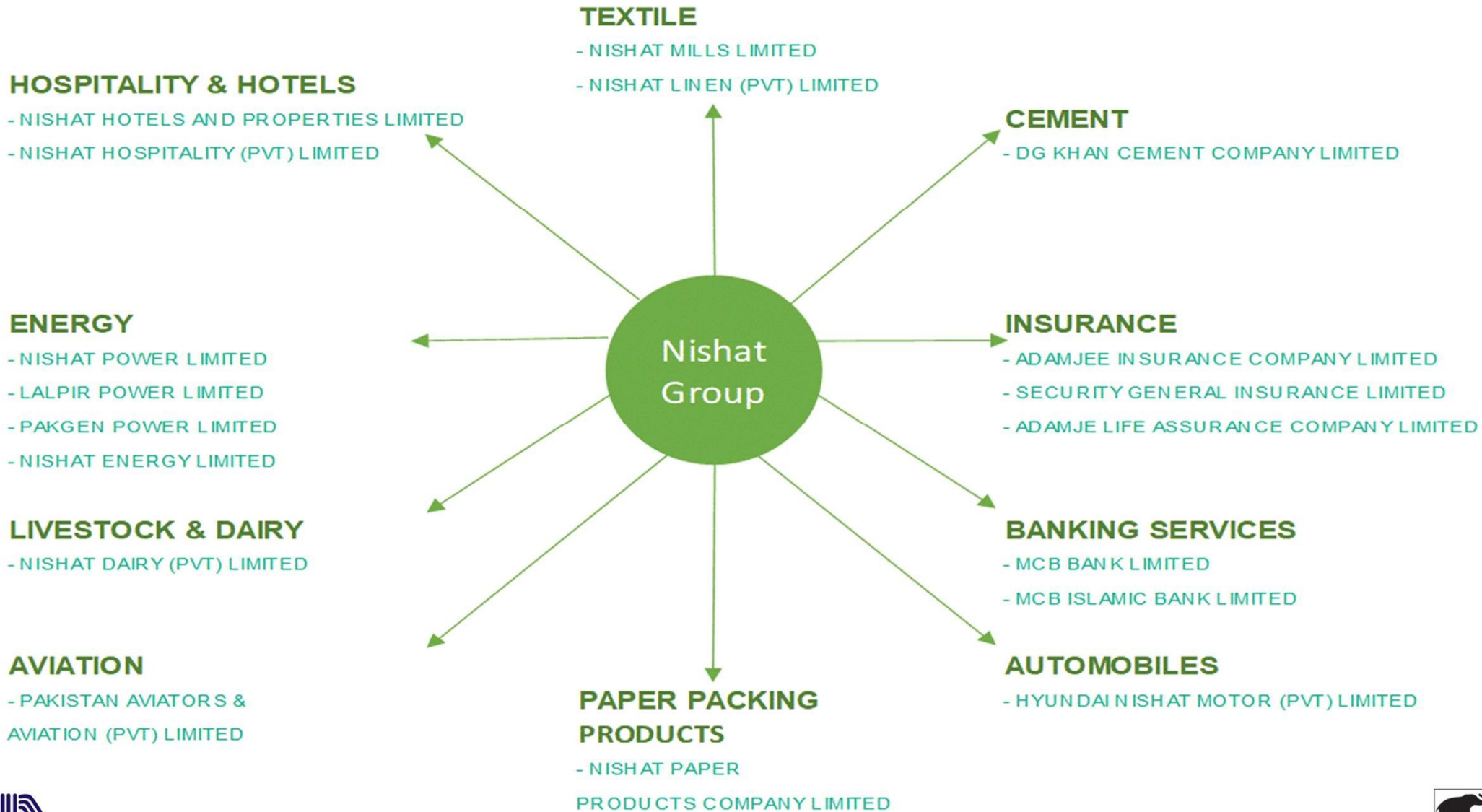




**D.G.KHAN CEMENT COMPANY LIMITED
CORPORATE BRIEFING SESSION
FOR THE YEAR ENDED JUNE 2019**

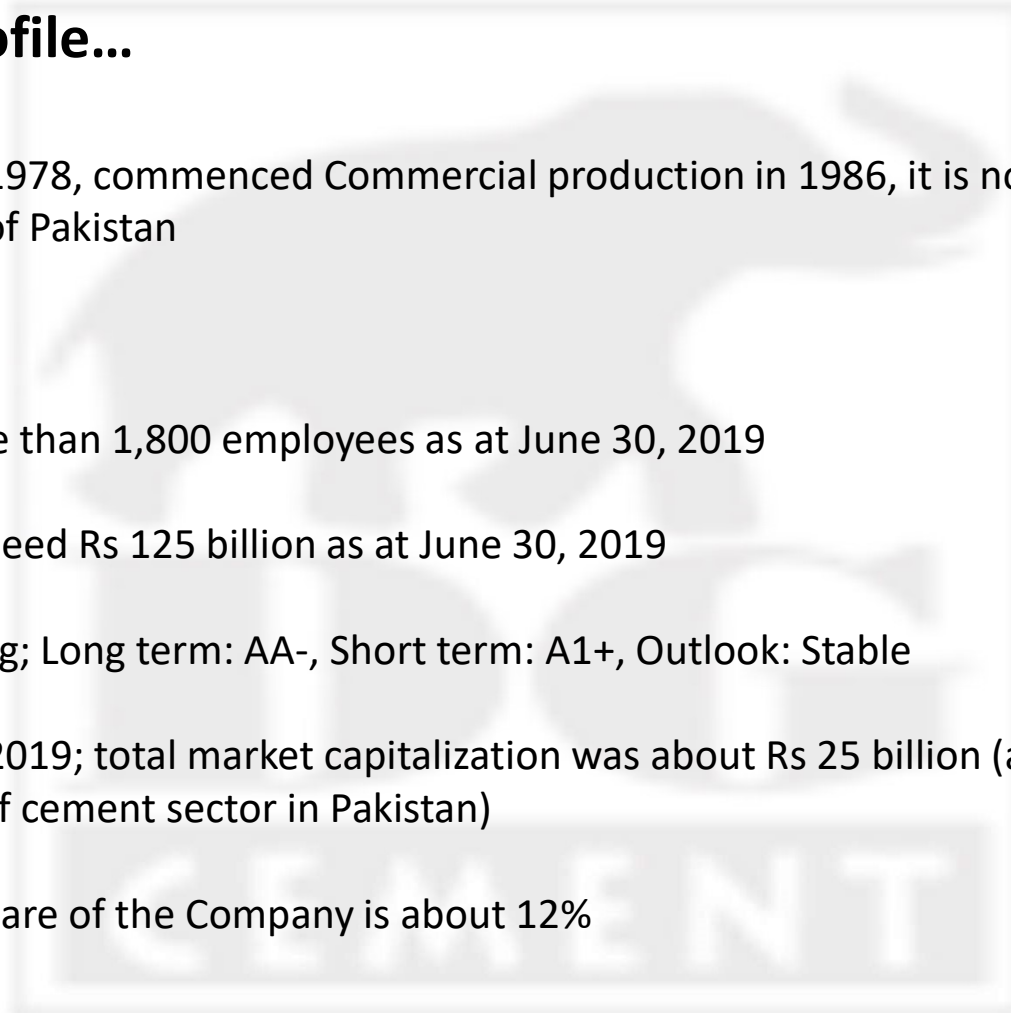
GROUP AND COMPANY PROFILE

- Founded in 1951, Nishat Group is one of the largest multinational conglomerates of Pakistan
- Total Market capitalization as at June 30, 2019 was Rs 297 billion (about USD 1.8 billion).
- Employed more than 41,000 employees directly
- Total assets exceed Rs 1,800 billion (about USD 11 billion)
- Market capitalization of the group bifurcated in the following sectors
 - Banking & Financial Services (70%)
 - Insurance (4%)
 - Cement (8%)
 - Textiles (11%)
 - Power (7%)



Company Profile...

- Established in 1978, commenced Commercial production in 1986, it is now the third largest cement manufacturer of Pakistan
- Blue chip stock
- Employed more than 1,800 employees as at June 30, 2019
- Total assets exceed Rs 125 billion as at June 30, 2019
- Company Rating; Long term: AA-, Short term: A1+, Outlook: Stable
- As at June 30, 2019; total market capitalization was about Rs 25 billion (about 9% of the total market capitalization of cement sector in Pakistan)
- Total market share of the Company is about 12%



DGKCCL... Progress over the years

1978

Established under the control of State Cement Corporation of Pakistan Limited

1986

Commenced commercial production with clinker capacity of 2,000 TPD at DG Khan site

1992

Acquired by Nishat Group under privatization initiated by the Government

1993

Clinker production capacity of existing production line increased to 2,200 TPD

Progress over the years... continued

1997

Addition of another production line with clinker capacity of 3,300 TPD at DG Khan Site

2001

Kiln Firing System converted from furnace oil to coal-based system.

