

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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



Corporate Briefing Session For the Year Ended June 30, 2023  
Pakistan Paper Products Limited

November 8, 2023  
Karachi



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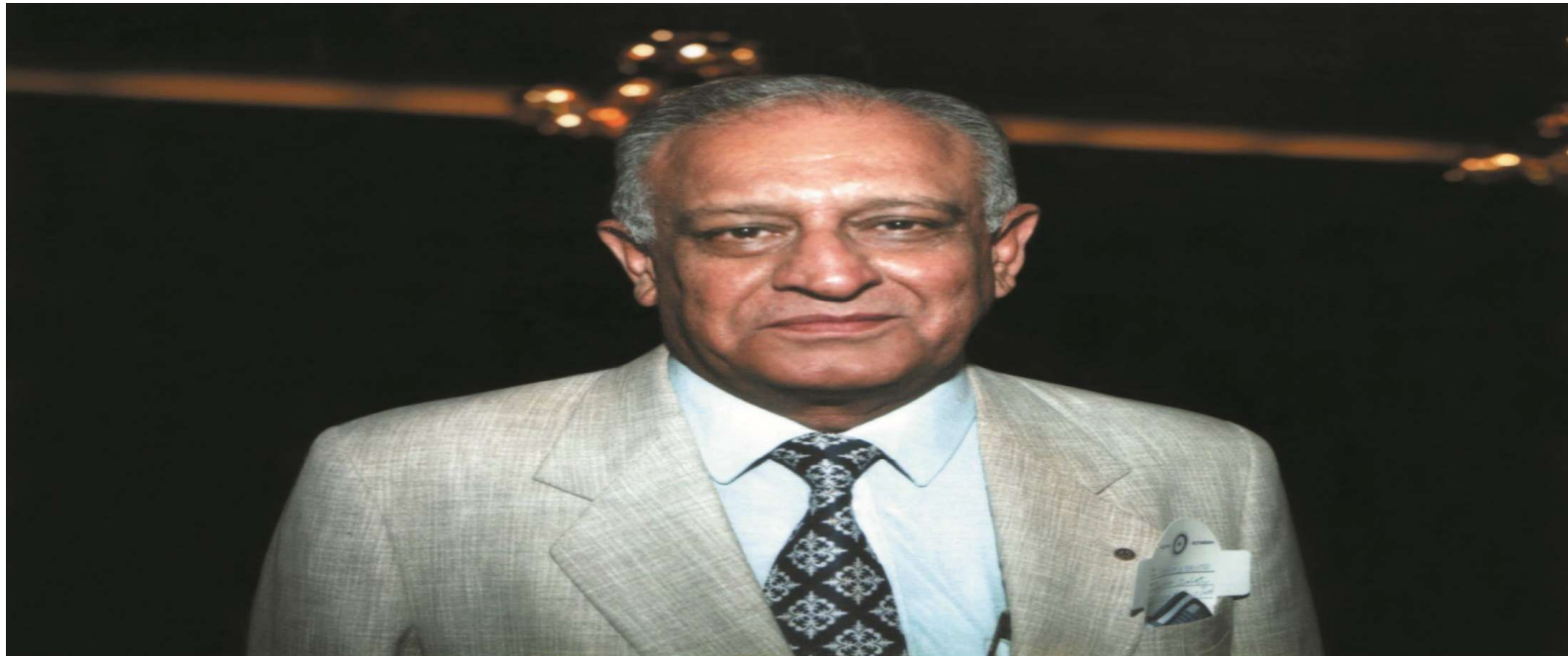
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Mr. Hashim Bin Sayeed  
December 24, 1927 – August 07, 2013  
Founder and Former Chairman



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!



