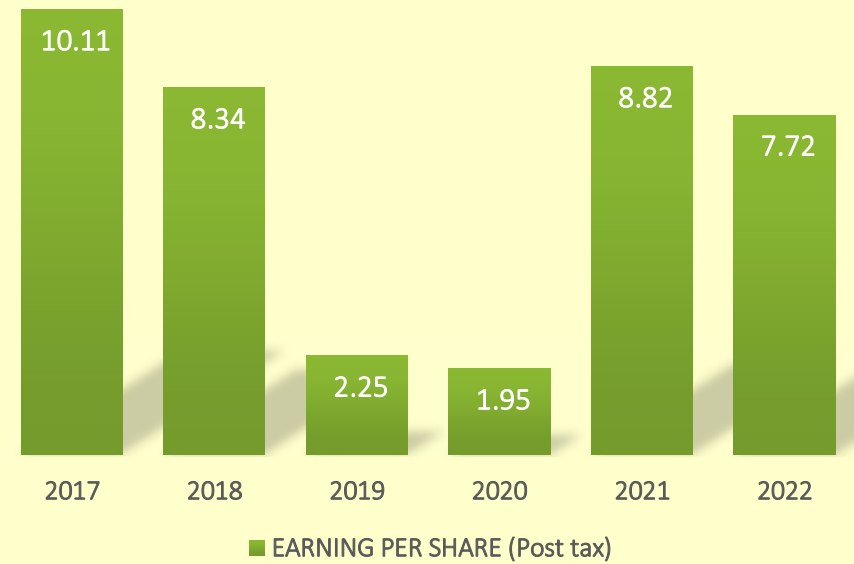
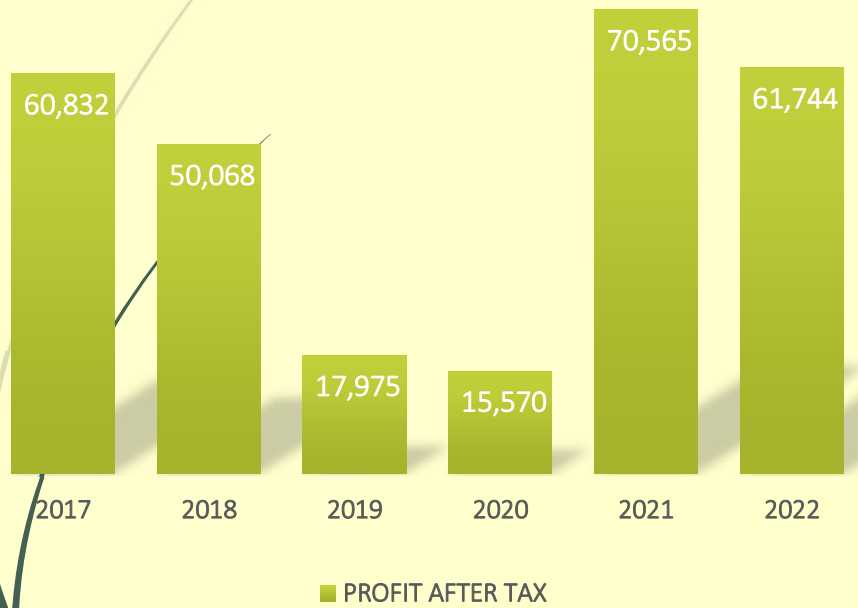
Rupees in Thousands ('000)





