



**Power Cement Limited
Corporate Briefing FY-2023
June 19, 2023 at 11:00 am
PSX Auditorium (3rd Floor, PSX Building)**

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← Disclaimer →



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01 Company Profile

Power Cement Limited



Corporate Briefing FY-2023

History



1981

- Incorporated in Pakistan as **Essa Cement Industries Limited**

1987

- Listed on Karachi Stock Exchange (Now Pakistan Stock Exchange Limited)

1989

- Commencement of production with a capacity of 500 TPD

1999

- Capacity enhancement from 500 TPD to 1500 TPD

2013

- Change of name to **Power Cement Limited**

2010

- Acquisition of the Company by **Arif Habib Group**

2008

- Capacity enhancement from 1500 TPD to 3000 TPD

2005

- Acquisition of the Company by **Al-Abbas Group** and change of name to **Al-Abbas Cement Industries Ltd**

History



←

- 2016**
- Successful Implementation of Microsoft Dynamics Enterprise Resource Planning (ERP)



2017

- Mega expansion of an additional production line (FLS Smidth) 7,700 TPD was announced.



2020

- CoD of Cement Production and Dispatch Plant



2021

- CoD of Clinker Production Plant and Waste Heat Recovery System



2022

- 07 MW of Solar Power Project went live.

Company Profile

Power Cement Limited (“the Company”) was founded in 1981 and stands as the flagship Company of Arif Habib Group. The factory site of the Company is located at Motorway M-9, Nooriabad, Sindh. The Company was previously known as Al-Abbas Cement Limited until its acquisition in 2010 by the Arif Habib Group, a prominent financial and industrial conglomerate.

Presently, the Company has three manufacturing lines, with a cumulative nameplate clinker production capacity of 10,700 TPD with total annual capacity of 3.21 million tons. The Company is second largest player in the South Zone of Pakistan with a total annual Cement production capacity of 3.37 million tons, 11,235 TPD.



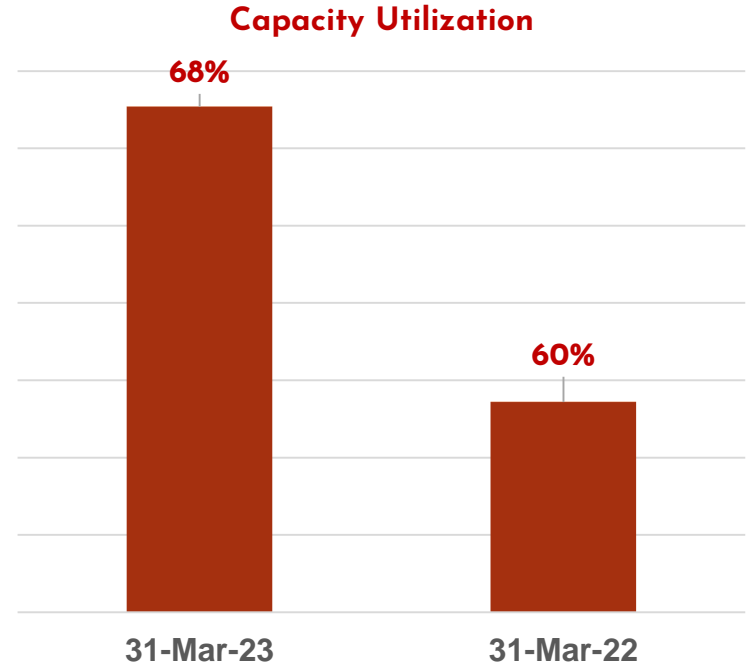
02

Operational Information



Production

Production	Nine Months ended			
	March 31, 2023	March 31, 2022	Change	Variance %
	In Tons			
Cement Production	1,529,002	1,189,318	339,684	28%
Clinker Production	1,626,976	1,435,880	191,096	13%



The overall capacity utilization for the nine months period stood at 68% as compared to 60% in the corresponding period.



