

# **Pakistan Stock Exchange**

**Analyst Briefing**

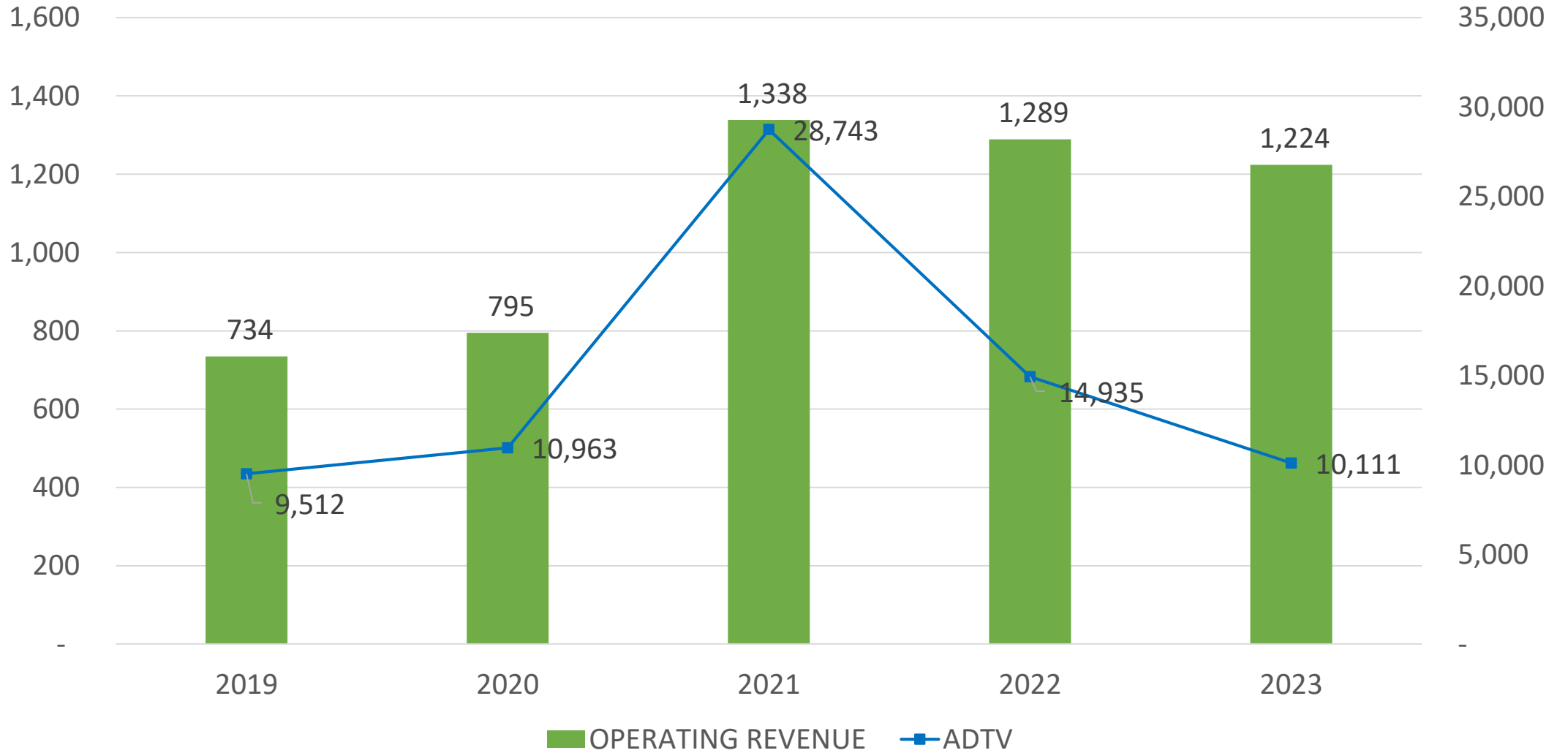
**Financial Results for the year ended  
June 30, 2023 & the first quarter ended  
September 30, 2023**