## Sequence of Presentation





## Company Profile

Pakistan Paper Products Limited



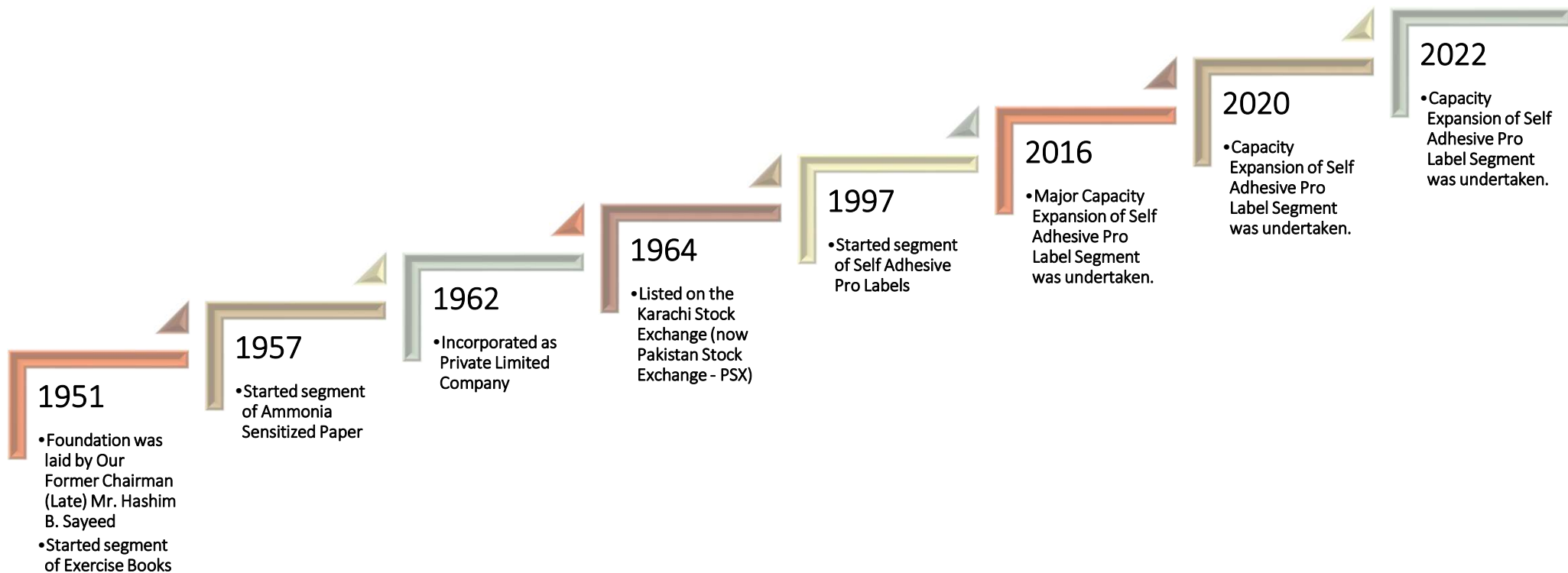
## Company Profile

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- 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.



## Historical Milestones







## Vision & Mission Statement

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► *The Company's vision statement 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 statement 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*



## Products



Self  
Adhesive  
Labels



Exercise  
Books



Ammonia  
Sensitized  
Papers



Photocopy  
&  
Plotter  
Paper



## 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.





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

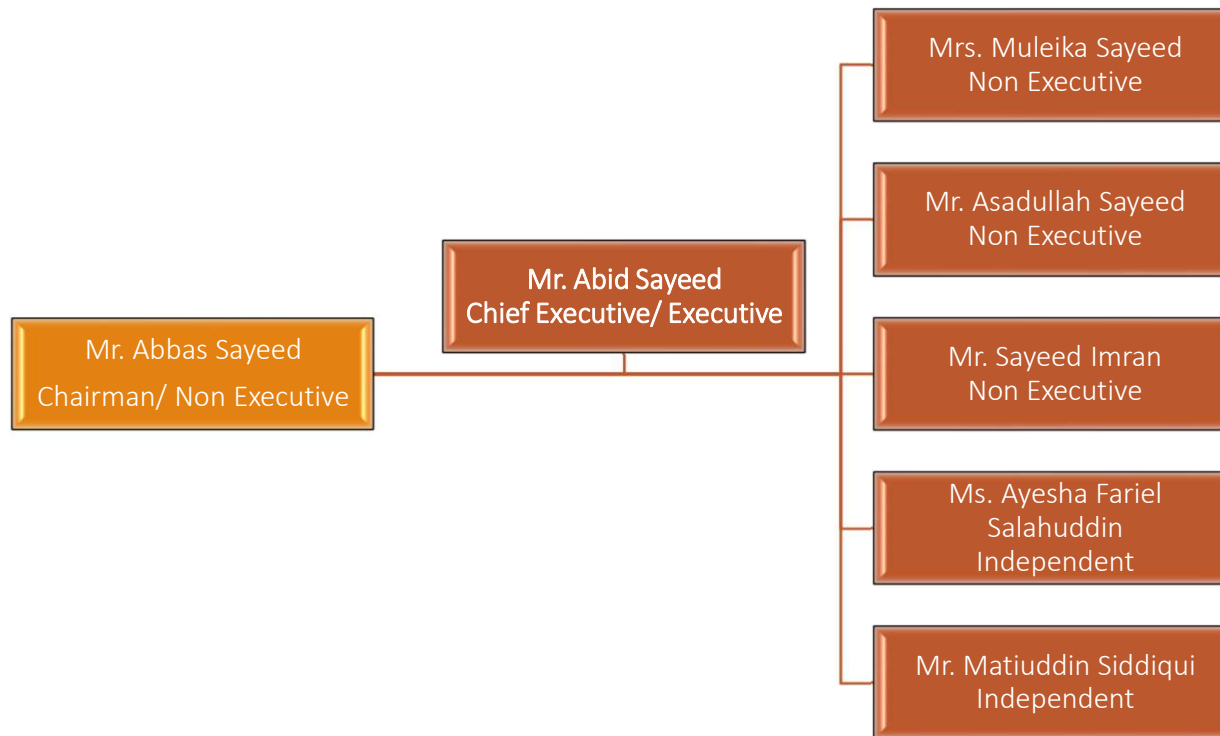


## Major Customers/ Clients





## Board of Directors





## Pattern of Share holdings as on June 30, 2023

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	2,589,183	32.36%
6.	Public Sector Companies and Corporation	279,872	3.50%
7.	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and Others	638,777	7.98%
	<b>Total</b>	<b>8,000,000</b>	<b>100%</b>





Historical Financial Performance  
Pakistan Paper Products Limited



## OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TRENDS	2023	2022	2021	2020	2019	2018
<b><u>Trading results</u></b>						
Turnover	<b>1,923,198</b>	1,365,460	1,224,655	1,021,263	969,478	868,871
Sales -Net	<b>1,745,901</b>	1,234,186	1,092,962	913,310	875,439	788,229
Gross Profit	<b>291,317</b>	189,157	160,813	96,911	99,271	129,719
Profit before Tax	<b>132,617</b>	90,427	97,014	21,616	23,968	64,459
Taxation	<b>43,585</b>	28,683	26,449	6,045	5,994	14,391
Profit after Tax	<b>89,032</b>	61,744	70,565	15,570	17,975	50,068



## OPERATING HIGHLIGHTS

Rupees in Thousands ('000)

