



Arif Habib Corporation Limited

Analyst Briefing – December 2019

Disclaimer



THIS PRESENTATION IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL ANY SECURITIES OR ANY INVESTMENT.

This presentation has been prepared by Arif Habib Corporation Limited (“AHCL”) solely for information purposes. No representation or warranty express or implied is made thereto, and no reliance should be placed on, the fairness, accuracy, sufficiency, completeness or correctness of the information or any opinion contained herein or any opinion rendered thereto. The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and will not be updated to reflect any developments that may occur after the date of the presentation. Neither AHCL nor any of its respective subsidiaries, affiliates, officials, advisors, associates, employees or any person working for, under or on behalf, shall have any responsibility and/or liability of any nature whatsoever (in contract or otherwise) for any loss whatsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation does not constitute or form part of a prospectus, offering circular or offering memorandum or an offer, solicitation, invitation or recommendation to purchase or subscribe for any securities and no part of it shall form the basis of, or be relied upon in connection with, or act as any inducement to enter into any arrangement, agreement, contract, commitment or investment decision in relation to any securities. This presentation shall not at all be intended to provide any disclosure upon which an investment decision could be made. No money, securities or other consideration is being solicited, and, if sent in response to this presentation or the information contained herein, will not be accepted.

The presentation may contain statements that reflect AHCL’s own beliefs and expectations about the future. These forward-looking statements are based on a number of assumptions about the future, which are beyond AHCL’s control. Such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Such forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. AHCL does not undertake any obligation to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation and it does not make any representation, warranty (whether express or implied) or prediction that the results anticipated by such forward-looking statements will be achieved. In addition, past performance should not be taken as an indication or guarantee of future results.

Certain data in this presentation was obtained from various external data sources that AHCL believes to its knowledge, information and belief to be reliable, but AHCL has not verified such data with independent sources and there can be no assurance, representation or warranty as to the accuracy, sufficiency, correctness or completeness of the included data. Accordingly, AHCL makes no assurance, representation or warranty as to the accuracy, sufficiency, correctness or completeness of that data, and such data involves risks and uncertainties and is subject to change based on various factors.

You agree to keep the contents of this presentation strictly confidential. All or any part of this presentation may not be taken away, reproduced, copied, redistributed, retransmitted or disclosed in any manner or form and for any purpose whatsoever.

By attending this presentation, you are agreeing to be bound by the foregoing limitations.



A PUBLIC LISTED HOLDING COMPANY OF ARIF HABIB GROUP

ARIF HABIB CORPORATION LIMITED

WINNER OF PSX TOP 25 COMPANIES AWARD - 8 TIMES



We are humbled to have had the privilege to contribute to the nation's prosperity and vibrancy

Arif Habib Corporation Limited



Arif Habib Corporation Limited (AHCL) is the flagship company of the Arif Habib Group. The company took over the sole proprietorship business set up by Mr. Arif Habib in 1990 and was incorporated in 1994 as a public limited company with a paid up capital of PKR 40 million.

AHCL was listed in 2001, with an initial public offering (IPO) of one million shares, targeting to raise PKR 80 million in order to finance growth. Since its listing in 2001, the Company has distributed PKR 13 billion as dividend (including specie dividend) and PKR 720 million by buying back two million shares (having face value of PKR 10 each) at a price of PKR 360 per share from its shareholders. The Company's equity as on 30th June 2019 is PKR 20 billion built through retained earnings.

Thus, by 30th June 2019, the initial public investors in the IPO of the Company, have had a compounded annualised return of 27.5% (2001).

The Arif Habib brand, is today seen as the name that assures a commitment to best practices and putting its stakeholders first, which they have come to expect of the Company striving to be the best in its class.