# OPERATING REVENUE VS ADTV – FY23

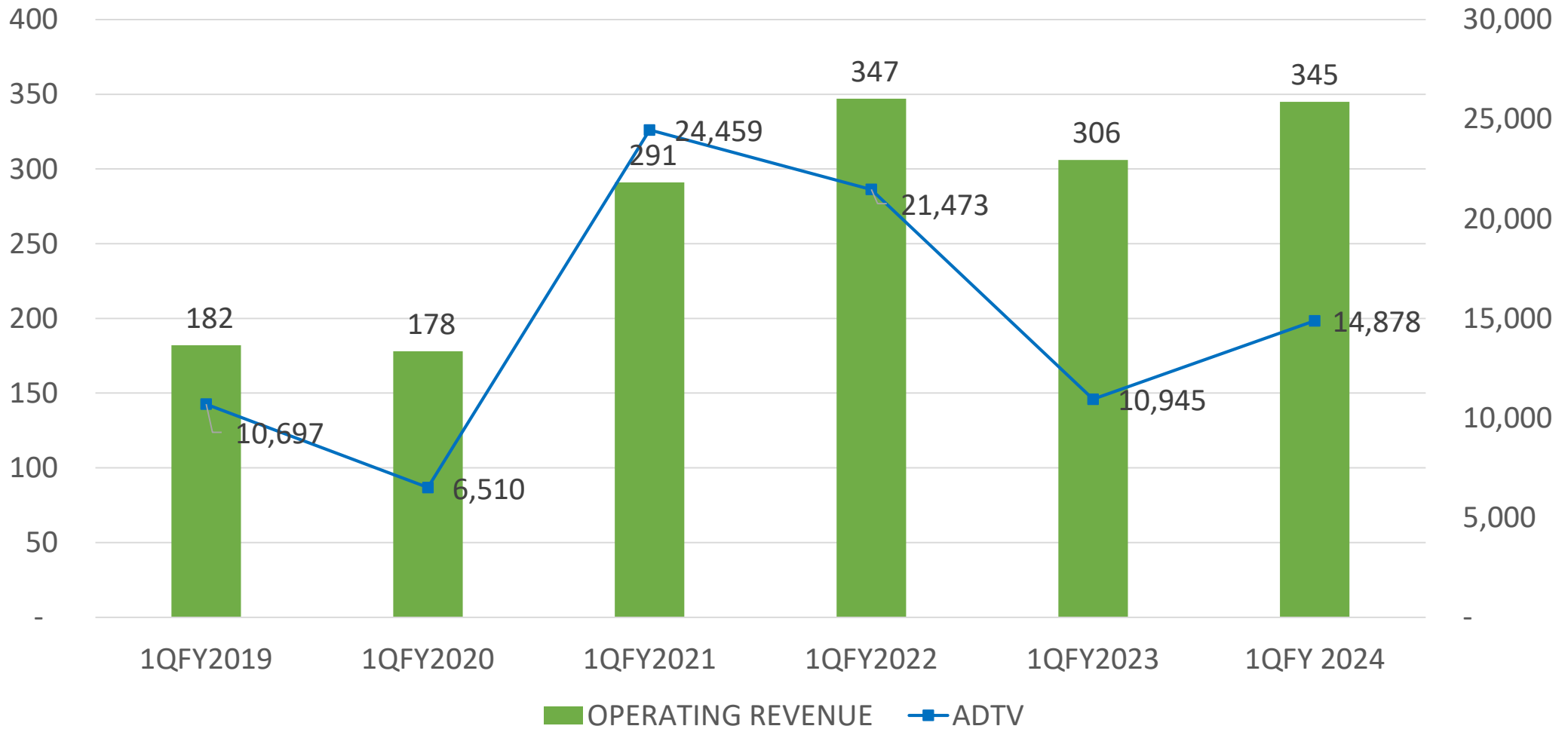
*Rs in Million*





# OPERATING REVENUE VS ADTV – 1QFY24

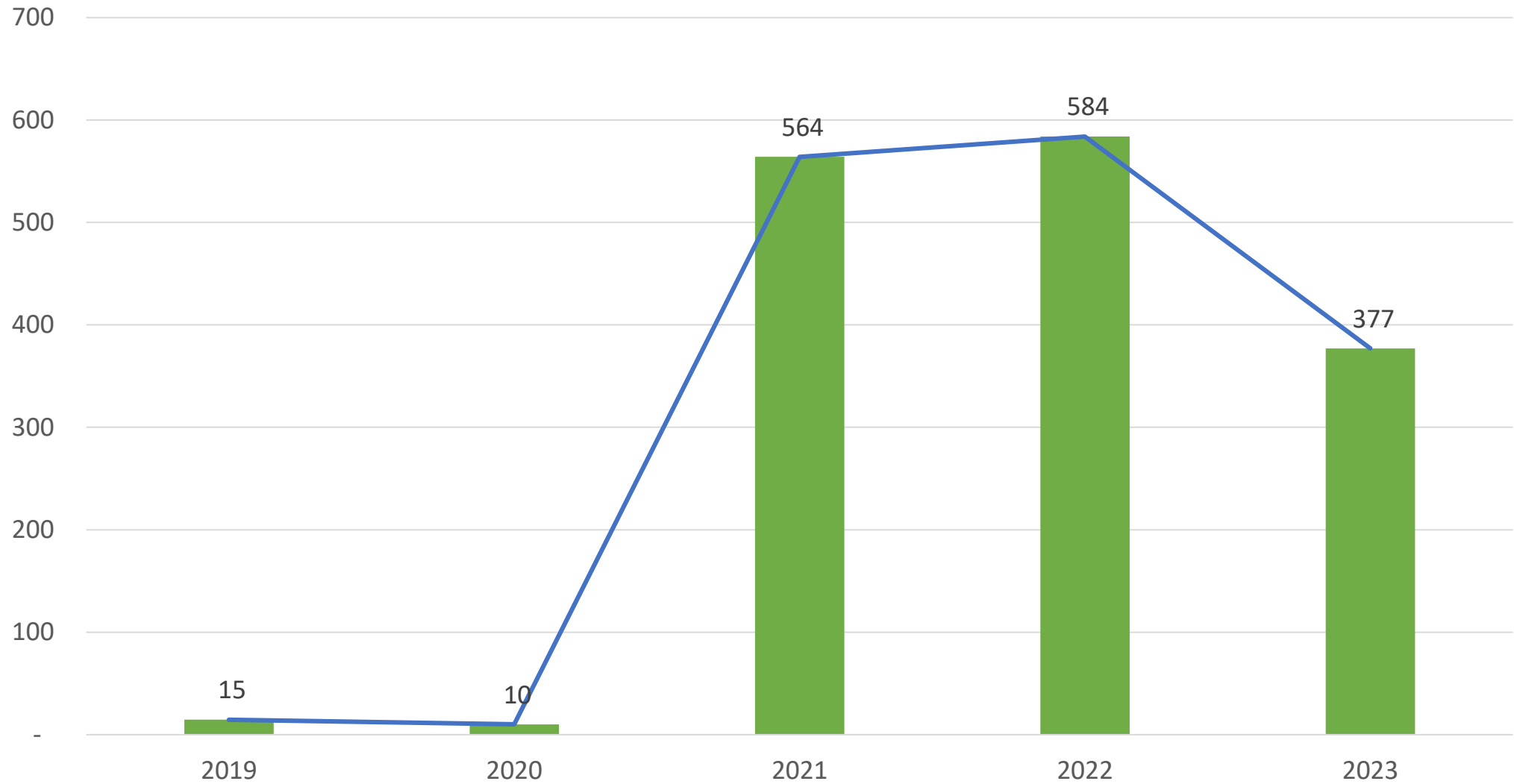
*Rs in Million*





# NET CASH GENERATED FROM OPERATIONS – FY23

*Rs in Million*

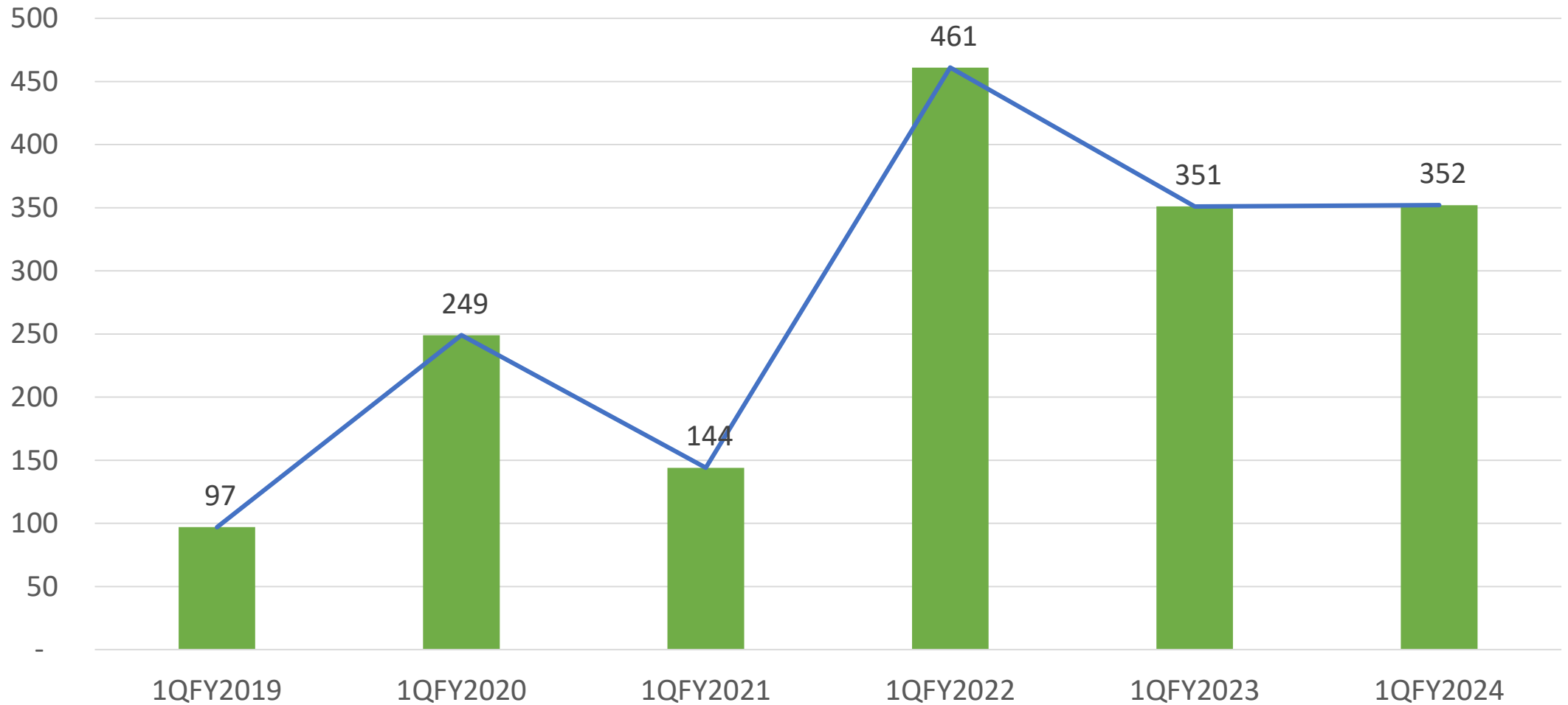




# NET CASH GENERATED FROM OPERATIONS

## – 1<sup>st</sup> Quarter

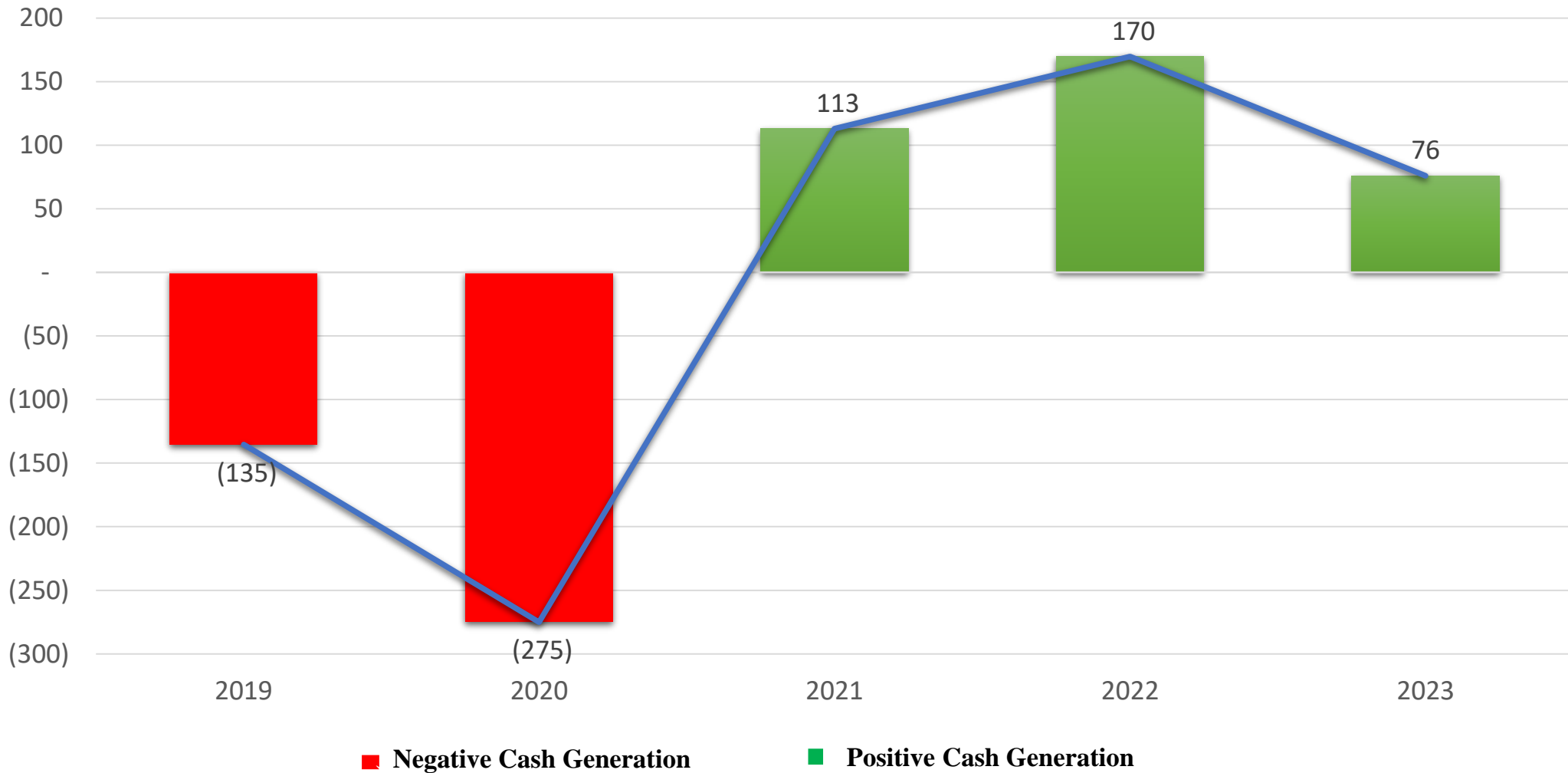