## PROFIT AFTER TAX &amp; EARNING PER SHARE (Post tax)

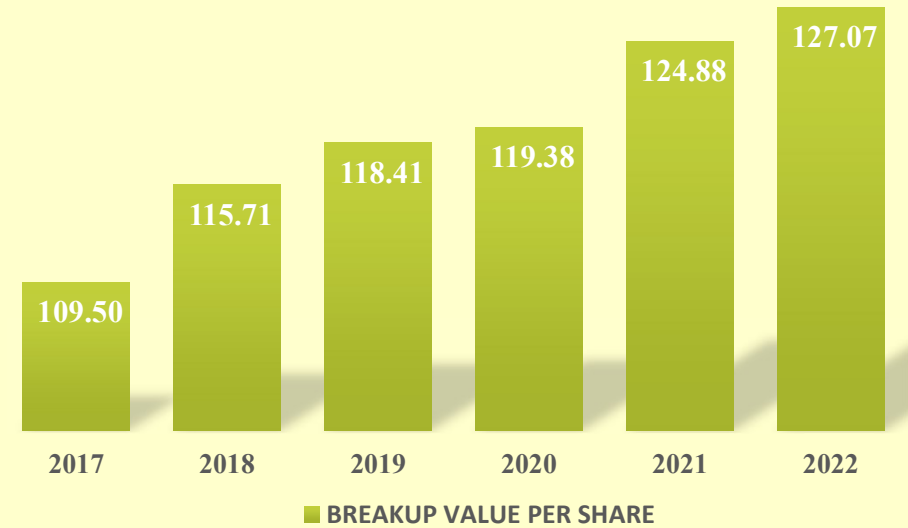
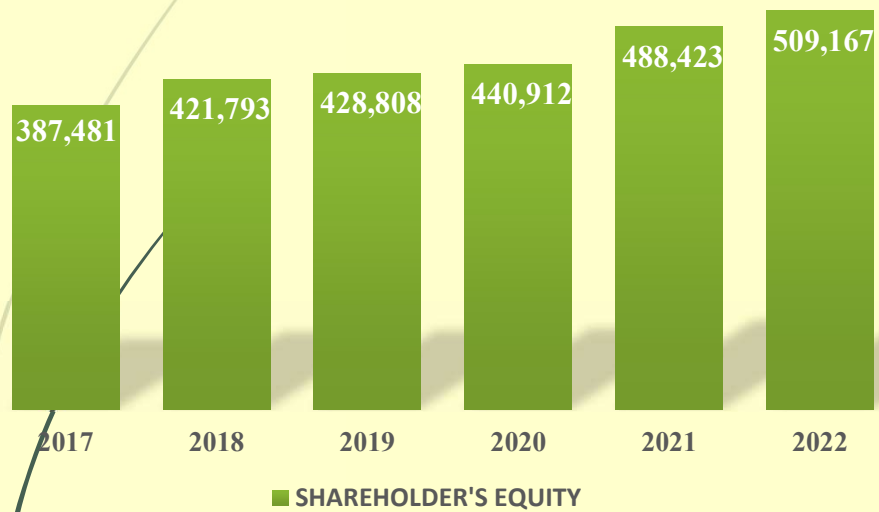
Rupees in Thousands ('000)