HISTORICAL TRENDS	2023	2022	2021	2020	2019	2018
<b><u>Financial Position</u></b>						
Total Assets	<b>1,757,357</b>	1,600,646	1,397,162	1,376,352	1,234,181	870,670
Paid up Capital	<b>80,000</b>	80,000	80,000	80,000	80,000	60,000
Reserves	<b>1,027,474</b>	936,558	999,029	955,050	947,258	634,269
Working Capital	<b>404,805</b>	308,128	322,419	207,876	247,273	247,727
Current Ratio	<b>1.83</b>	1.77	2.19	1.61	2.22	2.93



## OPERATING HIGHLIGHTS

KEY INDICATORS	2023	2022	2021	2020	2019	2018
<u>Operating</u>						
Return on Equity	<b>8.04%</b>	6.07%	6.54%	1.50%	1.75%	7.21%
Return on Assets	<b>5.07%</b>	3.86%	5.05%	1.13%	1.46%	5.75%
<u>Valuation</u>						
Earning per share (pre tax)	<b>16.58</b>	11.30	12.13	2.70	3.00	10.74
Earning per share (post tax)	<b>11.13</b>	7.72	8.82	1.95	2.25	8.34
Breakup value per share	<b>138.43</b>	127.07	124.88	119.38	118.41	115.71
<u>Asset Utilization</u>						
Inventory turnover ratio	<b>4.15</b>	3.72	3.79	3.96	4.62	4.48
Total assets turnover ratio	<b>0.99</b>	0.77	0.78	0.66	0.71	0.91



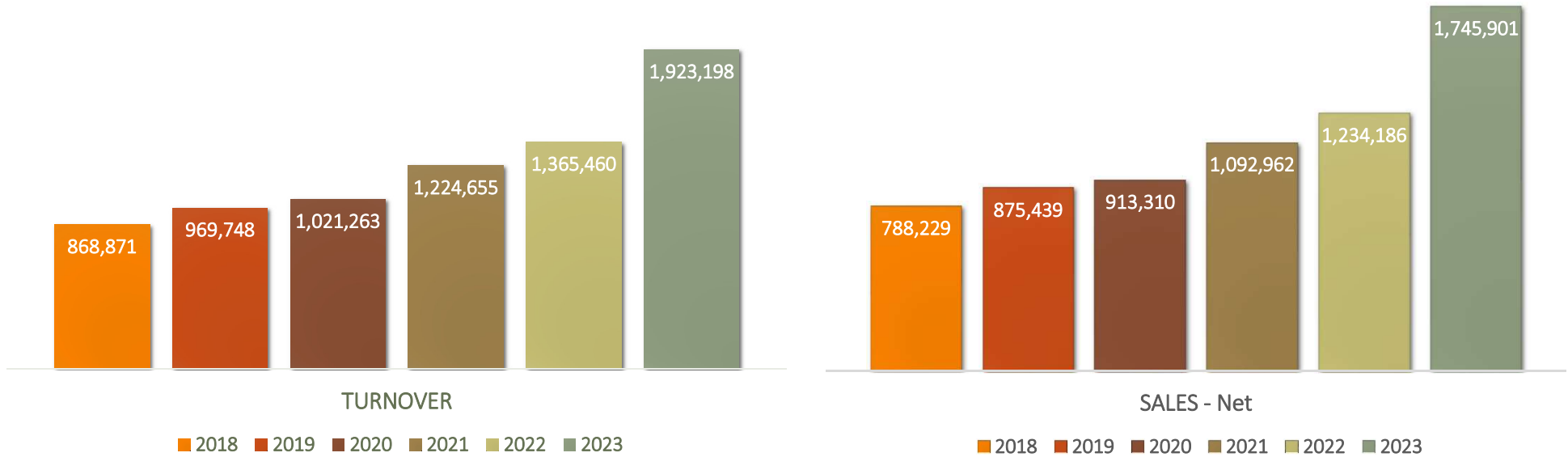
## OPERATING HIGHLIGHTS

KEY INDICATORS	2023	2022	2021	2020	2019	2018
Turnover Ratios in Days						
Inventory Turnover Days	<b>88</b>	98	102	90	77	79
Receivable Turnover Days	<b>62</b>	69	71	78	63	57
Payable Turnover Days	<b>45</b>	52	55	54	34	31
Operating Cycle Days ( Net)	<b>105</b>	115	118	114	106	106



## TURNOVER & SALES - NET

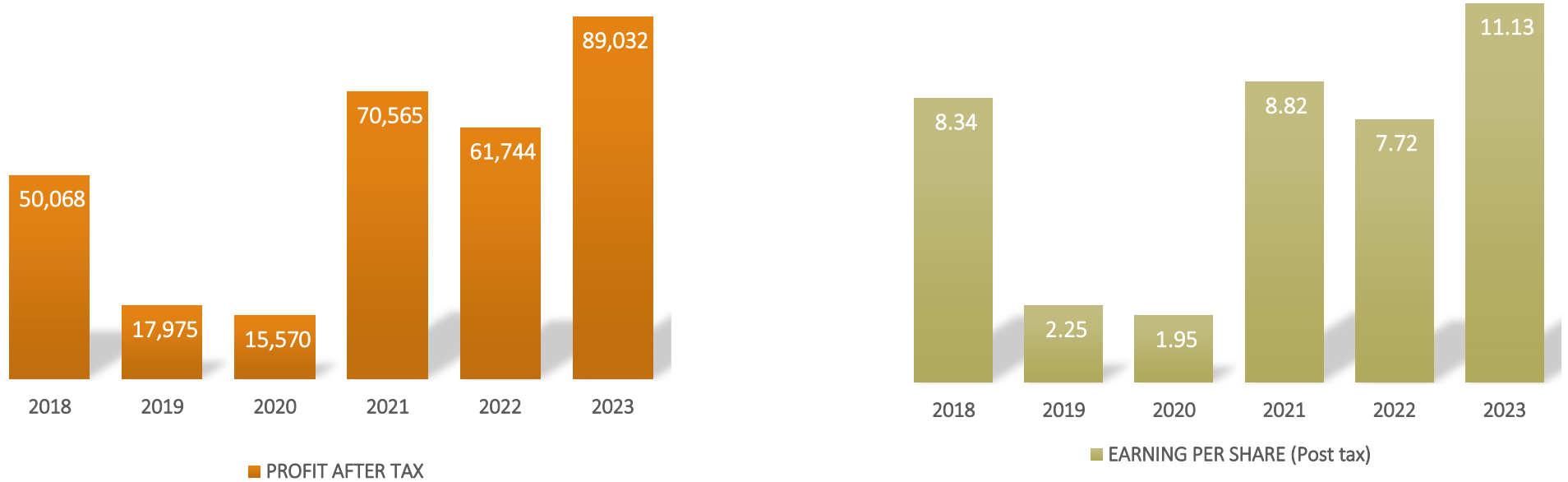
Rupees in Thousands ('000)