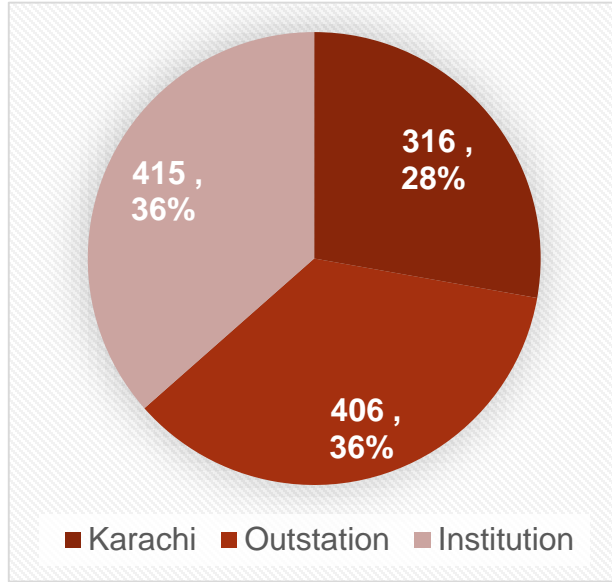
Sales

Sales Volume	Nine Months ended		
	March 31, 2023	March 31, 2022	Variance %
	In Tons		
Dispatches (Local)	1,239,106	1,263,744	(2%)
Dispatches (Export)	587,429	495,378	18%
Total	1,826,535	1,759,122	4%

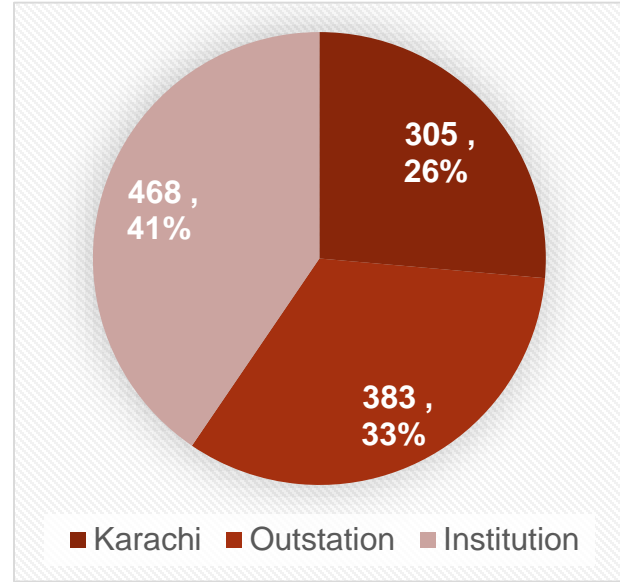
Sales Mix



Sales Mix of Power Cement July'2021 - Mar'2022



Sales Mix of Power Cement July'2022 - Mar'2023

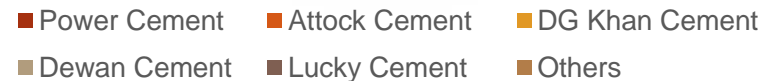
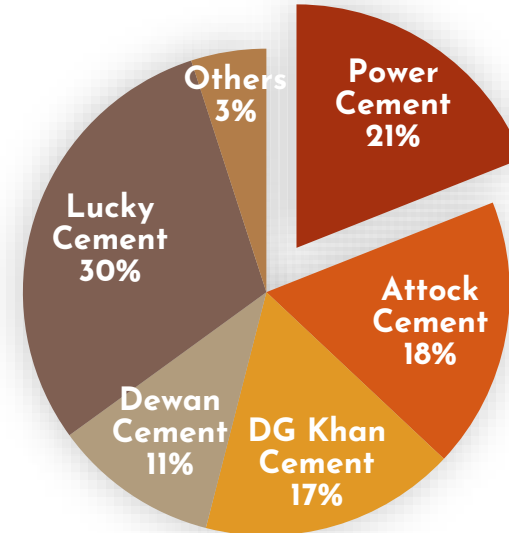