2005

Increase in production capacity of existing lines to 6,700 TPD at DG Khan site

2007

New plant with clinker production capacity of 6,700 TPD was established at Khairpur, Chakwal site. Total clinker production capacity enhanced to 13,400 TPD. 33 MW dual fuel power plant was also installed at Khairpur site

Progress over the years... continued

2010

Installation of 10.4 MW WHR power plant at DG Khan site

2013

Installation of 8.6 MW WHR power plant at Khairpur site

2016

Installation of 30 MW Coal Fired Power Plant at DG Khan site

2018

Installation of 1.1 MW Solar Power Plant at Hub site

Progress over the years... continued

2018

New plant with clinker production capacity of 9,000 TPD was established at Hub site. Total clinker production capacity enhanced to 22,400 TPD

2019

12 MW new Waste Heat Recovery (WHR) power plant at Khairpur site based on efficient air cooler technology

2019

10 MW Waste Heat Recovery (WHR) power plant at Hub site (agreement signed, expected to be operational by December 2020)

2019

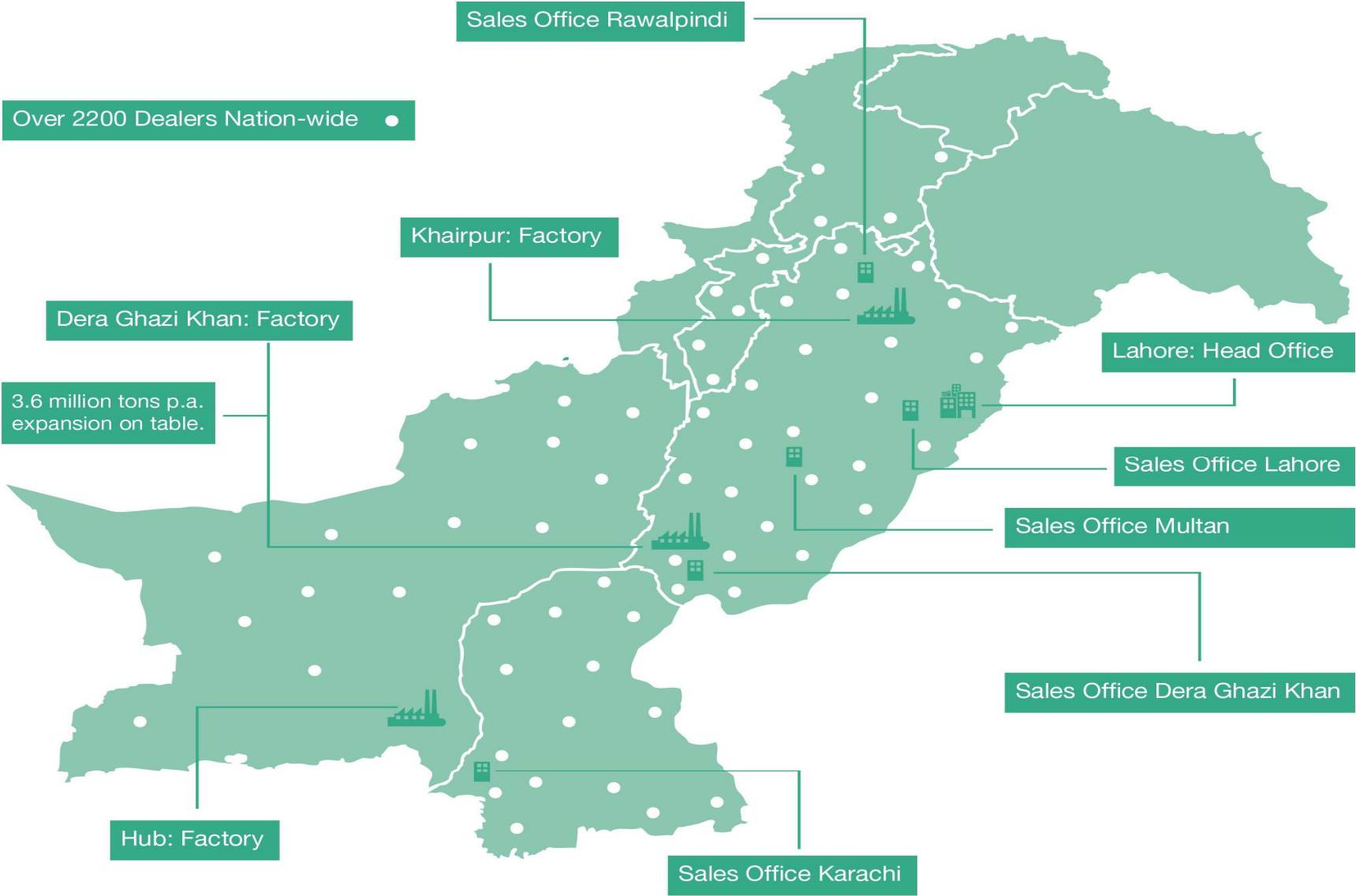
30 MW Coal Fired Power Plant (CFPP) at Hub site (agreement signed, expected to be operational by March 2021)