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

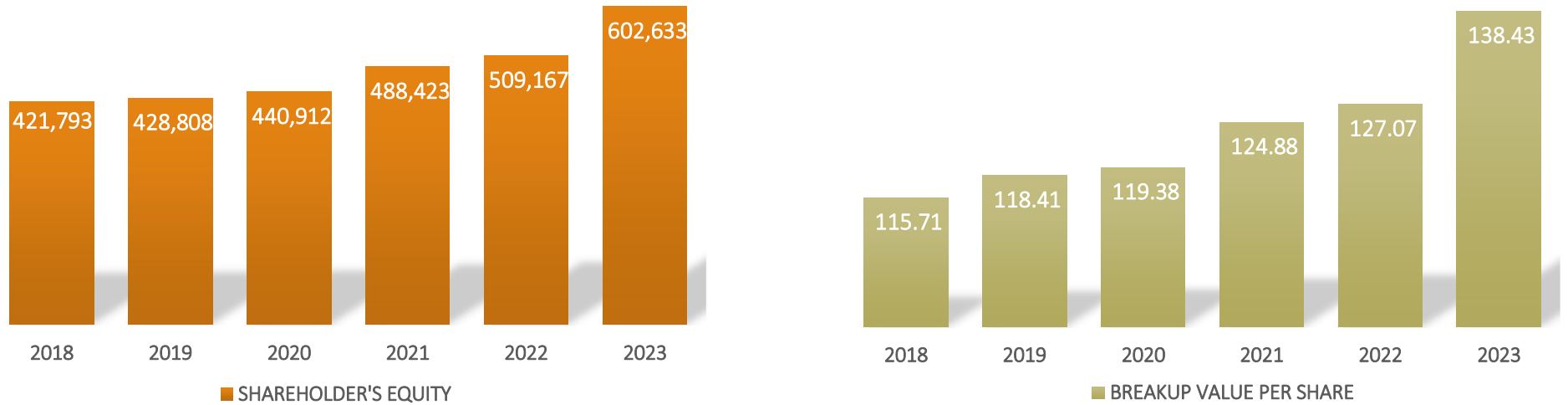
Rupees in Thousands ('000)





## SHAREHOLDER'S EQUITY & BREAKUP VALUE PER SHARE

Rupees in Thousands ('000)