All Quantities
in Thousand
Tons

Market Share-South Zone

- Latest / Fully integrated Europeans plan (FLSmidth-Denmark)
- Fully automated quality control thereby leading to consistent production of highest quality cement
- From being one of the smallest company in South Zone to now having the 2nd Largest market share

Capacity Based



←

03

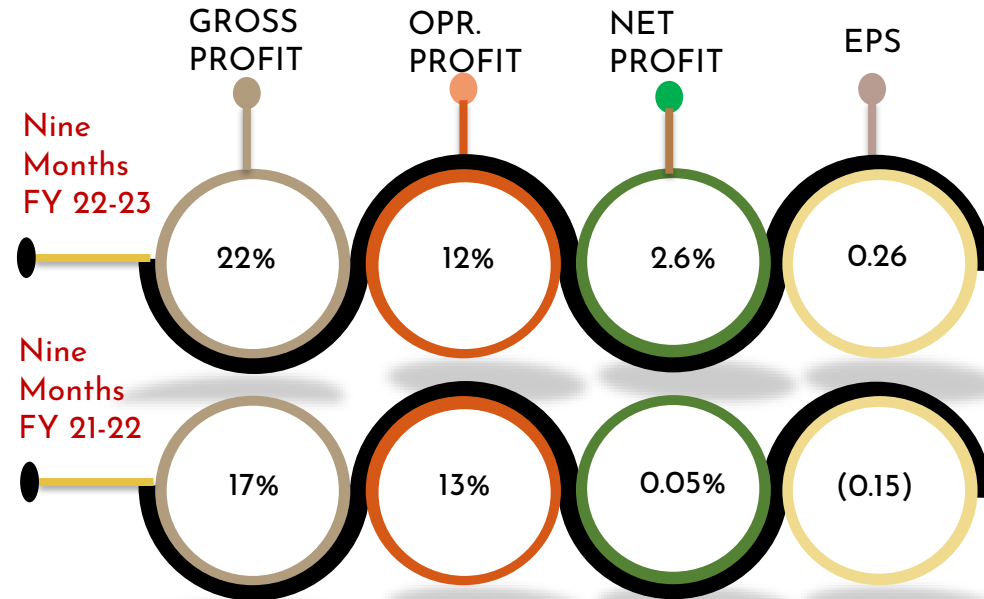
Financial Information

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Financial Performance for the Nine Months of FY 2022-23

Particulars	PKR in '000'		Variance
	Nine Months Mar-2023	Nine Months Mar-2022	
Revenue	21,513,126	13,348,926	8,164,200
Gross Profit	4,833,498	2,236,789	2,596,709
Operating Profit	2,674,919	1,721,969	952,950
Finance Cost	(2,795,251)	(2,093,969)	701,282
Loss Before Tax	(120,332)	(372,000)	251,668
Profit After Tax	553,427	6,789	546,638
EBITDA	3,391,129	2,360,499	1,030,630



Financial Performance for the Nine Months of FY 2022-23

Revenue

The top lines for the nine months show a marked increase which is primarily due to higher domestic retention prices pushed by the inflated cost of production and due to favorable exchange rates on export sales.

Gross Profit

The Company's gross margin for the nine-month period was 22%, in comparison to 17% gross margin reported during the corresponding period of the previous year. Despite all the challenges on the cost side, the Company has been able to improve its gross margins through better exchange rates in the export market, by managing a better mix of local & imported coal and by achieving better plant efficiencies.

05 Other Information



Economic Challenges Faced By PCL:

Import
Restrictions

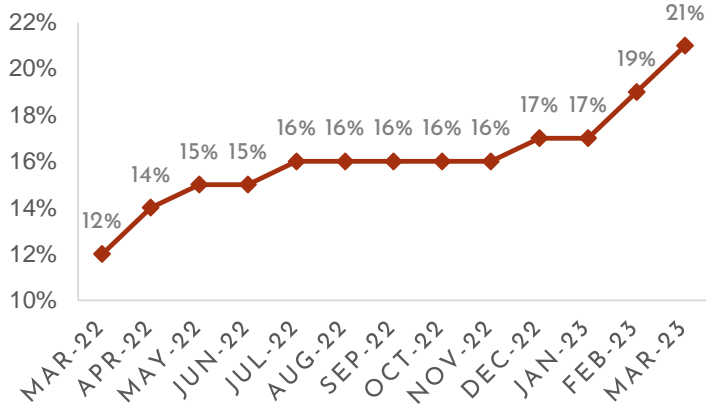
High-interest
Rate

Increasing
Exchange Rates

Rising Inflation

High Interest Rates

6 MONTH KIBOR



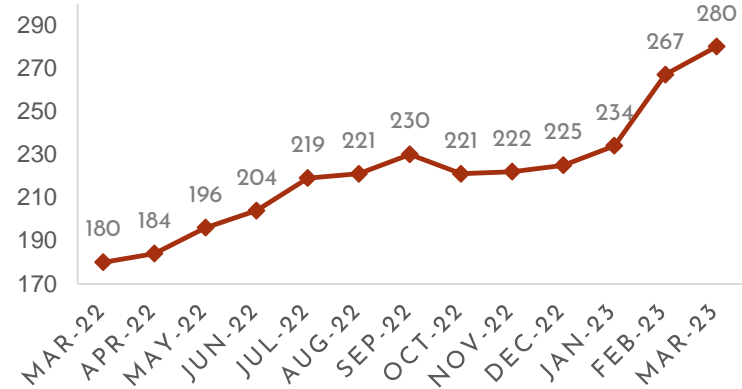
Interest rates have reached a historic high in Pakistan which has greatly affected the cost of borrowing for the industry.

Mitigation Strategy:

- Sponsor support of Rs. 7 Billion being injected into the company, effectively deferring an interest payment of Rs. 1.35 Billion annually.

Increasing USD Exchange Rate

USD EXCHANGE RATE



EXPORT

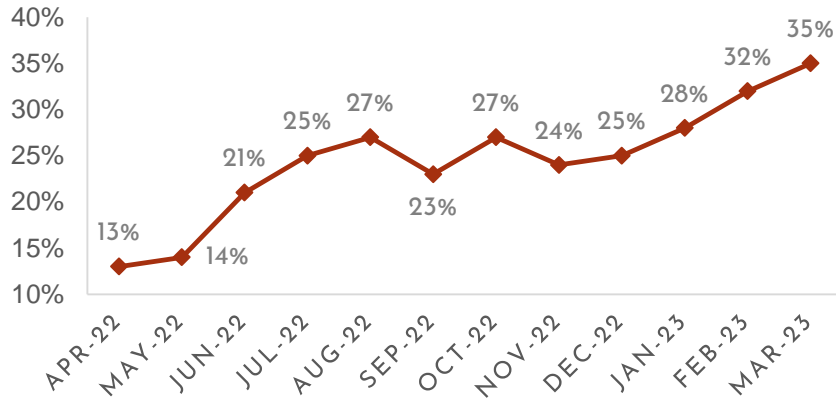
- 35% of Power Cement's Sale is from Exports, therefore a rising USD rate gives PCL an **Increasing Margin ▲**

IMPORT

- On the other hand, Coal makes up almost 60% of our COGS and 50-70% of Power Cement's Coal is imported. Therefore rising USD rate significantly **Increases Cost ▲** of imported coal.

Low Demand Due To Rising Inflation

INFLATION %



Looking towards the Future:

The Inflation rate is predicted to go down in the future.
As is declines:

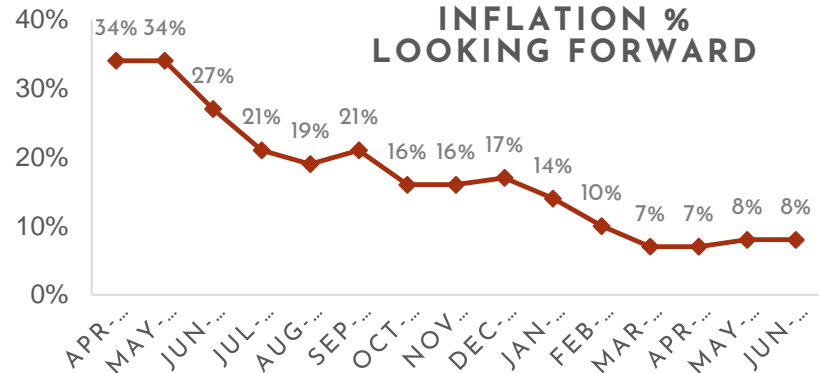
- local demand is expected to **rise** ▲
- Interest Rate is expected to **decline** ▼

Decline in local demand due to rising inflation. This inflation has also increased the prices of peripheral products like steel, further slowing down the construction industry.

Mitigation Strategy:

- Exploring new markets to export cement.
 - **Zanzibar** - First time from Pakistan
 - **Seychelles** - First time exported by PCL
 - **Madagascar** - First time exported by PCL

INFLATION %
LOOKING FORWARD





MOVING TOWARDS SUSTAINABILITY

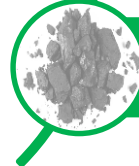
Power Cement is committed to using renewable energy and believes that by working together, we can help prevent climate change



Transformation Management



Alternate Fuel Usage



Use of Local Coal

Transformation Management

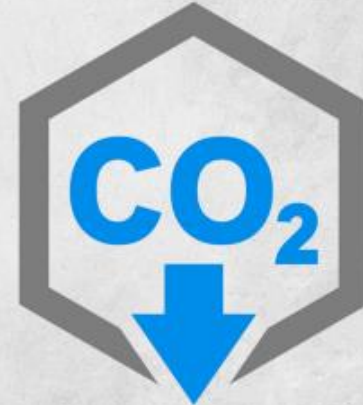
AS CEMENT PRODUCTION ACCOUNTS FOR 7% OF GLOBAL CO2 EMISSION, WE HERE AT POWER CEMENT ARE ON A MISSION TO DECARBONIZE PAKISTAN.



WE ARE EXPLORING SUBSTITUTE MATERIALS, ALTERNATIVE FUELS, AND AI FOR ENERGY EFFICIENCY TO ACHIEVE 80% DECARBONIZATION BENEFITS BY 2030.



POWER CEMENT INVESTS IN COST-SAVING TECHNOLOGIES TO REDUCE EMISSIONS AND ACHIEVE DECARBONIZATION BY 2030.



WE ARE SEEKING INNOVATIVE SOLUTIONS TO DECARBONIZE THE CEMENT INDUSTRY, INCLUDING REDUCING CLINKER USAGE AND ADOPTING ALTERNATIVE MATERIALS LIKE FLY ASH AND CALCINED CLAY FOR CEMENT PRODUCTION.



Fulfilling 35% of our total energy needs through Solar Power and WHRS



Month	Solar Field		WHRs	
	Produced MWH	CO2 Emission Saving (Tons)	Produced MWH	CO2 Emission Saving (Tons)
Jul to Mar 2023	6,100	3,323	37,718	20,556

- CO2 Emission Factor = 0.545 x MWH Produced
(Source: IGES List of Grid Emission Factors)

Alternate Fuel Usage

Sugar Cane Mud Press

Objectives:

- 2,000 tons of Sugar Mud Press has been successfully used as a coal substitute.
- The initiative has shown positive signs and significant cost saving. An increase in the generation of Electricity through the Waste Heat Recovery System (WHR) was also observed during the test period.
- During the test period of 12 days the Substitution Rate was found to be 6% of fine coal usage.
- A few days of retention time is required before processing mud press, in order to reduce the high moisture present in it.
- Continuously working on improving supply chain and contacting sugar mills to ensure long term availability and continuous supply.