PRODUCTION AND POWER GENERATION CAPACITY

| | DGP | KHP | HUB | Total |
|-----------------------------------|-------|-------|-------|--------|
| Clinker production capacity (TPD) | 6,700 | 6,700 | 9,000 | 22,400 |
| CFPP (MW) | 30 | - | - | 30 |
| WHR Power plant (MW) | 10.40 | 12.00 | - | 22.40 |
| Gas Fired power plant (MW) | 24.60 | - | - | 24.60 |
| Dual Fuel Power plant (MW) | - | 33.00 | - | 33 |
| FO based power plant (MW) | - | - | 23.84 | 23.84 |
| Electricity requirement (MW) | 42 | 31 | 40 | 113 |

Over 2200 Dealers Nation-wide

3.6 million tons p.a. expansion on table.



STRATEGIC, FINANCIAL AND OPERATIONAL DEVELOPMENTS

Downside developments:

- 7.47% contraction in construction sector in FY 2019
- Price war in the industry due to addition in production lines
- Rising inflation and slow local demand
- Potential implications of axle load
- Export to India halted post Palwama incident
- Global slow down of economy
- Rising discount rates
- Currency devaluation
- Water charges on instructions of Honourable Supreme Court of Pakistan (FY 2019: Rs 225 million)

Upside developments:

- Entry in south market to diversify the customer base
- Clinker export to contribute towards fixed costs
- Strategic production facility near port to increase exports
- Production facilities stretched from north to center to south
- 10 MW WHR and 30 MW CFPP at Hub site
- 12MW WHR power plant at KHP site
- 3.6 million tons per annum expansion in DG Khan (application submitted, approval pending from relevant ministry)
- Potential market opportunities to Afghanistan and Africa

FINANCIAL YEAR 2019 UNDER REVIEW

| <i>Volumetric Data</i> | FY19 | FY18 | Variance | |
|-----------------------------------|-------------|-------------|-----------------|---------|
| Production: | In MT | | | % |
| Clinker | 6,380,898 | 4,413,413 | 1,967,485 | 44.6% |
| Cement | 5,613,650 | 4,857,761 | 755,889 | 15.6% |
| Sales: | | | | |
| Total | 5,597,642 | 4,810,250 | 787,392 | 16.4% |
| Local (excluding own consumption) | 5,327,410 | 4,352,185 | 975,225 | 22.4% |
| Exports | 270,232 | 458,065 | (187,833) | -41.0% |
| Clinker Sale | 707,341 | 26,576 | 680,765 | 2561.6% |

Extracts of Financial Statements

| 2019 | 2018 | Variance |
|------|------|----------|
|------|------|----------|

---Rs in thousands--

%

Balance sheet

| | | | | |
|---------------------|------------|------------|--------------|--------|
| Equity | 70,928,415 | 77,134,421 | (6,206,006) | -8.0% |
| Fixed Assets | 79,980,234 | 76,493,984 | 3,486,250 | 4.6% |
| Capitalisation | 7,022,815 | 46,233,538 | (39,210,723) | -84.8% |
| Long Term Loan | 21,025,324 | 20,040,471 | 984,853 | 4.9% |
| Short Term Loan | 20,258,570 | 12,209,667 | 8,048,903 | 65.9% |
| Current Assets | 33,623,260 | 29,075,626 | 4,547,634 | 15.6% |
| Current Liabilities | 34,247,052 | 22,553,193 | 11,693,859 | 51.9% |