*Rs in Million*





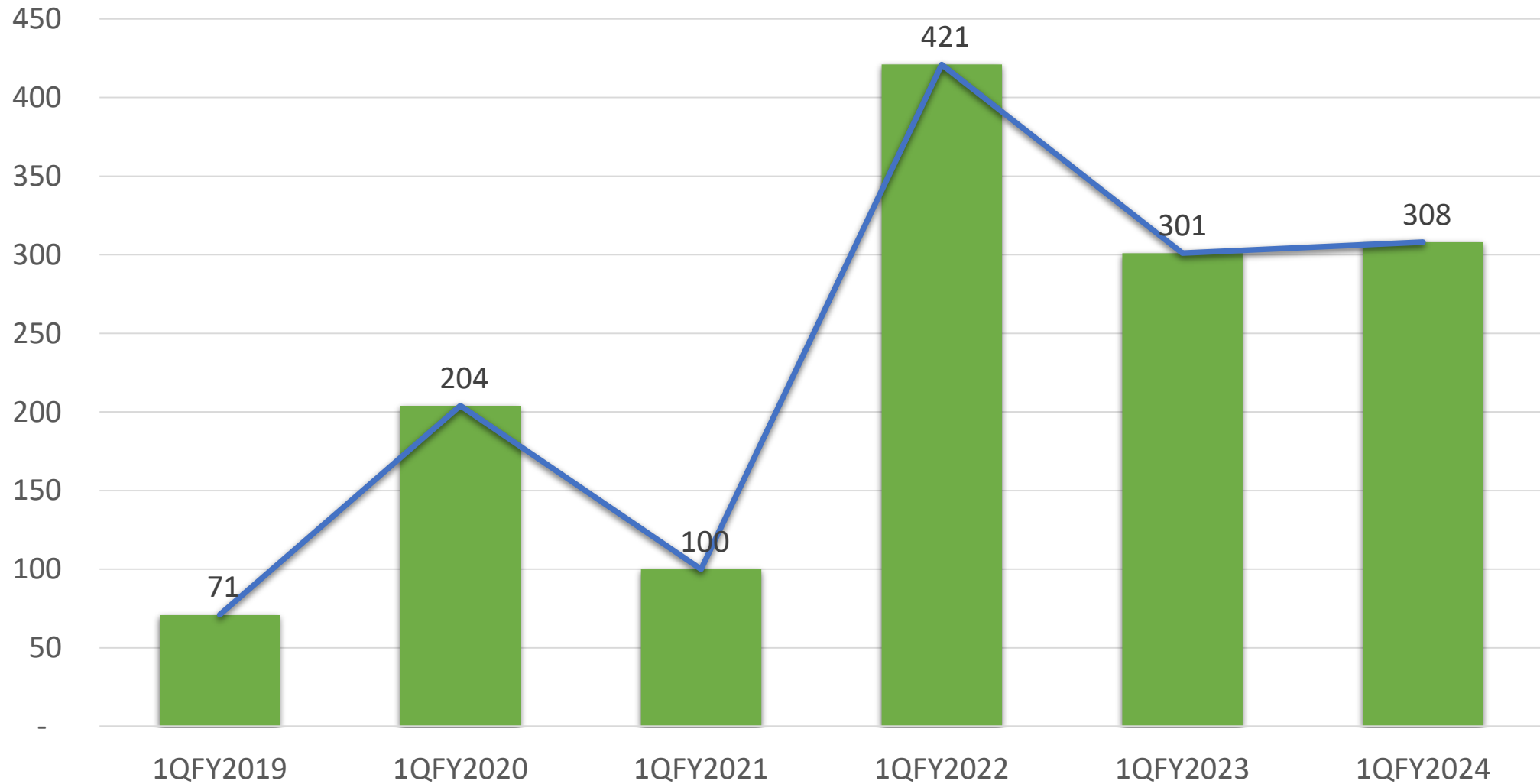
# NET CASH GENERATED DURING THE YEAR

*Rs in Million*





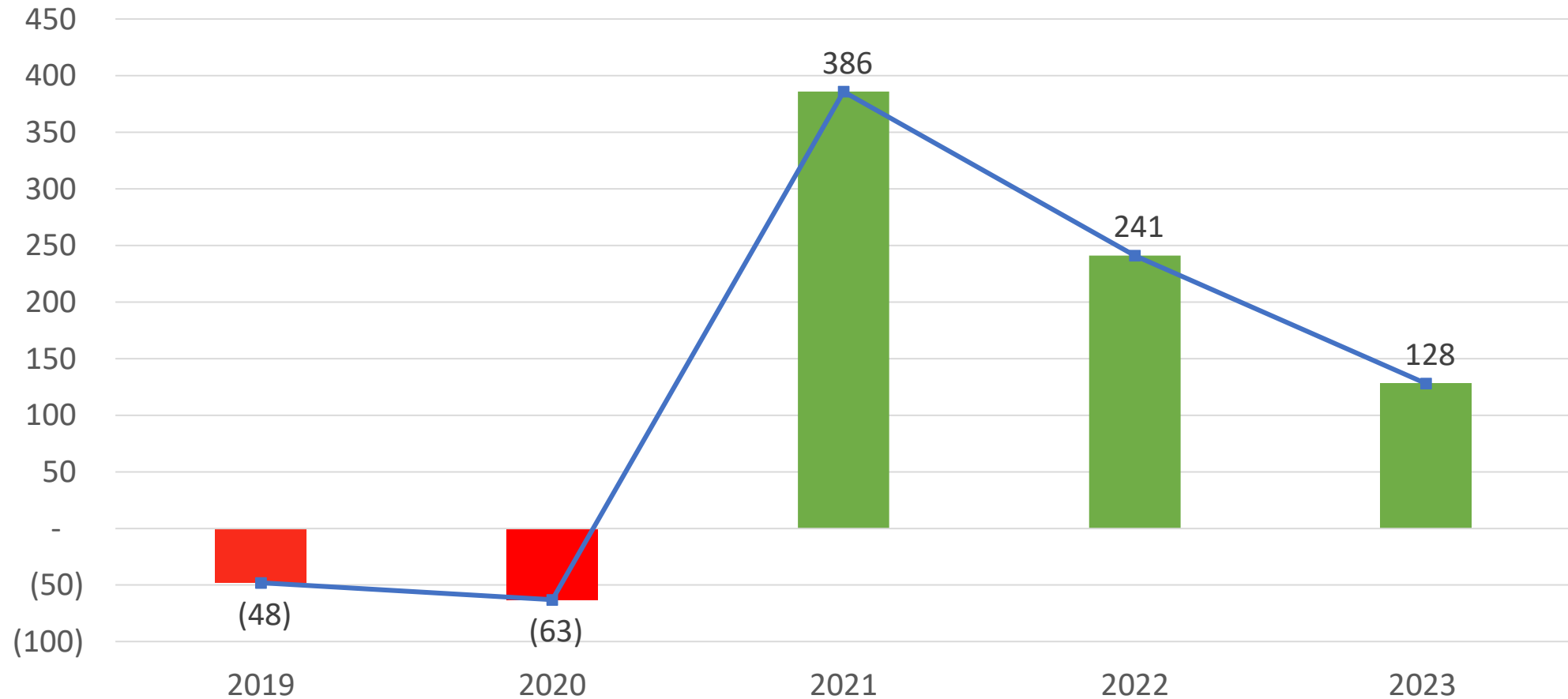
# NET CASH GENERATED DURING THE 1<sup>st</sup> Quarter *Rs in Million*





# OPERATING PROFIT / (LOSS) BEFORE DEP & AMORT. FY23

*Rs in Million*



■ Operating Loss Before Dep & Amort.