AHCL's Investments as on 30th June 2019



S. No.	Strategic Investments	Shareholding (%)
1	Arif Habib Limited	65.52
2	Sachal Energy Development Private Limited	85.83
3	Black Gold Power Limited	100.00
4	MCB - Arif Habib Savings and Investments Limited	30.09
5	Fatima Fertilizer Company Limited	15.19
6	Pakarab Fertilizers Limited	30.00
7	Silkbank Limited	28.23
8	Aisha Steel Mills Limited (Ordinary & Preference Shares)	13.75
9	Power Cement Limited	10.34
10	Javedan Corporation Limited	7.13

Key Highlights



Operating Revenue	
Standalone	Consolidated
1,033,857,601	4,381,346,702

EBITDA	
Standalone	Consolidated
(724,288,984)	1,976,889,935

(Loss) / Profit after tax	
Standalone	Consolidated
(963,841,051)	259,959,671

(Loss) / Earnings per Share	
Standalone	Consolidated
(2.12)	0.34

Key Highlights



Total Assets	
Standalone	Consolidated
26,708,568,580	47,908,177,880

Total Equity	
Standalone	Consolidated
19,877,951,283	23,306,003,343

Breakup Value per Share	
Standalone	Consolidated
43.81	51.36

Long Term Debt to Equity	
Standalone	Consolidated
0.00%	51.32%

Current Ratio	
Standalone	Consolidated
1.48x	1.33x

Subsidiaries



66.52%



66.52%



100%



85.83%



AHL is engaged in equity, fixed income, money market & forex brokerage, investment banking corporate advisory services. AHL has two wholly owned subsidiaries, Arif Habib Commodities Limited providing commodities futures brokerage services and Arif Habib 1857. AHL has the distinction of being the only brokerage company that found its place in “Top 25 Companies” of Pakistan Stock Exchange for last several years.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	108 million

Contribution in AHCL's P&L	
Consolidated	
Operating Revenue	843 million
Loss after Tax	71 million

Sachal Energy Development (Pvt.) Limited (SEDPL)



SEDPL operates a 50 MW wind farm at Jhimpir, Sindh, contributing to national development by reducing dependence on imported fossil fuels and producing 136.5GWh of clean energy per annum. The ground breaking was performed by the Chinese President as it is part of the early harvest projects of CPEC. SEDPL is the first Pakistani owned Wind project under CPEC to have achieved commercial operations. SEDPL also holds the honour of being the first privately owned Pakistani project to receive SINOSURE backed financing and the first such project to receive financing from ICBC, China.

Contribution in AHCL's P&L

Standalone

Operating Revenue	9 million
-------------------	-----------

Contribution in AHCL's P&L

Consolidated

Operating Revenue	3,217 million
-------------------	---------------

Profit after Tax	925 million
------------------	-------------

Black Gold Power Limited (BGPL)



BGPL has been incorporated to set up a 660MW mine mouth coal power plant at Thar Coal Block II, Phase IV, Sindh. The company has obtained coal allocation for 660 MW from Sindh Engro Coal Mining Company. The feasibility study of the project is currently in progress and is being conducted by internationally renowned Consultants. The company is currently in the process of obtaining registration at the Private Power Infrastructure Board (PPIB) and will move towards obtaining LOI from the same.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	Nil

Contribution in AHCL's P&L	
Consolidated	
Operating Revenue	1 million
Loss after Tax	41 million

Associates



15.19%



30%



MCB-ARIF HABIB
Savings and Investments Limited

30.09%

Fatima Fertilizer Company Limited (FFCL)



FFCL is a collaboration between the Arif Habib Group and the Fatima Group. It set up a Greenfield fertiliser complex, a fully integrated production facility located at Sadiqabad, Rahim Yar Khan near the Mari Gas Field, which supplies its feed-stock. The plant has a rated capacity of 1.28 million tons and has been in Commercial production since 2011. The Company is listed on the Pakistan Stock Exchange.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	558 million
Re-measurement Loss	813 million

Contribution in AHCL's P&L	
Consolidated	
Share of Profit – net of tax	2,028 million