Extracts of Financial Statements

| | 2019 | 2018 | Variance | |
|--------------------------------------|-----------------------|-------------|-------------|---------|
| | ---Rs in thousands--- | | | % |
| <i>Profit or Loss Account</i> | | | | |
| Gross Sales | 57,952,383 | 43,407,770 | 14,544,613 | 33.5% |
| Sales tax and Excise duty | 16,985,427 | 12,352,419 | 4,633,008 | 37.5% |
| Net Sales | 40,516,525 | 30,668,428 | 9,848,097 | 32.1% |
| Gross Profit | 5,362,439 | 8,740,221 | (3,377,782) | -38.6% |
| Financial Expenses | 3,304,102 | 519,267 | 2,784,835 | 536.3% |
| Profit Before Tax | 1,990,841 | 7,370,078 | (5,379,237) | -73.0% |
| Taxation | 381,082 | (1,467,530) | 1,848,612 | -126.0% |
| Profit after Tax | 1,609,759 | 8,837,608 | (7,227,849) | -81.8% |
| PBT without Dividend | 99,303 | 5,435,293 | (5,335,990) | -98.2% |
| PAT without Dividend | (281,779) | 6,902,823 | (7,184,602) | -104.1% |

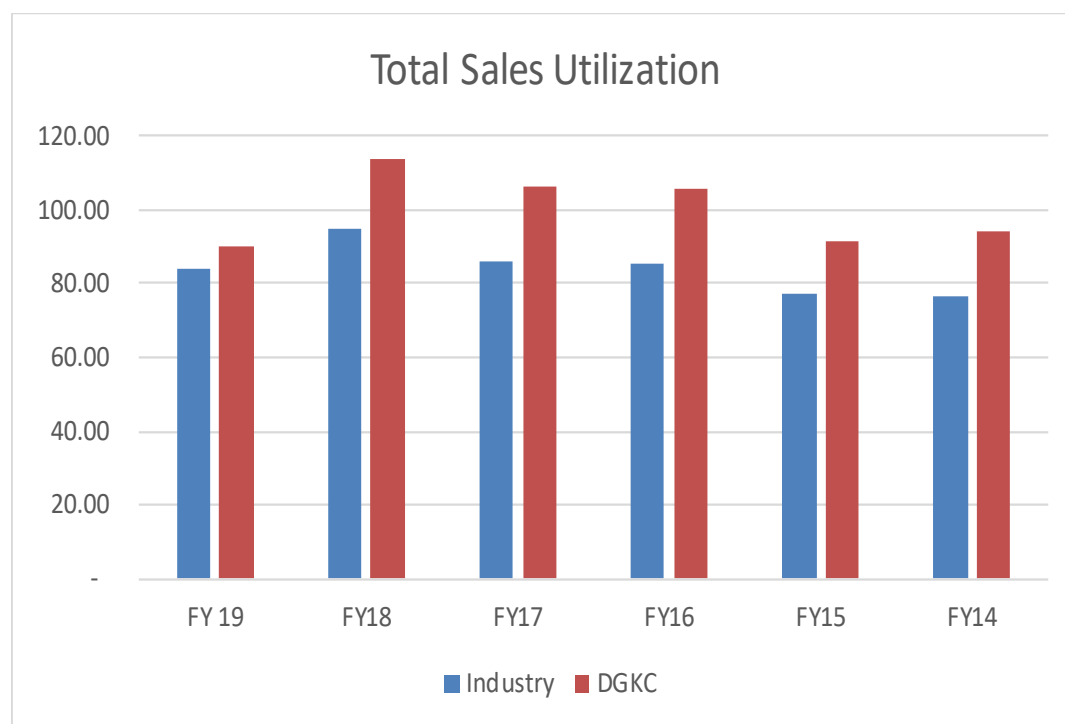
Extracts of Financial Statements

| <i>Profitability Indicators</i> | 2019 | 2018 | Variance | |
|---------------------------------|-------------|-------------|-----------------|--------|
| EBITDA (PKR in thousands) | 8,795,010 | 10,193,594 | (1,398,584) | -13.7% |
| EBIT (PKR in thousands) | 5,294,943 | 7,889,345 | (2,594,402) | -32.9% |
| Depreciation (PKR in thousands) | 3,500,067 | 2,304,249 | 1,195,818 | 51.9% |

| | | |
|------------------|-------|-------|
| GP to Sales (%) | 13.24 | 28.50 |
| PBT to Sales (%) | 4.91 | 24.03 |
| PAT to Sales (%) | 3.97 | 28.82 |