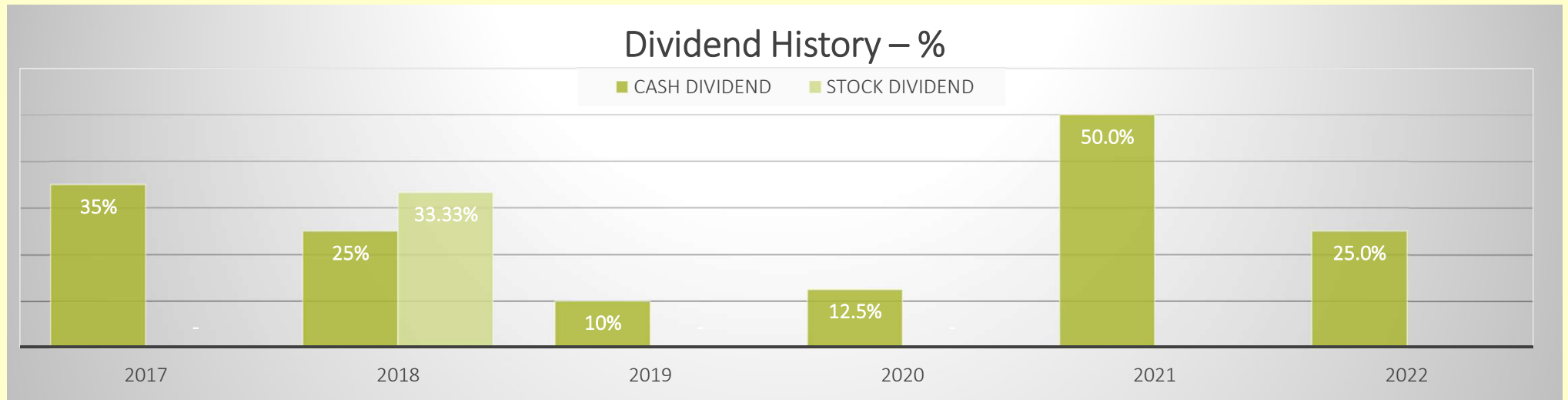


## SHAREHOLDER'S EQUITY &amp; BREAKUP VALUE PER SHARE

Rupees in Thousands ('000)







HISTORICAL TRENDNS	2022	2021	2020	2019	2018	2017
Cash Dividend	25%	50%	12.5%	10%	25%	55%
Stock Dividend	-	-	-	-	33.33%	-
Cash Dividend Value ('000)	20,000	40,000	10,000	8,000	15,000	33,000
Stock Dividend Value('000)	-	-	-	-	20,000	-
Dividend Payout	32.39%	56.69%	64.22%	44.51%	69.90%	54.24%



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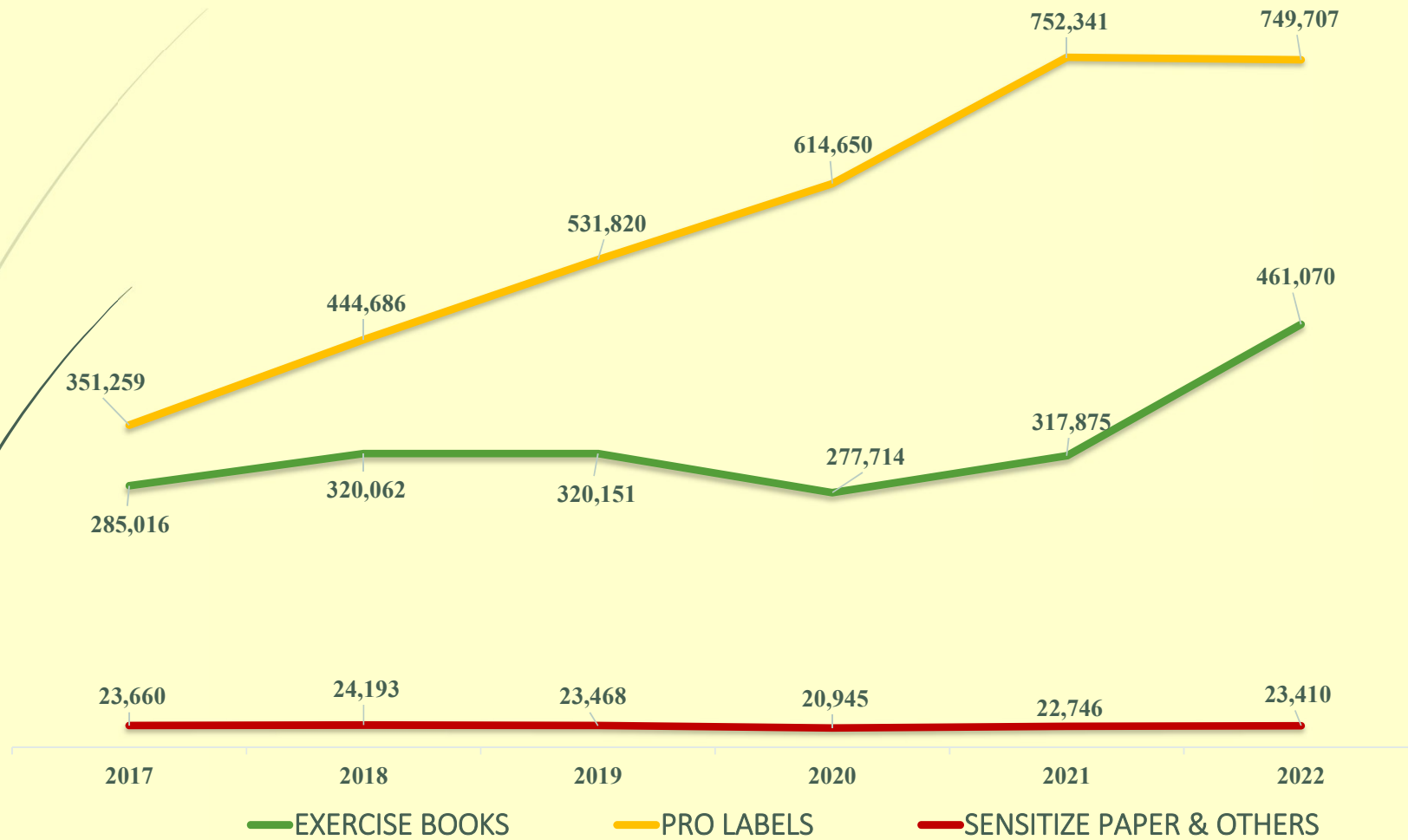
## CAPACITY &amp; PRODUCTION - Segment wise