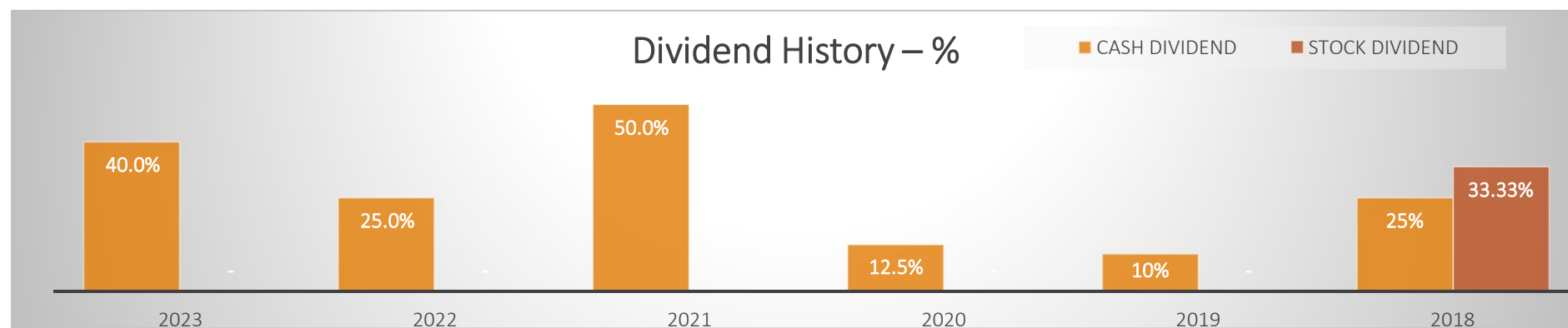






## DIVIDENDS

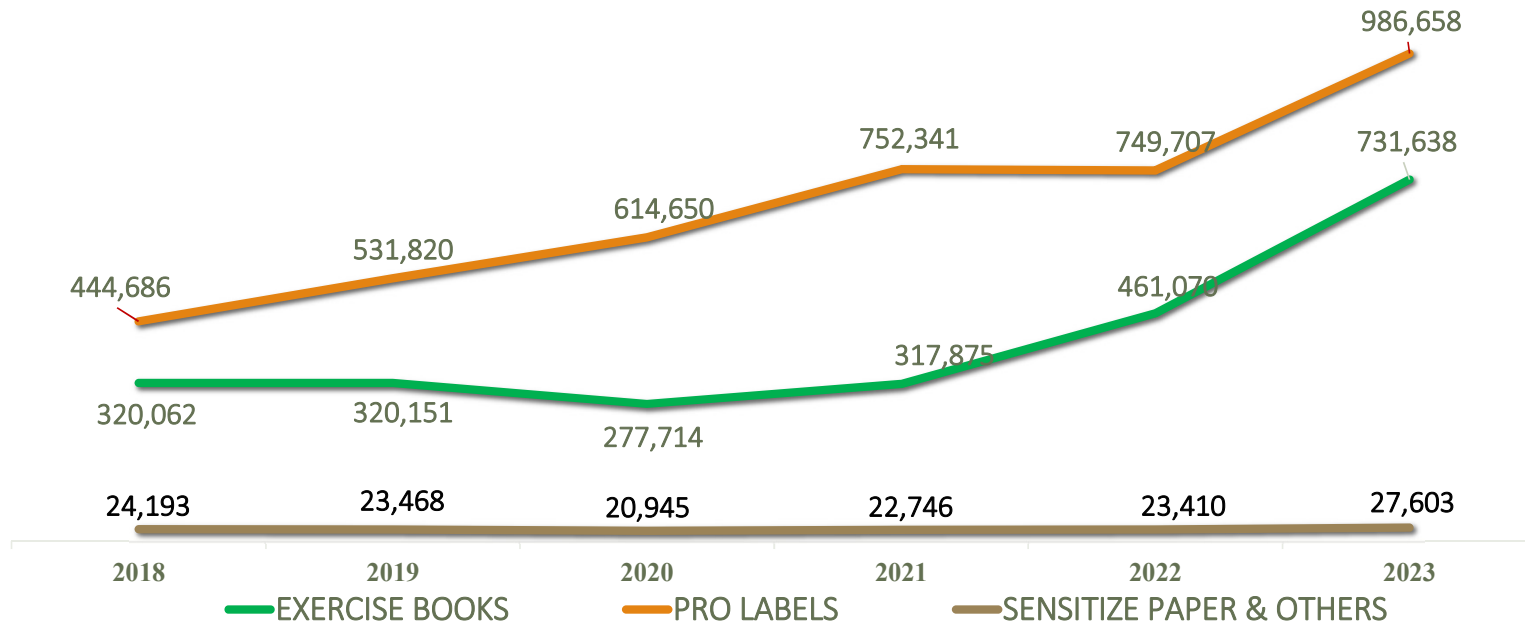
HISTORICAL TRENDS	2023	2022	2021	2020	2019	2018
Cash Dividend	<b>40%</b>	25%	50%	12.5%	10%	25%
Stock Dividend	-	-	-	-	-	33.33%
Cash Dividend Value ('000)	<b>32,000</b>	20,000	40,000	10,000	8,000	15,000
Stock Dividend Value('000)	-	-	-	-	-	20,000
Dividend Payout	<b>35.94%</b>	32.39%	56.69%	64.22%	44.51%	69.90%





## SEGMENT WISE SALES – NET

Rupees in Thousands ('000)