Pakarab Fertilizers Limited (PAFL)



PAFL was acquired by a consortium of Arif Habib Group and Fatima Group, in 2005 under the Government of Pakistan’s privatisation programme. Pakarab Fertilizers Limited has a rated capacity of 0.9 million tons and is located in Multan. The company became the first Pakistani company to earn and sell Carbon Credits in the international market. The company has been adversely affected by shortage of pipeline natural gas denying it its contracted gas being its raw material.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	NIL

Contribution in AHCL's P&L	
Consolidated	
Share of Loss – net of tax	1,782 million



MCBAH is an Asset Management, Investment Advisory and Pension Fund Management Company in a joint venture with MCB Bank. It manages Open-end Mutual Funds, Pension Funds as well as Discretionary and Non-discretionary Portfolios for institutional and individual clients. MCBAH is an industry leader, known for setting international standards of international best practices and bringing innovative products to market, including the use of technology in creating innovative distribution channels. As of 30th June 2019, it had PKR 80 billion under management.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	38 million
Re-measurement Gain	65 million

Contribution in AHCL's P&L	
Consolidated	
Share of Profit – net of tax	7 million

Other Group Companies



7.13%



10.34%



13.75%

Aisha Steel Mills Limited (ASML)



ASML, a listed entity incorporated in 2005, is a state-of-the-art Cold Rolling mill and produces high quality Cold Rolled Coils (CRC) and galvanized steel. The plant is located in the Down-Stream Industrial Estate of Pakistan Steel, Bin Qasim, Karachi. The post expansion production capacity of ASML is around 700,000MT per annum.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	100 million
Re-measurement Loss	328 million
Capital Gain	17 million

Power Cement Limited (PCL)



PCL is situated on M-9 Motorway in Nooriabad Industrial Area, Jamshoro, Sindh. PCL is currently expanding its production capacity from 900,000 tonnes per annum to 3.6 million tonnes per annum making it the second largest cement producer in the South. The new plant has been procured from FLSmidth Europe. Trial run of the new plant is currently underway.

Power Cement’s primary target is the domestic market as it caters to the Southern region of Pakistan. Its products are also exported to markets located in the region. Power Cement plants are environment friendly and the emissions from the PCL cement plants comply with the World Bank/IFC Standards. The company is listed on the Pakistan Stock Exchange.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	NIL
Re-measurement Loss	193 million
Capital Loss	5 million



JCL is the parent company of the housing society, Naya Nazimabad (NN), spread over land measuring over 1300 acres. Naya Nazimabad offers families not only housing but a complete lifestyle. Naya Nazimabad Phase 1 was met with tremendous success.

Being the only completely owned real estate development of its time, the design includes a host of amenities.

With the number of residents moving into their new homes, Naya Nazimabad is fast transforming from a developing area to bustling community enjoying the enhanced standard of living offered nowhere else within the thickly populated city area. Naya Nazimabad is poised to launch its apartments and commercial sites.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	125 million
Re-measurement Loss	44 million
Capital Gain	52 million

Post Balance Sheet Event - Buy-Back of Shares



Subsequent to the year ended 30th June 2019, the Company purchased and cancelled 45,375,000 ordinary shares. The buyback and cancellation of shares was approved by shareholders at the extra ordinary general meeting held on 3 July 2019. The shares were acquired at the purchase price of Rs. 27 per share. The purchase of shares was made in cash out of the distributable profits as required under Section 88(8) of the Companies Act, 2017 read with Listed Companies (Buy-Back of Shares) Regulations, 2019. Pursuant to Buy Back of Shares, the ordinary share capital of the Company has been subsequently reduced by 45,375,000 ordinary shares amounting to Rs. 453,750,000.

Had the buyback taken place by 30th June 2019, the breakup value per share of AHCL would have been Rs. 45.68 per share instead of Rs. 43.81 per share



Queries



Thank you!