Segments	Units	Capacity/ Production	2022	2021	2020	2019	2018	2017
Exercise Books	Groose	Capacity	58,632	58,632	58,632	58,632	58,632	58,632
		Production	59,455	45,225	50,466	55,708	57,990	56,176
Pro Labels	Sq. Mtr.	Capacity	4,000,000	3,500,000	3,500,000	3,000,000	3,000,000	2,750,000
		Production	5,591,118	6,229,624	5,421,736	5,276,473	5,104,755	4,336,380
Ammonia Paper	Rolls	Capacity	216,000	216,000	216,000	216,000	216,000	216,000
		Production	8,941	17,875	17,093	26,939	32,461	33,187

Note: The Capacity is determined on single shift basis.



## SEGMENT WISE SALES – NET Rupees in Thousands ('000)





## Financial Results (FY2022 vs FY2021)

Pakistan Paper Products Limited



## Profitability Analysis :

Rupees in Thousands ('000)

Particulars	%	FY-2022	%	FY-2021	Increase/ (Decrease) %
Turnover		1,365,460		1,224,655	11.50%
<u>Segment Wise Breakup</u>					
<i>Exercise Books</i>	37.36%	461,070	29.08%	317,875	45.05%
<i>Pro -Labels</i>	60.75%	749,707	68.84%	752,341	-0.35%
<i>Sensitized &amp; Others</i>	1.90%	23,410	2.08%	22,747	2.92%
Sales – Net	100.00%	1,234,186	100.00%	1,092,962	12.92%
Cost of Sales	84.67%	(1,045,030)	85.29%	(932,149)	12.11%
Gross Profit	15.33%	189,157	14.71%	160,813	17.63%
Other Operating Income	0.29%	3,534	0.78%	8,576	-58.80%
Operating Expenses (including WPPF & WWF)	5.65%	(69,766)	5.16%	(56,406)	23.68%
Operating Profit	9.96%	122,925	10.34%	112,983	8.80%
Finance Cost	2.63%	(32,498)	1.46%	(15,969)	103.50%
Net Profit before Taxation	7.33%	90,427	8.88%	97,014	-6.79%
Taxation	2.32%	(28,683)	2.42%	(26,462)	8.39%
Net Profit after Taxation	5.00%	61,744	6.46%	70,552	-12.48%
Earning Per Share (EPS)		8.72		8.82	-12.50%



## Operating Performance

- By the Grace of Allah PPP performed well in spite of the economic crisis that the country is going through.
- The top line grew by 11.5% with total turnover reaching a new record high of Rs 1.365 Billion.
- Exercise books led the way with a growth of 45% in sales,
- while Pro Labels was flat at -0.35%, and
- Sensitized paper showed a decline of 27.9% and Photocopy Paper increased by 39.8%.
- Our GP increased by 17.63% and operating profit also increased by 14.35%
- but due to a massive increase of Finance charges due to Exchange Loss our profit before and after tax fell by 6.79% and 12.48% respectively.