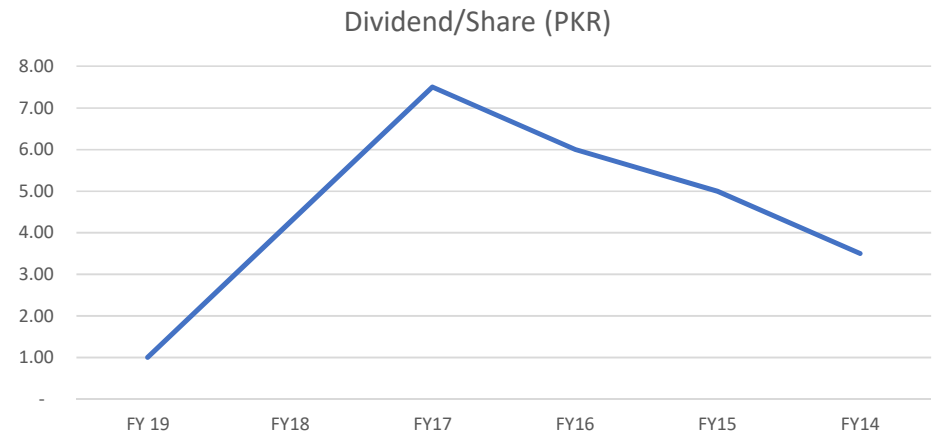
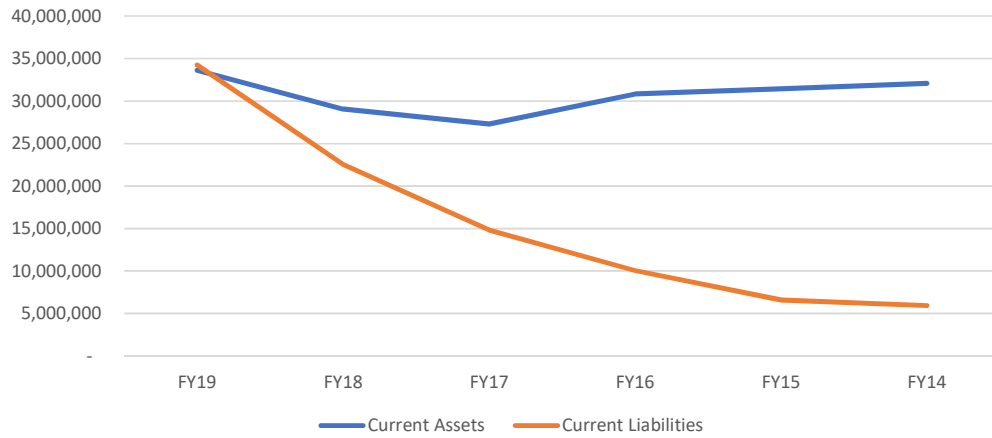
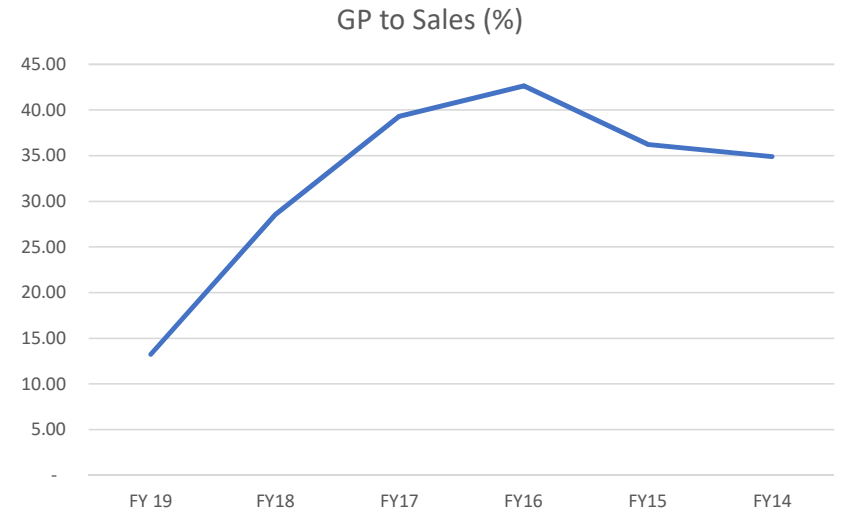
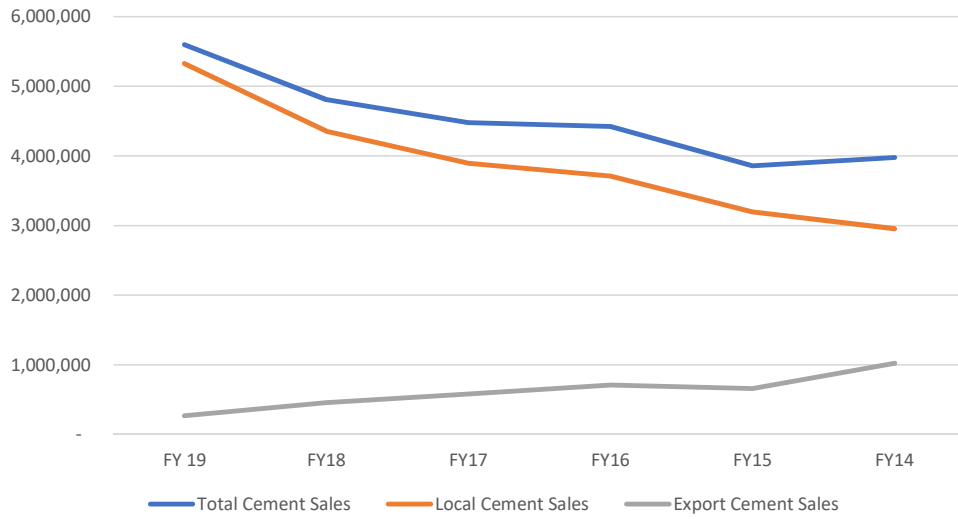
Sales utilization comparison with Industry