Use of Local Coal

Thar Coal Project

MOU's signed with Sindh Engro Coal Mining Company (SECMC) for trial of Thar coal

Objectives:

- Total 500 Tons of Coal has been received at factory.
- This coal will be processed after achieving desired moisture with sun drying after which its results will be observed.
- Sun drying is being in use to dry out the excess moisture due to non availability of drying technology.
- Working on different drying technologies while collaborating with European and Chinese companies specialized in the field of lignite coal drying and evaluating different options best suited for PCL.

Alternate Fuel Usage



Engro Energy & Power Cement

Waste-to-Fuel

MoU's signed with Engro Energy limited to have first right to purchase Refuse derived fuel (RDF)

- PCL will have the first right to take RDF after their self usage.
- PCL is collaborating with different companies and evaluating offers for the small scale pilot project of 200-300 tons per day.

Ad by CRITEO Report this ad Ad choices

BUSINESS SECMC signs MoU with Power Cement

JANUARY 29, 2023



Sindh Engro Coal Mining Company (SECMC) has signed a memorandum of understanding (MoU) with Power Cement for the trial of Thar Coal in their cement manufacturing facilities.

ESTABLISHED IN MARCH 1953

TRADE CHRONICLE

PAKISTAN OLDEST MONTHLY MAGAZINE OF COMMERCE, TRADE, INDUSTRY & PUBLIC AFFAIRS

Home » Power cement to use local Thar coal

Power cement to use local Thar coal

Posted on January 25, 2023 by Siddiqi



Sindh Engro Coal Mining Company (SECMC) and Power Cement has signed a memorandum of understanding (MOU) for a trial run of Thar coal for cement production in their manufacturing unit. The memorandum was signed by Sindh Engro Coal Mining Company CEO Amir Iqbal and Power Cement

CEO Kashif Habib. Chief Operating Officer of Power Cement Ahsan Anis, Director Export Marketing Saifuddin Khan and DGM International Trade Badar Bin Anwar were also present on this occasion. Accompanied by GM Commercial SECMC Fahim, Manager Business Development Faisal Aziz, Manager Technical & Mine Planning Arsalan Anwar and Manager Commercial Faizan Rafique.

Business

Cement maker plans to use Thar coal for production

TODAY'S PAPER | FEBRUARY 13, 2023



Cement maker to burn Thar coal on trial basis

Kazim Alam | Published January 26, 2023

LISTEN TO ARTICLE 0:00 / 3:48 1x 1.2x 1.5x

KARACHI: Coal mined from Thar fields is going to be used by Power Cement Ltd as part of a trial run. Sindh Engro Coal Mining Company Ltd (SECMC) said on Wednesday.

Speaking to Dawn, SECMC CEO Amir Iqbal said his company previously let Bestway Cement Ltd use the locally mined fuel for cement manufacturing – an experiment that yielded a “positive result”.

The memorandum of understanding will allow Power Cement to burn Thar coal in its kilns to assess the potential of shifting from imported to locally sourced fuel and reduce costs.

Working on different drying tech European and Chinese companies

13th February 2023



Power Cement to use Thar Coal in cement manufacturing

Unmatched fuel flexibility with Pyrorotor®

→ Complete fuel burn-out

News Power Cement secures coal supply for Nooriabad cement plant

Power Cement secures coal supply for Nooriabad cement plant

Written by Global Cement staff
26 January 2023

Print

Pakistan: Power Cement has awarded a coal supply contract to Sindh Engro Coal Mining Company (SECMC) on a trial basis. The Dawn newspaper has reported that SECMC's locally sourced coal may subsequently replace imported coal in cement production at Power Cement's Nooriabad cement plant in Sindh.

SECMC produces 3.8Mt/yr of coal from the Thar coalfield. It has an extraction capacity of 7.6Mt/yr, which it plans to increase by 61% to 12.2Mt/yr with a new expansion phase by June 2023. SECMC said that this will lower the price of its coal by 36% to US\$27/t from US\$42/t. Currently, only Afghanistan is exporting coal to Pakistan, at a price of US\$16/t.

Thar coal has a relatively low heating value, including by comparison to Pakistani coal from the western provinces of Balochistan and Khyber Pakhtunkhwa.



06

Question/Answer Session





Thank You