## Pro Labels:

- The year was a very challenging one for Pro Labels due to the constant devaluation of the currency which eroded the margins and in addition the exchange loss on import of raw materials led to a massive decline in Profit before Tax.
- Sales were relatively flat in terms of PKR as the decline was only -0.35% but fell by around 10.24% in terms of volume. This was due to decline in demand of some segments along with the fact that we had very high sales earlier which were a result of the pent-up demand after opening up of the country from Covid lockdown.
- The company continues to maintain its leadership position in this market segment in spite of many new players in the market.
- Another concern is that since all the raw materials for Pro Labels are imported it poses a very serious challenge in terms of the country's forex position and tough policies on imports.
- In addition, last year we faced major supply chain challenges in import of label stock and other raw material as freight prices climbed to record high levels and there was major shortage of material worldwide due to the high demand of the post Covid world. This situation has improved now and freight charges have also come back to normal levels so we are hoping that this situation will stay stable for this year.

## Exercise Books:

- Exercise Books had an extremely robust year with sales rising by 45% to Rs 461 million. This was mainly because we experienced 2 seasons in one financial year as the schools opened up fully in August 2021 after Covid lockdown so there was very brisk sales in the first quarter of the year which continued throughout the year and in final quarter we did seasonal sales for the 2022-23 academic year.
- Another major reason for the increase in PKR value is that through the year we had to continuously raise prices of our copies to keep up with the increase in paper prices which like all commodities experienced very high inflationary pressure.
- Keeping up with the high demand was also a major challenge due to major shortage of paper in the country and while we were still better of than others due to our dependable supplier Century Paper & Board Mills but they also faced major challenges in import of pulp and their supply chain was also severely affected.
- In addition to institution sales we also experienced very high sales of our own brand copies as our distributor in Sindh expanded his footprint all over the province and our copies enjoyed very high demand from Karachi to Rahim Yar Khan.



## Sensitized Paper & Plotter Paper:

- Sensitized paper sales had a very disappointing year decreased by 27.90% and one of the major reasons being that for the first 3 months of the year we did not have raw material to produce this product.
- Plotter paper which is it's alternative had a robust year with an increase in sales of 39.18%. Here also we faced a case of declining margins due to massive increase in price of paper over the last one year coupled with the PKR devaluation.



## Future Outlook

Pakistan Paper Products Limited



## Future Outlook

- ❖ Company is operating at optimum capacity while the demand for our products is steadily growing.

### Exercise Books:

- ❖ Prices of paper have been rising along with other commodities but we have kept a very strict policy of increasing our prices also so that margins are not affected too adversely.
- ❖ We have also managed to increase the sales of our Brand Exercise Books through better marketing and our distributors have been able to penetrate further in rural Sind where our copies enjoy a very good reputation and are in high demand.
- ❖ The prospects of our company are closely linked to the overall macroeconomic situation of the country. The country is passing through a challenging time. The economic indicators can be much better than they presently are. The recent floods have done immense damage. In this situation, management is monitoring the situation to limit the damage by considering all possible mitigating measures.



## Future Outlook

### Pro Labels:

- We are aware that the future is extremely challenging for Pakistan's economy and we hope that things improve and the Forex rates stabilize which is very essential for this business.
- The second Gallus machine which was a used machine arrived to in March 2022 but could not go into full production till July due to many faults with the machine but they were all rectified by the principal company and Pakistan agent at no additional cost to us and we are pleased to report that now the machine is running well. With this addition we are now very well placed to cater to the high-end market of labels in Pakistan.
- The major concern to us going forward is how the consumption pattern will be in the country and if it declines or not due to massive inflation.
- This is pursuing our costs higher and we hope recoup some of this through increasing the prices with our customers



## Future Outlook

### Sensitized Paper:

- As we have been pointing out in the past also that this is now a very obsolete product and there are hardly any suppliers left of raw material so it is very difficult to procure and I think that very shortly we will also have to cease production as now the demand is also very low.

## Question & Answers Session

Thanks