



Arif Habib Corporation Limited

Analyst Briefing - November 2022

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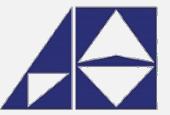
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Arif Habib Corporation Limited



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 15 billion as dividend (including specie dividend), PKR 720 million by buying back 2 million shares (having face value of PKR 10 each) at a price of PKR 360 per share in 2005-6 & PKR 1.225 billion by buying back 45.375 million shares (having face value of PKR 10 each) at a price of PKR 27 per share in 2019-20 from its shareholders. As on 30th June, the Company's equity was PKR 24 billion built through retained earnings.

Thus, by 30th June 2022, the initial investors in the IPO of the Company, have had a compounded all annualized return of 25.71% (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 2022



S. No.	Strategic Investments	Shareholding (%)
1	Arif Habib Limited	63.01
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	Aisha Steel Mills Limited	13.32%
8	Javedan Corporation Limited	9.99%

Key Highlights



Operating Revenue

Standalone	Consolidated
FY'22: 1,818 million +66.33%	FY'22: 5,408 million -3.27%
FY'21: 1,093 million	FY'21: 5,591 million

EBITDA

Standalone	Consolidated
FY'22: 4,088 million -7.58%	FY'22: 6,900 million -37.56%
FY'21: 4,337 million	FY'21: 11,050 million

Profit after tax

Standalone	Consolidated
FY'22: 3,758 million -3.00%	FY'22: 4,011 million -52.22%
FY'21: 3,874 million	FY'21: 8,395 million

Earnings / (loss) per Share

Standalone	Consolidated
FY'22: 9.20 -3.00%	FY'22: 8.50 -53.62%
FY'21: 9.49	FY'21: 18.33

Key Highlights



Total Assets	
Standalone	Consolidated
FY'22: 26,064 million +14.50%	FY'22: 54,251 million +9.01%
FY'21: 22,764 million	FY'21: 49,767 million

Total Equity	
Standalone	Consolidated
FY'22: 23,834 million +11.56%	FY'22: 35,610 million +8.27%
FY'21: 21,365 million	FY'21: 32,891 million

Breakup Value per Share	
Standalone	Consolidated
FY'22: 58.36 +11.54%	FY'22: 87.20 +8.27%
FY'21: 52.32	FY'21: 80.54

Long Term Liability to Equity	
Standalone	Consolidated
FY'22: 0.56% -53.71%	FY'22: 29.01% +2.5%
FY'21: 1.21%	FY'21: 28.31%

Current Ratio	
Standalone	Consolidated
FY'22: 3.21x -41.32%	FY'22: 2.37x -1.25%
FY'21: 5.47x	FY:21: 2.40x

Subsidiaries



63.01%



63.01 %



100%



85.83%

Arif Habib Limited (AHL)



Arif Habib Limited (AHL) took over the Group's securities brokerage business in 2005 and has since then raised the flag even higher.

AHL is one of the largest listed securities brokerage and investment banking firms in Pakistan that has won accolades both in Pakistan and abroad from reputed ranking firms such as Asiamoney, The Asset, Finance Asia, CFA Society, SAFE, Financial Market Association of Pakistan and others over the years. Central Depository Company of Pakistan (CDC) has bestowed the "Top Brokerage House for Opening Roshan Digital Accounts" to the Company and AHL is also eight times recipient of Pakistan Stock Exchange's (PSX) "Top 25 Companies Award".

The firm offers financial services in the domains of equity, fixed income, money market & forex brokerage, investment banking corporate advisory services. AHL holds significant market share in brokerage and investment banking segments and enjoys a strong relationship with top international financial institutions. Besides Equity market, AHL offers Commodities Brokerage through its wholly owned subsidiary, Arif Habib Commodities Limited providing commodities futures brokerage services.

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'22: 418 million +282% FY'21: 109 million
Gain / (loss) on sale of securities:	FY'22: Loss 37 million -100% FY'21: Nil

Contribution in AHCL's P&L	
Consolidated	
Operating revenue	FY'22: 1,208 million -25% FY'21: 1,613 million
Profit after tax	FY'22: 826 million -61% FY'21: 2,105 million

Sachal Energy Development (Pvt.) Limited (SEDPL)



Sachal Energy Development (Pvt.) Limited (SEDPL) has commissioned and operates a 50 MW wind farm at Jhimpir, Sindh.

The Group believes that alternate sources of energy are the way forward. SEDPL is contributing to the national development by reducing dependence on imported fossil fuels and producing 136.5GWh of clean energy per annum. The ground breaking ceremony of SEDPL was performed by the Chinese President as it is part of the CPEC-Energy Priority Projects. 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. The company is committed to supply clean energy to the national grid through the National Transmission and Dispatch Company for 20 years.