| Sales Utilization (%) | Industry | DGKC |
|-----------------------|----------|--------|
| FY 19 | 83.73 | 90.44 |
| FY18 | 95.23 | 113.96 |
| FY17 | 85.88 | 106.09 |
| FY16 | 85.22 | 105.56 |
| FY15 | 77.60 | 91.40 |
| FY14 | 76.79 | 94.20 |

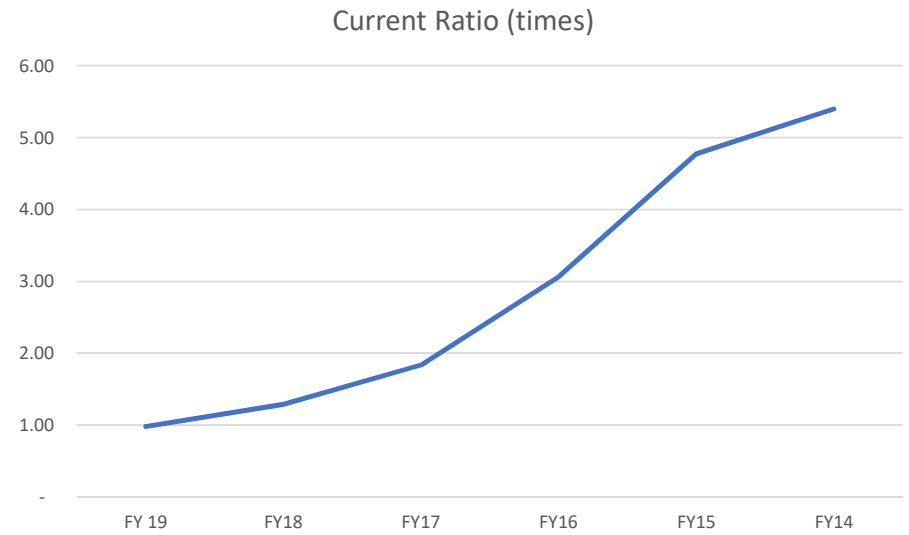
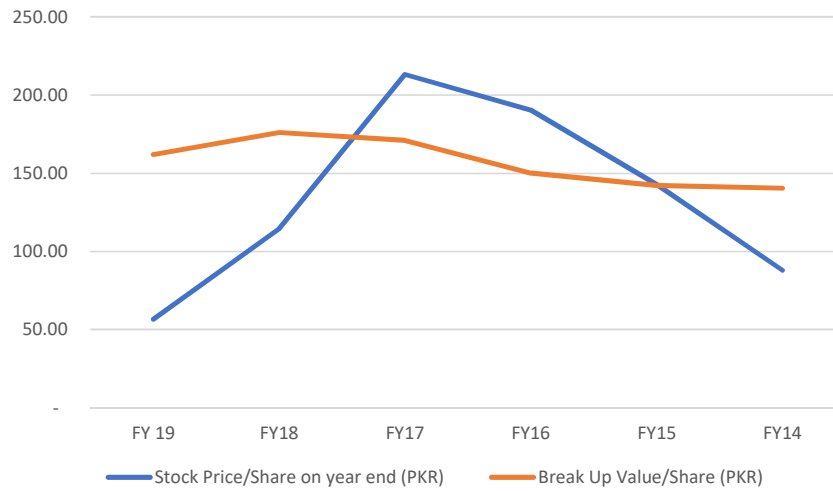
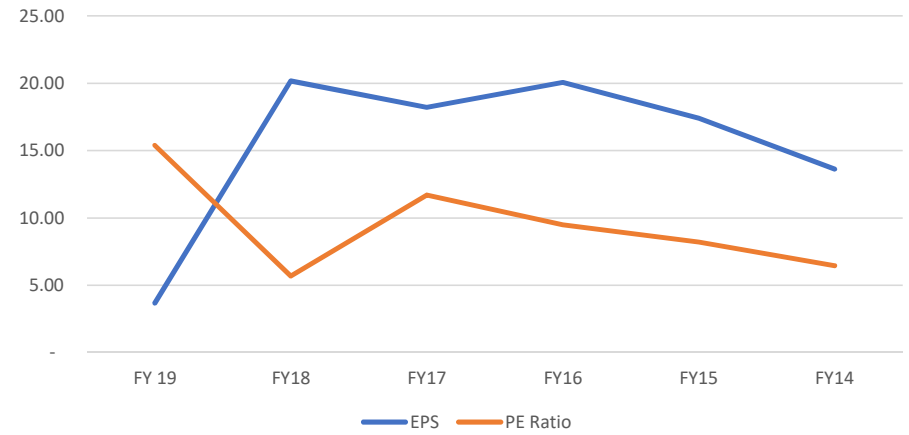
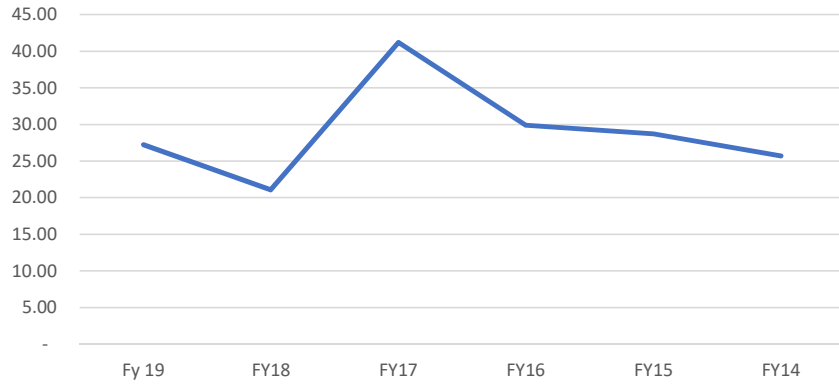