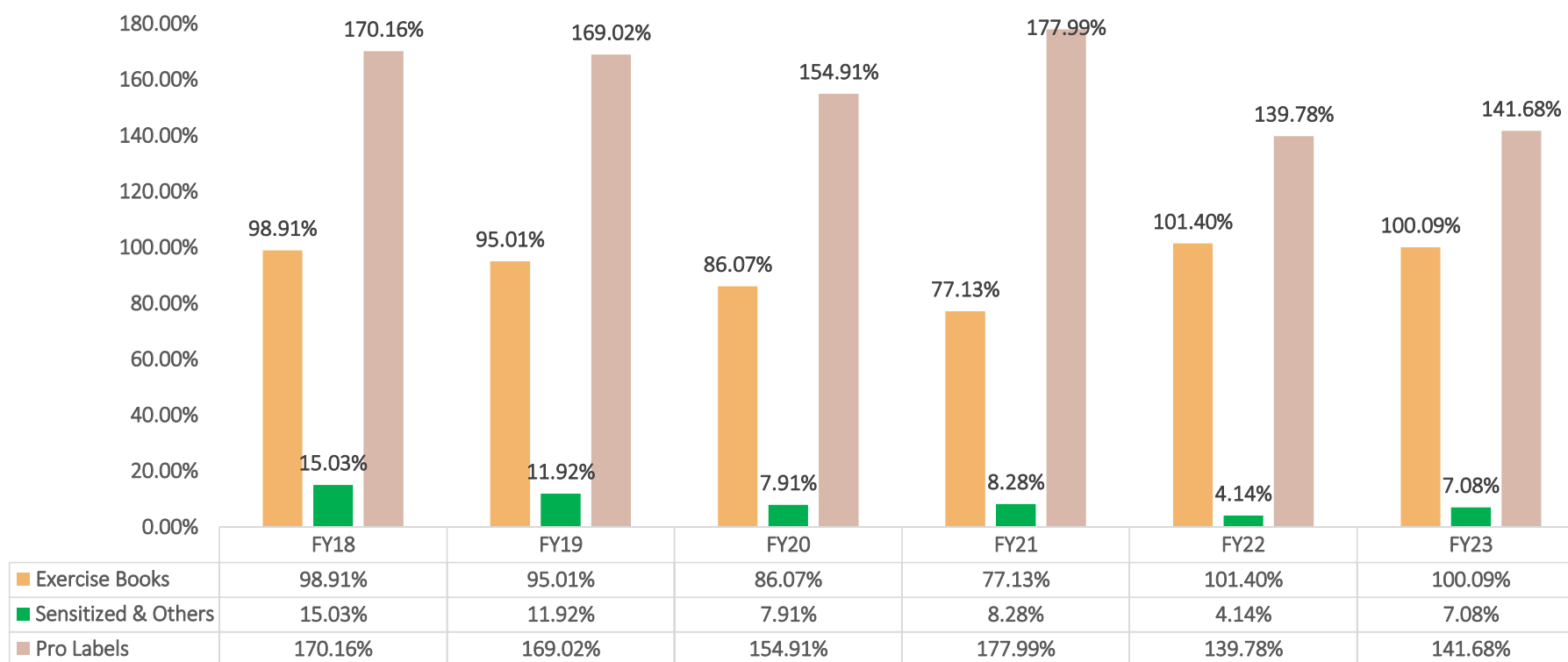
## CAPACITY & PRODUCTION - Segment wise

Segments	Units	Capacity/ Production	2023	2022	2021	2020	2019	2018
Exercise Books	Groose	Capacity	<b>58,632</b>	58,632	58,632	58,632	58,632	58,632
		Production	<b>58,686</b>	59,455	45,225	50,466	55,708	57,990
Pro Labels	Sq. Mtr.	Capacity	<b>4,000,000</b>	4,000,000	3,500,000	3,500,000	3,000,000	3,000,000
		Production	<b>5,667,013</b>	5,591,118	6,229,624	5,421,736	5,276,473	5,104,755
Ammonia Paper	Rolls	Capacity	<b>216,000</b>	216,000	216,000	216,000	216,000	216,000
		Production	<b>15,283</b>	8,941	17,875	17,093	26,939	32,461

Note: The Capacity is determined on single shift basis.

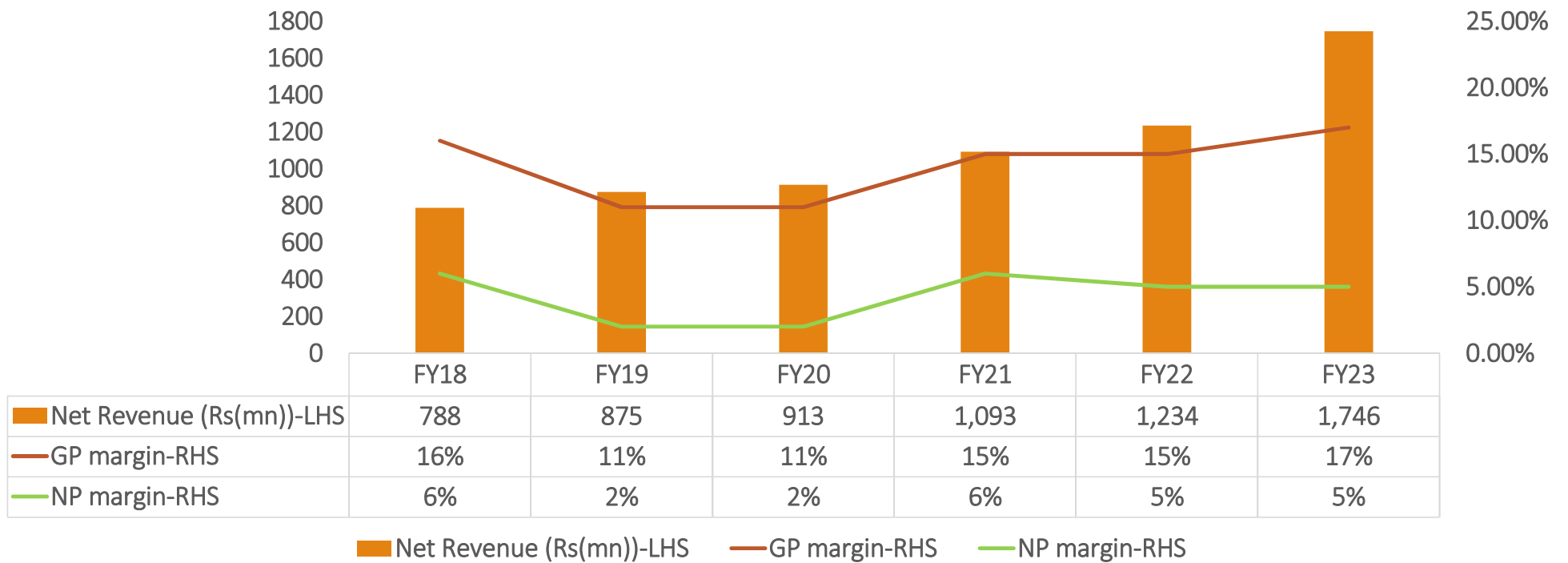


## CAPACITY Utilization- Segment wise





## Financial Performance





Financial Results (FY2023 vs FY2022)