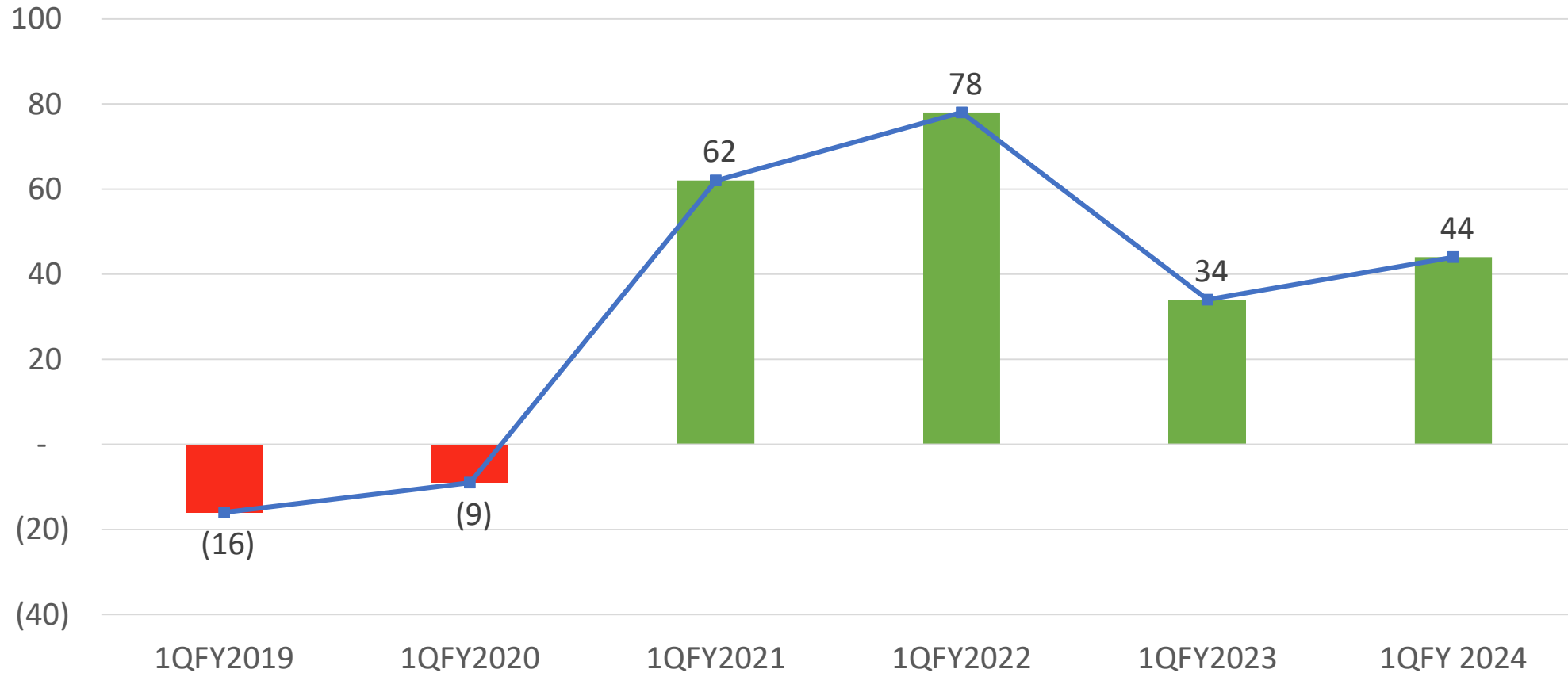
■ Operating Profit Before Dep & Amort.





# OPERATING PROFIT / (LOSS) BEFORE DEP & AMORT. 1QFY24

*Rs in Million*



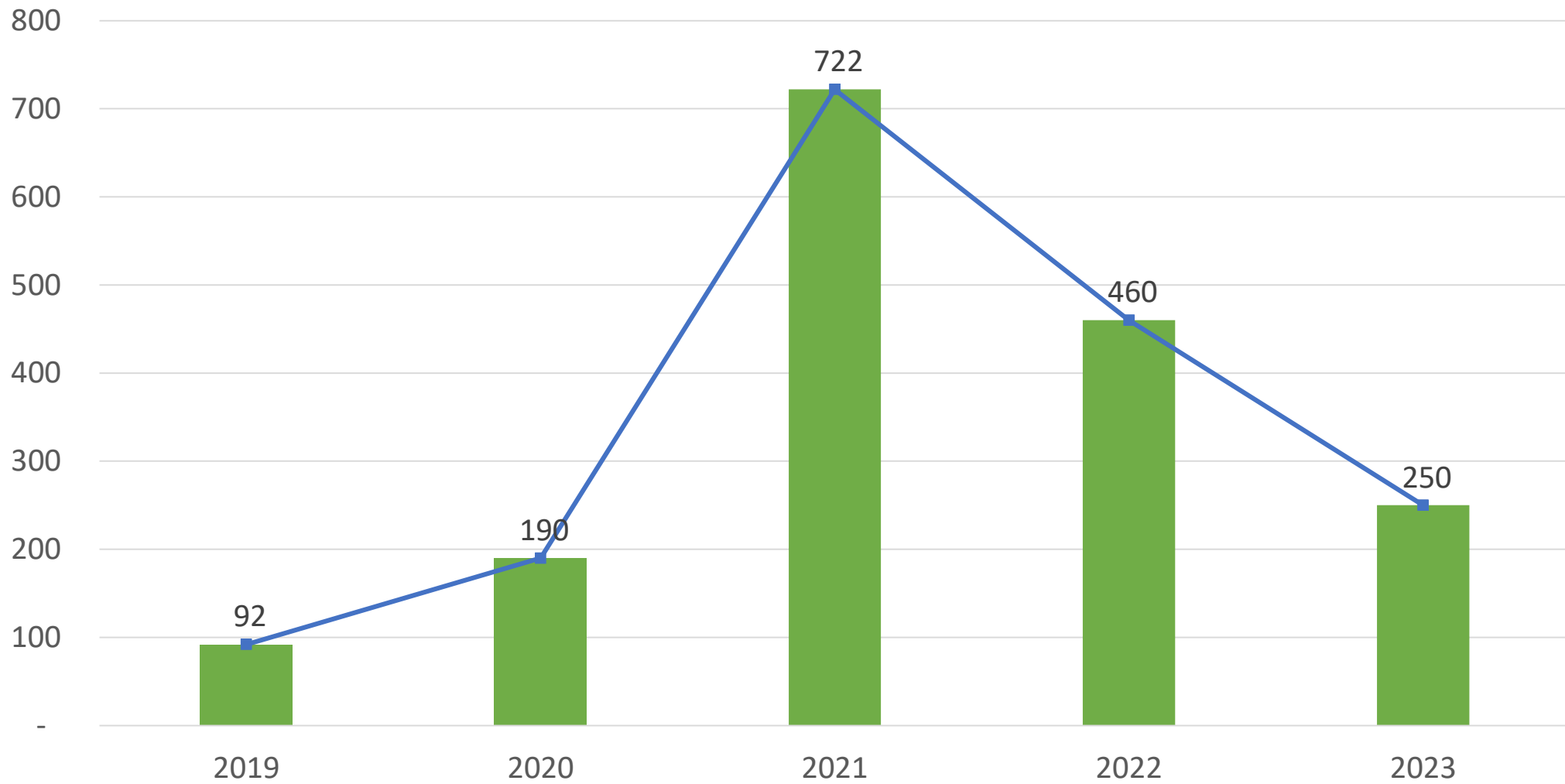
■ Operating Loss Before Dep & Amort.

■ Operating Profit Before Dep & Amort.