Extracts of Financial Statements Quarter ended September 2019

| | September ended | | | |
|--------------------------------------|----------------------------------|------------------|--------------------|----------------|
| | 2019 | 2018 | Variance | |
| | ---Rs in thousands-- (Unaudited) | | | % |
| <i>Profit or Loss Account</i> | | | | |
| Sales | 9,069,445 | 8,185,893 | 883,552 | 10.8% |
| COS | (9,607,461) | (7,148,528) | (2,458,933) | 34.4% |
| Gross (Loss)/Profit | (538,016) | 1,037,365 | (1,575,381) | -151.9% |
| Administrative expenses | (150,574) | (169,646) | 19,072 | -11.2% |
| Selling expenses | (485,417) | (177,119) | (308,298) | 174.1% |
| Other operating expenses | (2,010) | (27,989) | 25,979 | -92.8% |
| Other income | 553,097 | 469,292 | 83,805 | 17.9% |
| Financial Expenses | (1,256,104) | (612,029) | (644,075) | 105.2% |
| PBT | (1,879,023) | 519,874 | (2,398,897) | -461.4% |
| Taxation | 450,965 | (102,051) | 553,016 | -541.9% |
| PAT | (1,428,057) | 417,823 | (1,845,880) | -441.8% |
| EPS | -3.26 | 0.95 | | |



Divident Payout Ratio (%)



CORPORATE SOCIAL RESPONSIBILITY

Education and training

- Two Schools at DG Khan Site
- Internship Program
- Contribution towards university
- Training
- Skill Development Program

Medical

- Free dispensary for locals (involving consultancy, medicines and regular checkups)
- Free ambulance service
- Contributed towards hospital

Social uplift

- Job Creation
- Clean drinking water to nearby villages
- Environment and pollution control by adopting latest state of art technology
- Infrastructure development
- Waste collection from city to replace the use of coal
- Contributed Rs 100 million towards Dam Fund
- Collaboration with Government to tackle natural disaster and calamity

*Thank
you*