Pakistan Paper Products Limited



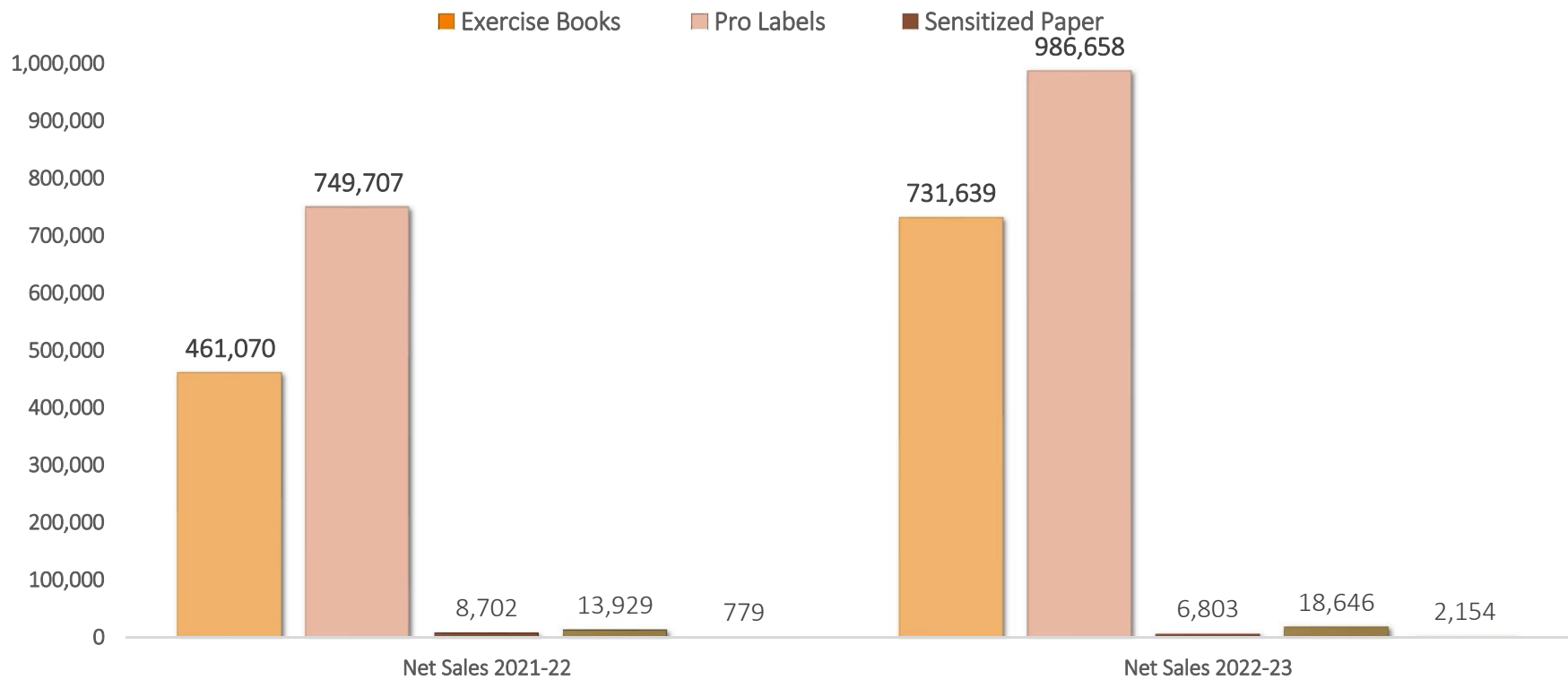
## Top Line Performance Product wise (Rupees in thousands)

Description	FY 2022-23		FY 2021-22		Incr./ (Decr.) %
Turnover	<u>1,923,198</u>		<u>1,365,460</u>		40.85%
Exercise Books	41.91%	731,639	37.36%	461,071	58.68%
Pro-Labels	56.51%	986,658	60.75%	749,707	31.61%
Sensitized Paper	0.39%	6,803	0.71%	8,702	-21.82%
Plain Paper	1.07%	18,646	1.13%	13,929	33.86%
Others	0.12%	2,154	0.06%	779	176.59%
Total Sales -Net	100.00%	1,745,901	100.00%	1,234,186	41.46%



## Comparative Net Sales (Segment wise)

(Rupees in thousands)







## Key Financial Highlights

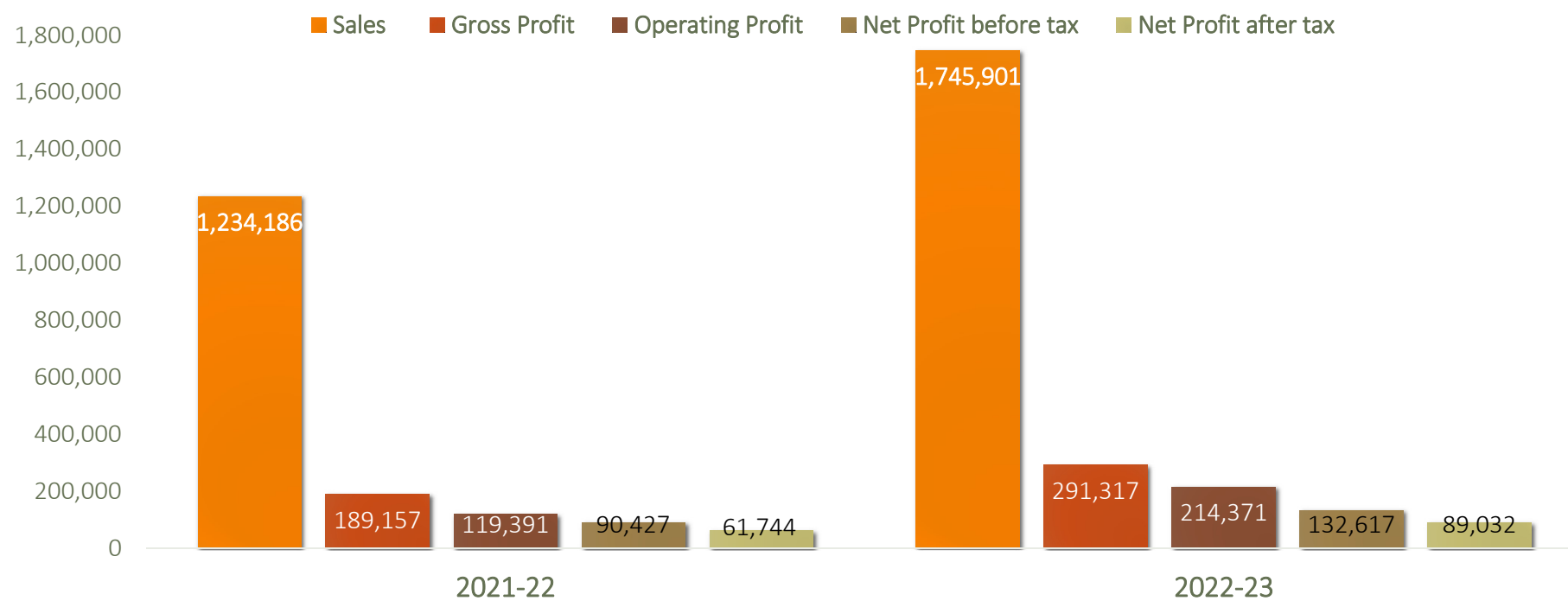
(Rupees in thousands)