# PROFIT BEFORE TAX – FY23

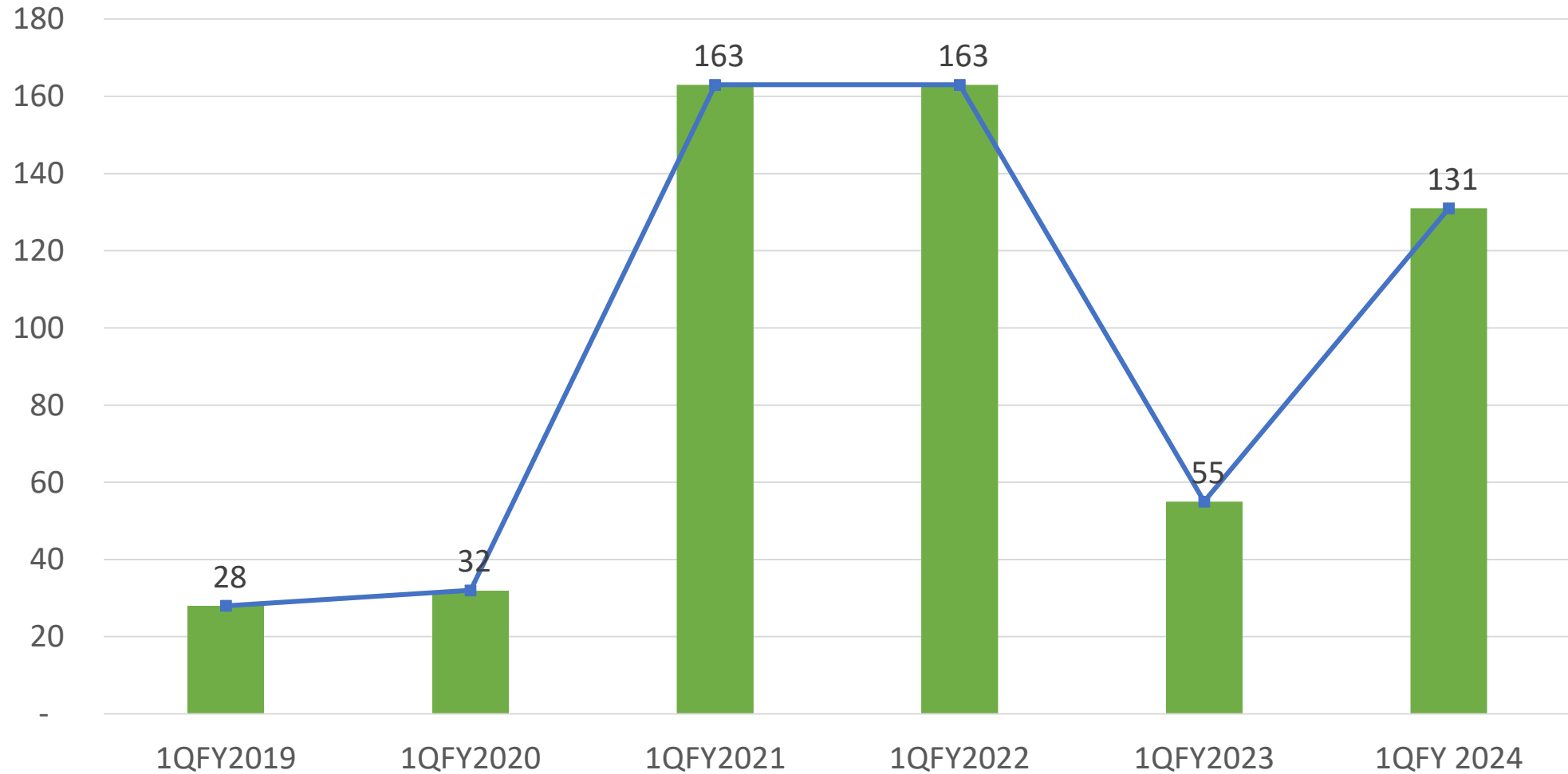
*Rs in Million*





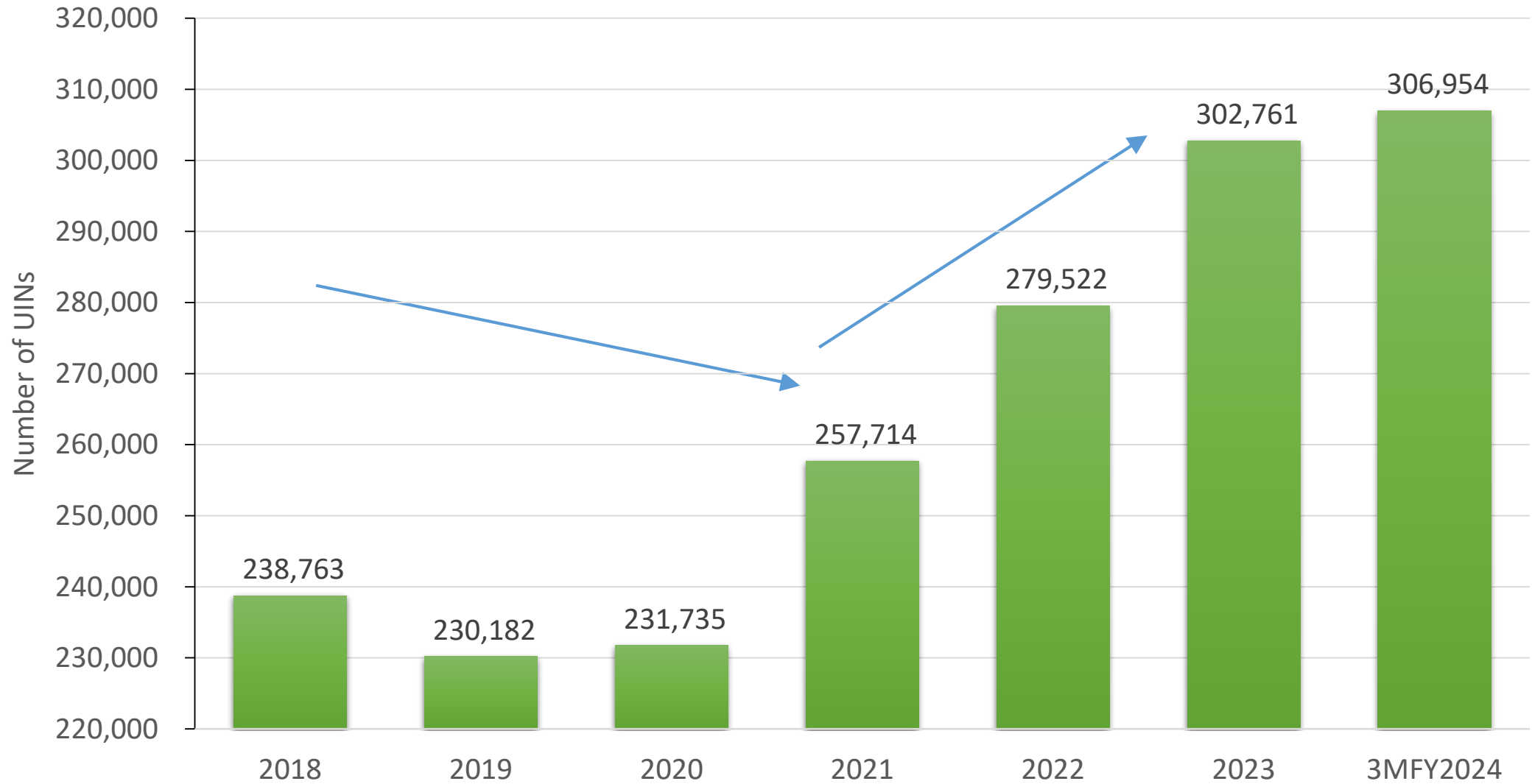
# PROFIT BEFORE TAX -1QFY24

*Rs in Million*



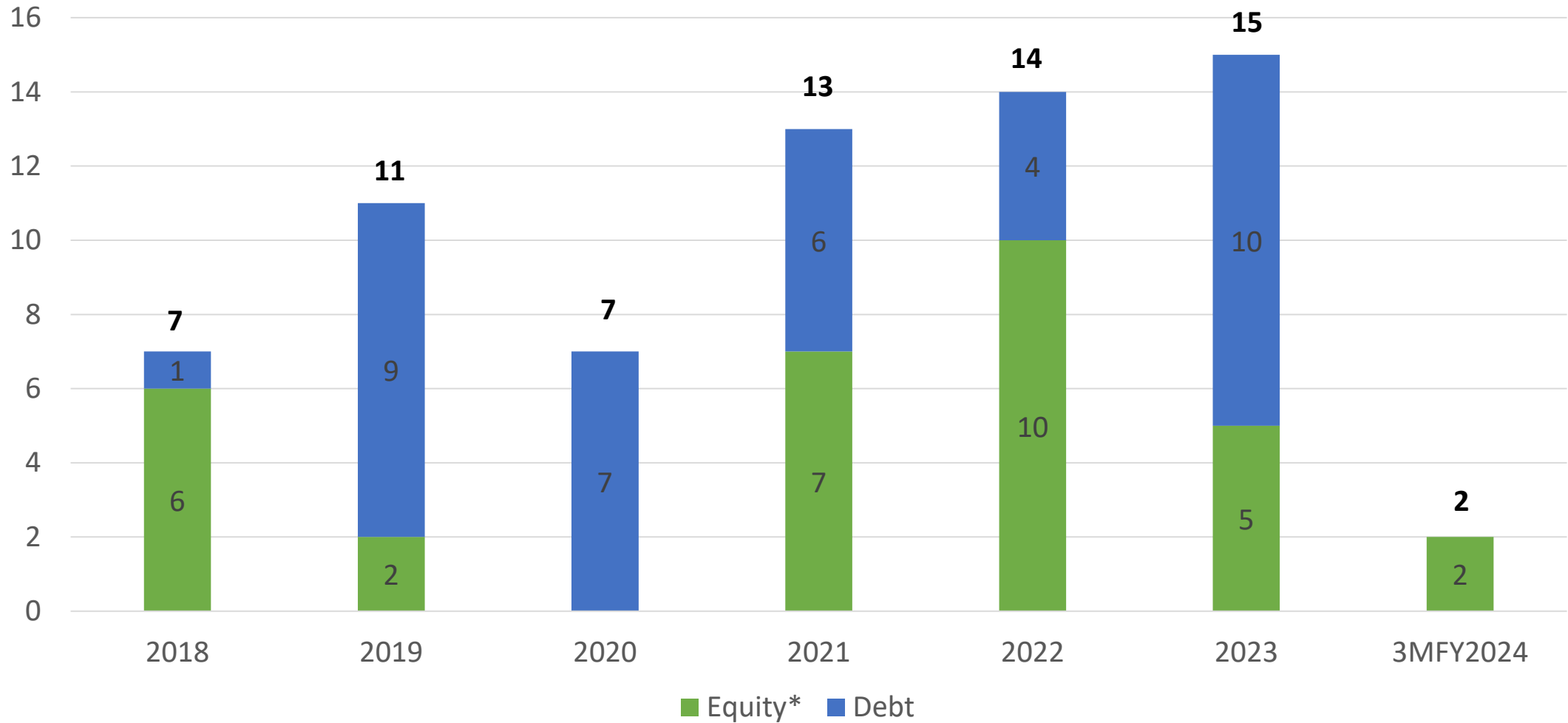


# UINs



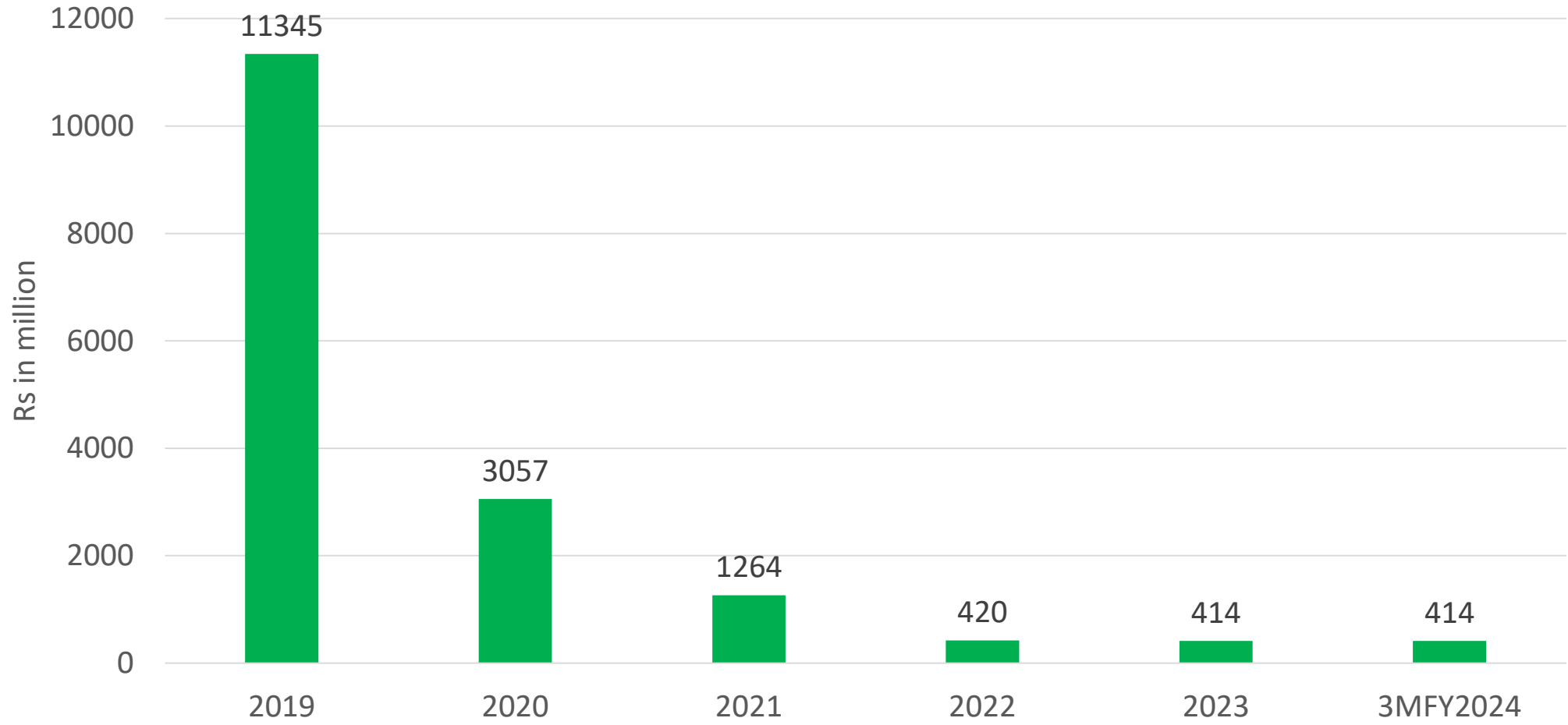


# EQUITY & DEBT LISTINGS



*\* Equity listings include listings of Main Board, GEM Board and Preference Shares, however, during first quarter, two companies were listed on Main Board*

# CONTINGENCIES \*



*\* The decrease in contingencies amount since FY 2019 represents the disposal of 4 cases amounting to Rs.6.79 billion. In addition, 9 cases amounting to Rs.4.14 billion have been removed from contingencies based on opinion of legal counsels and consultation with external auditors. However, these cases are still pending in courts.*

# FINANCIAL HIGHLIGHTS – FY 2023



PKR Millions	FY22-23	FY21-22	Change	Variance analyses
Operating Revenue	1,224	1,289	(5%)	<p>Net decline is due to the following reasons:</p> <ul style="list-style-type: none"> <li>i. Increase in Annual Listing Fee amounting to Rs.23 million due to transfer of a few listed companies to higher listing fee slabs.</li> <li>ii. Increase in Initial Listing Fee by Rs. 9 million is mainly on account of initial listing fee on bonus issue and other than right issue in contrast to last year.</li> <li>iii. Increase in Non-trading income by Rs. 13 million mainly on account of agreement for “Market Data Marketing &amp; Sales Services” with Deutsche Borse AG (DBAG) initiated from January 1, 2022.</li> <li>iv. The overall above increase is netted off by reduction in trading and regulatory fee revenue by Rs. 108 million as a result of decrease in ADTV relating to Ready and Future markets to Rs. 6.7 billion and Rs. 3.4 billion from Rs 10.2 billion and Rs 4.7 billion respectively.</li> </ul>
Other Operating Revenue	240	165	46%	Variation is due to increase in markup income and rental income by Rs. 67 million and Rs. 8 million respectively.
<b>Total Operating Revenue</b>	<b>1,464</b>	<b>1,454</b>	<b>1%</b>	
Total Expenses	(1,574)	(1,427)	10%	<p>Major reasons for variation are as follows:</p> <ul style="list-style-type: none"> <li>i. Increase in salaries &amp; other benefits by 75 million on account of increments related to management as well as non-management staff and impact of new hirings during current year;</li> <li>ii. Increase in Computer maintenance and related expenses by Rs. 23 million due to fluctuation in dollar rate and revision in contract rates and entering into new contracts that were not present during the last year.</li> <li>iii. Increase in fuel and power by Rs 18 million due to increase in average electric rates and average fuel price.</li> <li>iv. Increase in repair &amp; maintenance by Rs 15 million due to increase in building expenses and revision of third party contracts.</li> <li>v. Increase in depreciation &amp; amortization by Rs. 23 million due to revaluation surplus arising on June 30, 2022.</li> </ul>