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'22: 10 million -9% FY'21: 11 million

Contribution in AHCL's P&L	
Consolidated	
Operating revenue	FY'22: 4,027 million 3% FY'21: 3,900 million
Profit after tax	FY'22: 1,956 million +5% FY'21: 1,864 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 Company started feasibility for commercial viability and bankability of the project by engaging internationally renowned consultants. However, due to change in circumstances more particularly energy needs of the Country and consequently existing Power Policy, the management decided to hold the feasibility study and to reconsider this project in future once Power Policy attains stability.

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'22: Nil FY'21: Nil

Contribution in AHCL's P&L	
Consolidated	
Operating revenue	FY'22: 0.002 million -96% FY'21: 0.05 million
Loss after tax	FY'22: 0.4 million 50% FY'21: 0.8 million

Associates



15.19%



30%



30.09%

Fatima Fertilizer Company Limited (FFCL)



Fatima Fertilizer Company Limited (FFCL) was set up as a joint venture between the Fatima and the Arif Habib Groups, as a Greenfield fertiliser complex, having a production capacity of 1.4 million tonnes, a fully integrated production facility located at Sadiqabad, Rahim Yar Khan near the Mari Gas Field, which supplies its feed-stock.

The company now has a total annual capacity of 2.57 million tonnes consisting of plants at Sadiqabad, Shaikhapura and Multan. The Company is listed on the Pakistan Stock Exchange.

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'22: 1,117 million +40% FY'21: 798 million
Re-measurement gain / (loss)	FY'22: 2,887 million +348% FY'21: 644 million

Contribution in AHCL's P&L	
Consolidated	
Share of profit – net of tax	FY'22: 2,281 million -9% FY'21: 2,495 million

Pakarab Fertilizers Limited (PAFL)



Pakarab Fertilizers Limited (PAFL) was acquired by a consortium of Arif Habib Group and Fatima Group in 2005 under the Government of Pakistan's privatization programme.

PAFL was principally engaged in the manufacturing and sale of chemical fertilisers. The plant had undergone extensive modernisation and improved processes were introduced to maximise the output, while minimising the negative impacts on the environment.

The company became the first Pakistani company to earn and sell Carbon Credits in the international market. Fatima Fertilizer Company Limited has acquired manufacturing business of fertilizer and plants of PAFL pursuant to an agreement between Fatima Fertilizer Company Limited and Pakarab Fertilizers Limited. The site area of PAFL comprises of 302 acres, which includes area for the factory and the housing colony with all amenities including medical centre, school, management and staff clubs for recreation of employees and their families.

Contribution in AHCL's P&L

Standalone

Operating Revenue

FY'22: 28 million
FY'21: Nil

Contribution in AHCL's P&L

Consolidated

Share of profit / (loss) –
net of tax

FY'22: Nil
FY'21: Nil

MCB - Arif Habib Savings and Investments Limited (MCBAH)



MCB-Arif Habib Savings and Investments Limited (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 has been an industry leader, known for setting international standards of international best practices in delivering its fiduciary responsibilities and in bringing innovative products to market, including the use of technology in creating innovative distribution channels. As of 30th June 2022, it had PKR 187 billion under management. The company is listed on the Pakistan Stock Exchange.

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'22: 103 million +6% FY'21: 97 million
Re-measurement gain / (loss)	FY'22: Loss 324 mil -207% FY'21: 301 million

Contribution in AHCL's P&L	
Consolidated	
Share of profit – net of tax	FY'22: 52 million -51% FY'21: 113 million

Other significant investments



9.99%



13.32%

Aisha Steel Mills Limited (ASML)



Aisha Steel Mills Limited (ASML), a listed entity, is one of the largest private sector investments in the value added flat-rolled steel industry in Pakistan.

ASML started its commercial operation in 2012 and produces Cold Rolled and Hot Dipped Galvanized coils. The nameplate rolling capacity is 850,000 metric tons. The plant is equipped with state of the art equipment acquired from top manufacturers from Germany, Japan, Austria and China.

Currently, it is one of the leading suppliers of Cold Rolled Annealed and Galvanized Coils in the local market. It is also exporting to America, Europe, Canada, South Africa and middle-eastern countries.

Contribution in AHCL's P&L	
Standalone	
Operating revenue	FY'22: 85 million +239% FY'21: 25 million
Re-measurement gain	FY'22: Loss 1,071 million +173% FY'21: 1,306 million
Gain on sale of securities	FY'22: 971 million +900% FY'21: 97 million

Javedan Corporation Limited (JCL)



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 has recently launched apartments and will soon launch commercial sites.

Contribution in AHCL's P&L	
Standalone	
Operating Revenue	FY'22: Nil FY'21: 4 million
Re-measurement gain / (loss)	FY'22: 260 million -46% FY'21: 483 million

Post Balance Sheet Event - Dividend



The Board of Directors proposed a final cash dividend of PKR 4 per share amounting to PKR 1,633,500,000 at its meeting held on 30th September 2022 which the members approved at the annual general meeting held on 28th October 2022. Effect of the same shall be reflected in the next year's financial statements.



Queries



Thank you!