Description	FY 2022-23		FY 2021-22		Incr./ (Decr.) %
<b>Gross Profit</b>	<b>16.69%</b>	<b>291,317</b>	<b>15.33%</b>	<b>189,157</b>	<b>54.01%</b>
Operating Expenses	4.41%	76,946	5.65%	69,766	10.29%
<b>Operating Profit</b>	<b>12.28%</b>	<b>214,371</b>	<b>9.67%</b>	<b>119,391</b>	<b>79.55%</b>
Finance Cost	4.81%	83,944	2.63%	32,498	158.31%
<b>Net Profit before tax</b>	<b>7.60%</b>	<b>132,617</b>	<b>7.33%</b>	<b>90,427</b>	<b>46.66%</b>
Taxation	2.50%	43,585	2.32%	28,683	51.95%
<b>Net Profit after tax</b>	<b>5.10%</b>	<b>89,032</b>	<b>5.00%</b>	<b>61,744</b>	<b>44.20%</b>
<b>Earning Per Share (EPS)</b>		<b>11.13</b>		<b>7.72</b>	



# Key Financial Highlights

(Rupees in thousands)





## Operating Performance

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- By the Grace of Allah, Pakistan Paper Products Ltd. (PPP) performed well in spite of the economic crisis that the country is going through.
- The top line grew by 40.85% with total turnover reaching a new record high of Rs 1.92 billion.
- Exercise books segment led the way with a growth of 58.68% in sales, Pro Labels segment also had robust growth in sales of 31.61%, and Sensitized paper showed a decline of 21.82% and Photocopy Paper increased by 33.86%.
- The growth in the top line translated all the way down with GP increasing by 54.01%, NP before tax by 46.66% and NP after tax by 44.20%.



## Pro Labels Segment Performance:

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- This last year was probably the most challenging one faced by the company since the start of this business. This was due to the severe supply chain disruption caused in the second half of the financial year due to the forex crisis in Pakistan which led to banks not honoring open document imports which we had been doing all along. For 1-2 months we had to slow down production dramatically due to shortfall of raw material inventory. With great difficulty, your management managed to overcome this problem by negotiating with the banks on 60-day DA LCs, and even for this we got ourselves included in the essential goods category as we are supplying labels for the Pharma and Oil industry which are also essential goods. Thanks to this effort we managed to keep our business running and did not cause any disruption to our clients' supply chain as we know what a critical part we are.
- The increase in sales of 31.61% was not only due to increase in our prices but we also managed to increase the volume slightly which is no mean feat considering our own supply chain restrictions. Now everything has normalized to a great extent and the bank is opening our LCs without any issue and we are seeing very good momentum of sales going forward in spite of the heavy increase in competition. In the last one year alone, we have seen 4-5 new Competitors coming in the market but Thanks to Allah that our business momentum continues to grow. We were also hit by the hardest exchange loss we have faced in our history as the PKR continued to plummet all year round. The management managed to overcome this along with very heavy financial charges to still report an excellent profit for this segment.



## Exercise Books Segment Performance:

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- Exercise Books continued to perform very well with sales rising by 58.68% which was mostly price driven as volumes fell slightly.
- The main reason for fall in volumes was the flooding in Sindh last year due to which we lost a large portion of our seasonal sales.
- In spite of this we continued to strive forward with good institution orders along with some recovery sales in Sindh post floods and in the second half of the year we secured most of our school clients.
- We faced unrelenting price hikes from Paper Mills in the three quarters of the year leaving us with no choice but to pass on these hikes to our customers.
- In the final quarter prices stabilized and have now been stable since then. This has mainly been due to the fall in Pulp prices internationally which have managed to offset the PKR devaluation.
- Supply of paper has also improved and is now stable for the last few months allowing us to increase our own brand copies in Sindh.
- Our brand loyalty and customer service were truly tested in these hyperinflation times but we are glad to say that our customers did not switch to cheaper options barring a few.
- The future outlook is also very positive as we continue to have very high demand especially from interior Sindh



## Sensitized Paper & Plotter Paper Performance:

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- Sensitized paper sales continue to fall and we have now decided that we will slowly shut down this division once we have consumed our existing raw material inventory. We have been saying for years that this is a dying product line due to it being replaced by computers and plotter printers.
- Plotter paper which is its alternative had a good year with sales rising by 33.86% which was mostly price driven. This is another segment where we do not do any value addition but just get jumbo reels and slit them to size and supply to our customers. It is basically a commodity item with very heavy price fluctuation in the international market.



Future Outlook

Pakistan Paper Products Limited



## Future Prospects:

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- The future prospects of our company are intricately linked with the Macroeconomic performance of the country. As we are an import intensive manufacturing unit, a stable Exchange rate and shoring up of the country's foreign reserves are very necessary for us to maintain a solid and profitable business. Overall we still see a lot of potential for growth in the Pro Labels business as we feel that this business sector is still in a nascent stage in the country compared to other developing countries. Ex Books continues to have a solid demand base and a relatively inelastic demand pattern. We continue to invest in new opportunities and in bringing more efficiency and energy saving in our existing product lines





## Question & Answers Session



Thanks