<b>Operating Loss / Profit</b>	<b>(110)</b>	<b>27</b>	<b>(5.1X)</b>	
Other Revenue (including Share of Profit from Associates)	360	433	(17%)	Decline is mainly due to decrease in share of profit from associates by Rs 34 million and increase in net exchange loss against payable on account of New Trading & Surveillance System by Rs. 39 million.
<b>Pre Tax Profit</b>	<b>250</b>	<b>460</b>	<b>(46%)</b>	
<b>Profit After Tax</b>	<b>220</b>	<b>399</b>	<b>(45%)</b>	
<b>EPS</b>	<b>0.27</b>	<b>0.5</b>	<b>(45%)</b>	

# FINANCIAL HIGHLIGHTS – 1QFY2024



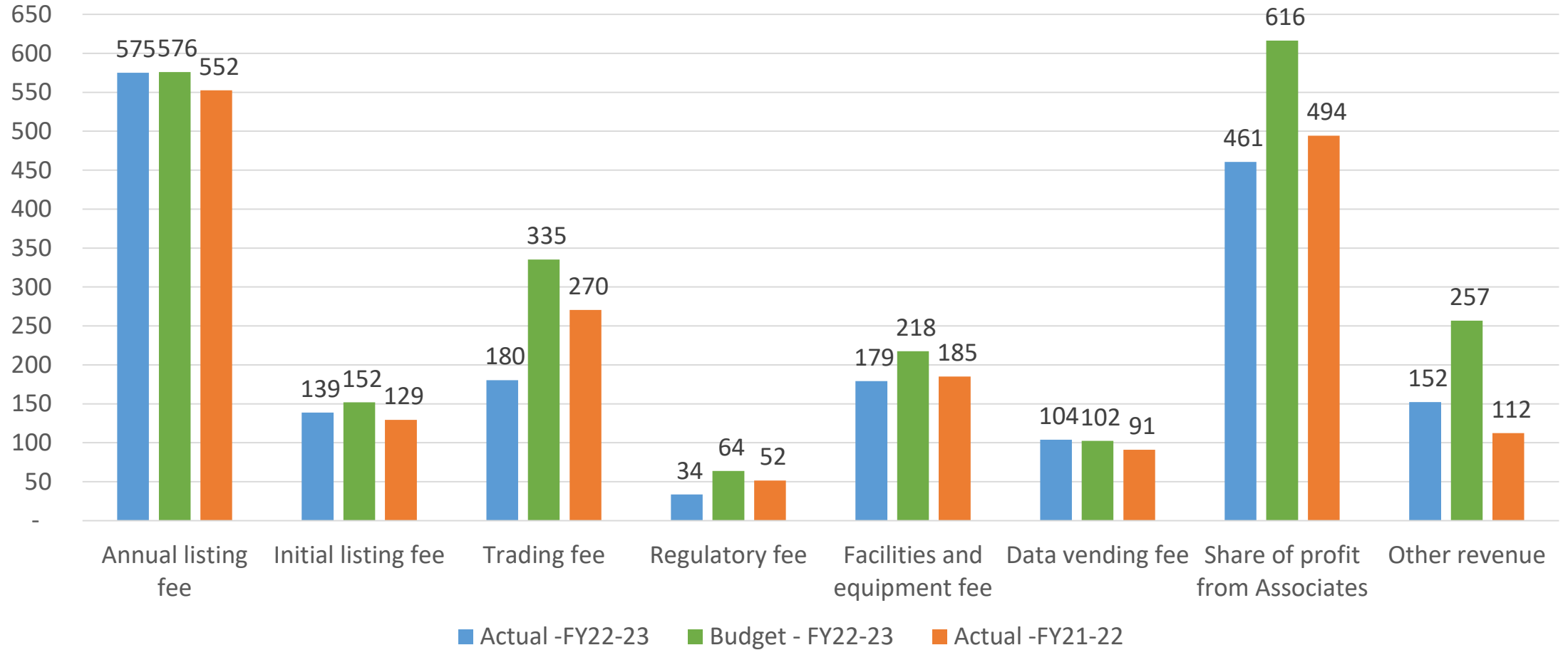
PKR Millions	Q123-24	Q122-23	Change	Variance analyses
Operating Revenue	345	307	13%	<p>Net increase is due to the following reasons:</p> <ul style="list-style-type: none"> <li>i. Increase in Initial Listing Fee by Rs. 14 million mainly on account of initial listing fee on other than right issue in contrast to last year.</li> <li>ii. increase in trading fee and regulatory fee by Rs. 21 million as a result of increase in ADTV relating to Ready and Future markets to Rs. 10.1 billion and Rs. 4.6 billion from Rs 7.3 billion and Rs 3.6 billion respectively.</li> <li>iii. Increase in facilities and equipment fee by Rs 12 million due to increase in IT services tariff as compared to last year.</li> <li>iv. The overall above increase is netted off by reduction in annual listing fee by Rs 9 million due to decrease in average market capitalization to Rs 7 trillion from Rs 8 trillion.</li> </ul>
Other Operating Revenue	84	51	66%	Variation is due to increase in markup income and rental income by Rs. 32 million and Rs. 1 million respectively.
<b>Total Operating Revenue</b>	<b>429</b>	<b>357</b>	<b>20%</b>	
Total Expenses	(459)	(380)	21%	<p>Major reasons for variation are as follows:</p> <ul style="list-style-type: none"> <li>i. Increase in salaries &amp; other benefits by Rs. 46 million on account of increments related to management staff and impact of new hiring during current period</li> <li>ii. Increase in Computer maintenance and related expenses by Rs. 13 million due to fluctuation in dollar rate and revision in contract rates and entering into new contracts that were not present during the last year.</li> <li>iii. Increase in depreciation &amp; amortization by Rs. 18 million mainly due to capitalization of NTS.</li> </ul>
<b>Operating (Loss)</b>	<b>(30)</b>	<b>(22)</b>	<b>36%</b>	
Other Revenue (including Share of Profit from Associates)	161	78	1.1X	Increase is mainly due to increase in share of profit from associates by Rs 48 million and decrease in net exchange loss against payable on account of New Trading & Surveillance System by Rs. 36 million.
<b>Pre Tax Profit</b>	<b>130</b>	<b>55</b>	<b>1.4X</b>	
<b>Profit After Tax</b>	<b>147</b>	<b>54</b>	<b>1.7X</b>	
<b>EPS</b>	<b>0.18</b>	<b>0.07</b>	<b>1.7X</b>	





# REVENUE FY 2023

Rs. in Million

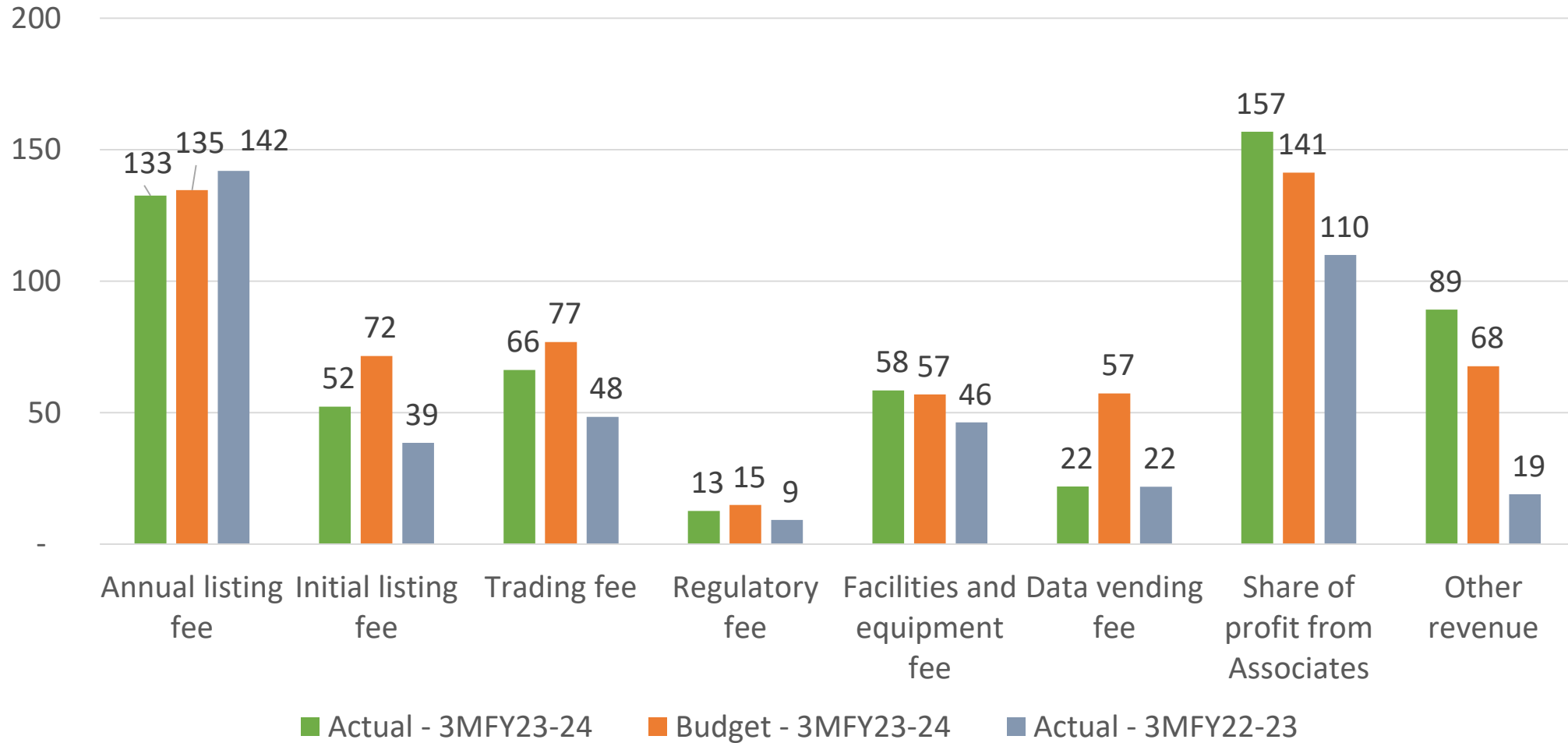


*\*Other Revenue: Membership fees + Interest Income + Rental Income + Other Fees (Card transfer fee, Branch opening fee and Voluntary De-listing fee), Exchange gain/(loss), gain on sale of Fixed Assets, etc*



# REVENUE 1QFY 2024

*Rs. in Million*

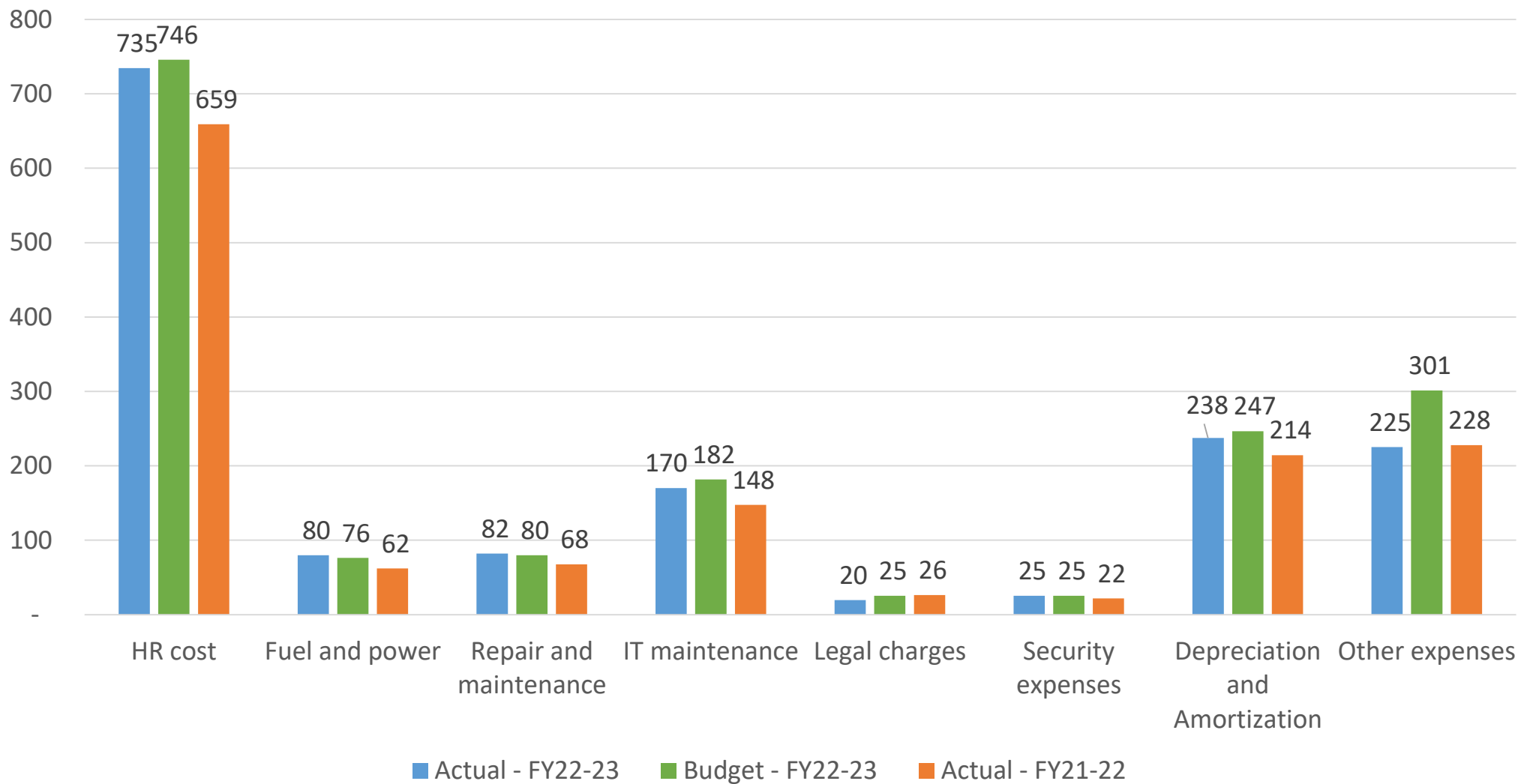


*\*Other Revenue: Membership fees + Interest Income + Rental Income + Other Fees (Card transfer fee, Branch opening fee and Voluntary De-listing fee), Exchange gain/(loss), gain on sale of Fixed Assets, etc*



# EXPENSES FY 2023

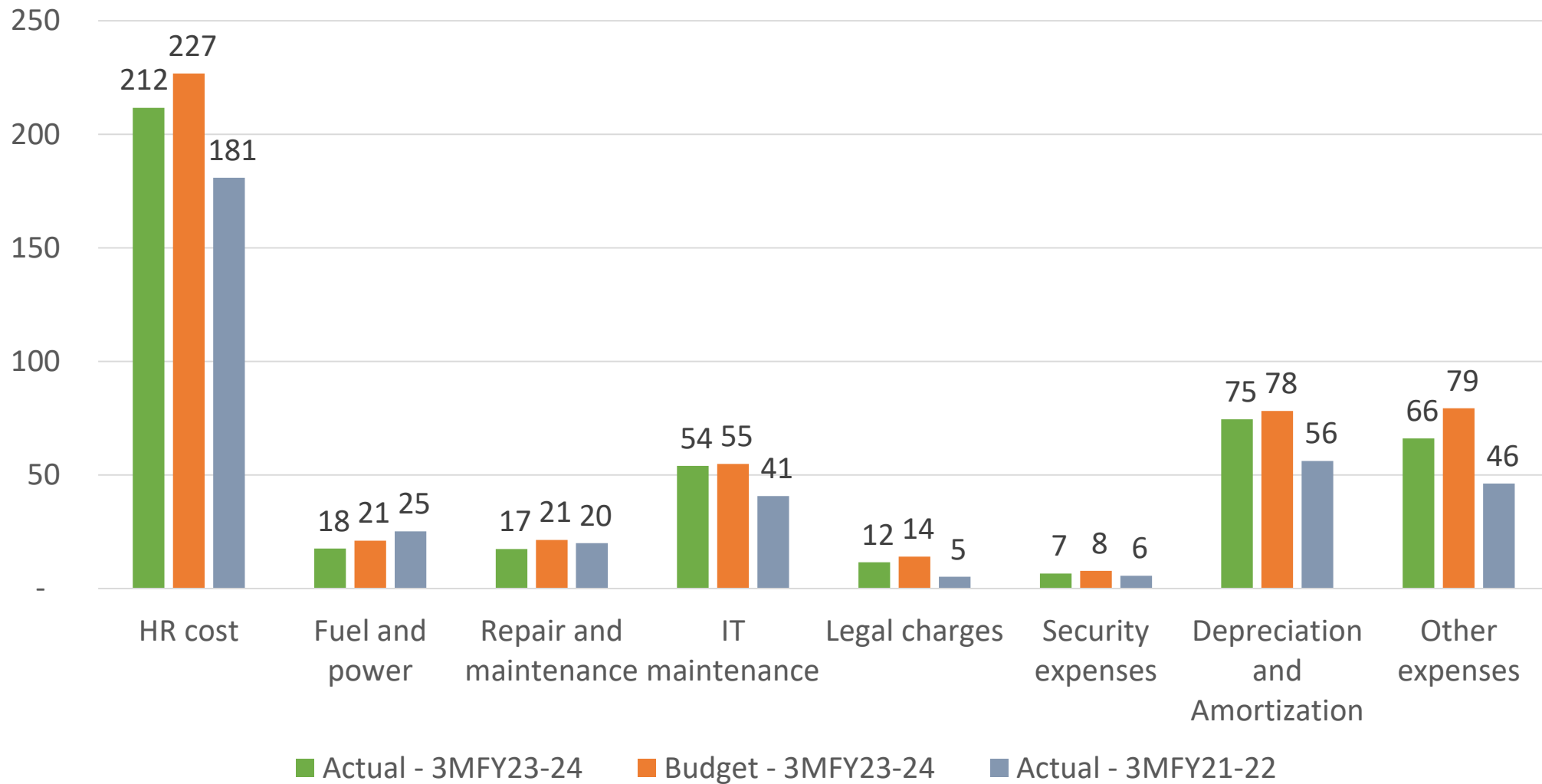
*Rs. in Million*





# EXPENSES 1QFY 2024

*Rs. in Million*



# Balance Sheet

PKR Millions



Particulars	September 30, 2023	June 30, 2023	June 30, 2022
Non-Current Assets	9,784	9,530	9,392
Current Assets	4,020	3,506	3,257
<b>Total Assets</b>	<b>13,804</b>	<b>13,036</b>	<b>12,649</b>
Authorized Capital (1,000,000,000 ordinary shares of Rs.10 each)	10,000	10,000	10,000
Equity	10,543	10,396	10,200
Non-Current Liabilities	505	605	836
Current Liabilities	2,756	2,035	1,613
<b>Total Equity &amp; Liabilities</b>	<b>13,804</b>	<b>13,036</b>	<b>12,649</b>

# Initiatives already in place

## Revenue enhancement measures

- International data vending fees reached at level of US\$ 430,000 p.a from US \$ 322,000 p.a 3 years ago, mainly on account of agreement for “Market Data Marketing & Sales Services” with Deutsche Borse AG (DBAG) initiated from January 1, 2022. This is providing us some hedge against the rupee devaluation and our liabilities in Foreign currency. This will remain a focus area of growth.
- Rental income has shown growth on account of renting out of vacant premises and revision of rent agreements. As a result rental income during FY23 has increased by Rs 8 million in comparison to FY22.
- Despite current economic conditions, 05 equity and 10 debt listings have been made up to FY23. Moreover, 02 companies were listed on Main board during the first quarter FY 24.
- During FY21 and FY22, 44 new listings, including Equity (GEM and preference shares), Debt, Funds and ETFs were made, which will result in Rs 24 million additional revenue per annum.
- Apart from controlling and managing expenses, effective treasury management has yielded positive returns during FY23 and 1QFY24.

## Human resource control measures

- Management is conscious of the difficult business environment and is focused on effective cost management.
- Hiring of non-critical vacant positions has been deferred. Total number of such open positions is 6. Alternatively, internal positioning is being considered. Consequently, the organization head count is the lowest in the past 4 years as illustrated below.

Year	June 2019	June 2020	June 2021	June 2022	June 2023
Head count	238	238	237	243	231

- These numbers have been controlled, without affecting the progress of major projects in IT and RAD.
- Golden hand-shake policy was introduced for non-management staff. So far two staff members have availed this scheme, which is yielding Rs 2.5 million annual savings

# Initiatives already in place

## Cost control measures

- Operating expenses are being monitored and controlled. Total Expenses during FY23, excluding depreciation and amortization, are 7% lower than the budget and 10% increase over last year, despite the official (YoY) inflation figure of 29.4% in June 2023 and PKR devaluation impact.
- Whereas total Expenses during 1QFY24, excluding depreciation and amortization, are 10% lower than the budget and 19% increase over corresponding period despite the official (YoY) inflation figure of 31.4% in September 2023 and PKR devaluation impact.
- Non-essential capital expenditures have been deferred.

## Demerger of Real Estate

- Incorporation of wholly-owned subsidiary , PSX Financial Center (Private) Limited on 2<sup>nd</sup> November 2022.
- Scheme of Arrangement (SOA) approved by the Board. The scheme provides legal basis for transfer of assets and liabilities pertaining to the real estate segment to the subsidiary against the issuance of shares, subject to requisite legal and regulatory approvals.

## Transform organizational health and capability

- Organizational Re-structuring by strengthening the Management team.
- IT Trading and Surveillance System has been implemented in May 2023.

## Developments and Initiatives in Trading & TREC Affairs activities

A number of significant initiatives have been taken to make it easier for investors to open brokerage accounts. Some of the key developments include:

- Significant improvement in the process of online account opening
- Reintroduction of “Sahulat” accounts for small investors with simpler AML and KYC requirements
- Worked and coordinated with SECP to provide greater clarity on AML and KYC requirements
- Worked with MoF and FBR to equalize impact of CGT between equities and real estate
- Proactively working with SECP, SBP and SRO’s to structurally improve GDS secondary market trading mechanism
- Greatly simplified account opening forms
- Data vending agreement with Deutsche Bourse AG

As a result, UINs that were on a declining trend, increased to 302,761 at 30<sup>th</sup> June 2023 and 306,954 at 30<sup>th</sup> September, 2023 compared to 279,522 at 30<sup>th</sup> June 2022.

---

# Thank You

