PACKAGES LIMITED
Corporate Briefing Session
May 29, 2020

Creating a better tomorrow
Content

1. Company Overview
2. Financial Highlights
3. Strategic and Operational Developments
4. Questions & Answers
OUR BUSINESS UNITS

Creating a better tomorrow

Total Sales
PKR 22.9 Bn

CONSUMER PRODUCTS 23%
FLEXIBLE PACKAGING 48%
FOLDING CARTONS 29%

Our Packaging Business

Local Customers 30%
International Customers 70%
FOLDING CARTONS

High quality detailed graphics in **Offset** and **Rotogravure** printing

Produce a wide range of products for **tobacco**, **pharma**, **FMCG**, **personal care** and **food industries**

**OUR BUSINESS SEGMENTS**

- General Packaging, 59%
- Tobacco, 41%

**OUR CUSTOMERS**

- Pakistan Tobacco Company
- UniLever
- National
- McDonald's
- Nestle
LOCATION

Lahore, Pakistan

FIRST OPERATION

1957

TOTAL AREA

100,000 sq ft

BOARD CONVERSION (2018)

26,000 tons
High quality detailed graphics in Flexographic and Rotogravure printing

Produce lamination for plastic films, aluminium foil and paper

OUR CUSTOMERS

OUR BUSINESS SEGMENTS

Food, 30%

Dairy, 18%

Snack & Beverages, 18%

Personal Care, 26%

Others, 8%
PRODUCT SEGMENTS – PAKISTAN MARKET

- Dairy Products
- Home & personal care
- Ice cream cones
- Snacks
- Ready Meals
- Instant drinks
- Labels
- Detergents
CONSUMER PRODUCTS

Pakistan’s only tissue manufacturing with a capacity of **100 ton per day**

Produce **facial tissues**, **toilet rolls**, **napkins**, **party packs**, **kitchen rolls**, **paper cups** and **plates**

OUR MARKET SHARE

- Rest of the Market: 38%
- Packages: 62%

OUR BUSINESS SEGMENTS

- Branded, 78%
- B2B, 17%
- Others, 5%
OUR PORTFOLIO

- Facial
- Toilet Rolls
- Party Pack
- Paper Towels
- Napkins
- Pocket Packs
- Wet Wipes
- Paper Cups
- Paper Plates
Creating a better tomorrow

State of the art manufacturing & conversion facility

Capital Investment to stay ahead of the market

In House R&D leading to market agility

BACKWARD INTEGRATION

Reach up to 288 towns
Urban & Rural

HIGHEST RETAIL REACH IN THE CATEGORY

60,000 Retail Outlets

Automated Sales System
Innovation & Renovation - 2019

- 18 GSM Single Ply Table & Coffee Napkins for McDonalds
  - Launched, Feb 2019

- Change in Perforation Size to give ease to customer
  - ZZOOP Pick a Size
  - Launched, March 2019

- Renovation of Luxury Facial into 3 Ply Ultra Soft
  - Launched, July 2019

- Relives stuffy noses
  - Lotionised Menthol Pack
  - Launched, August 2019

- Renovation of pocket pack
  - 3 PLY pocket pack
  - Launched, December 2019
Content

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# Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>Financial Year</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>(Rupees in million)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Sales from Operations</strong></td>
<td>22,916</td>
<td>20,699</td>
</tr>
<tr>
<td><strong>EBITDA- operations</strong></td>
<td>2,720</td>
<td>1,769</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>(830)</td>
<td>(755)</td>
</tr>
<tr>
<td><strong>EBIT – operations</strong></td>
<td>1,890</td>
<td>1,014</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,056)</td>
<td>(525)</td>
</tr>
<tr>
<td>Other operating income / (expenses) – net</td>
<td>73</td>
<td>(73)</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,934</td>
<td>3,029</td>
</tr>
<tr>
<td>Impairment charged on investment</td>
<td>(676)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Earnings before tax</strong></td>
<td>2,165</td>
<td>3,445</td>
</tr>
<tr>
<td>Taxation</td>
<td>(819)</td>
<td>(709)</td>
</tr>
<tr>
<td><strong>Earnings after tax</strong></td>
<td>1,346</td>
<td>2,736</td>
</tr>
<tr>
<td><strong>Basic Earnings per share – Rupees</strong></td>
<td>15.06</td>
<td>29.69</td>
</tr>
</tbody>
</table>
### Financial Highlights

**Quarter Ended**

<table>
<thead>
<tr>
<th>Rupees in million</th>
<th>Q1 2020</th>
<th>Q1 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales from Operations</strong></td>
<td>6,413</td>
<td>5,772</td>
<td>11%</td>
</tr>
<tr>
<td><strong>EBITDA- operations</strong></td>
<td>889</td>
<td>752</td>
<td>18%</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>(222)</td>
<td>(200)</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT – operations</strong></td>
<td>667</td>
<td>552</td>
<td>21%</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(301)</td>
<td>(206)</td>
<td>46%</td>
</tr>
<tr>
<td>Other operating (expenses) – net</td>
<td>(46)</td>
<td>(41)</td>
<td>12%</td>
</tr>
<tr>
<td>Investment income</td>
<td>-</td>
<td>1,096</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings before tax</strong></td>
<td>320</td>
<td>1,401</td>
<td>77%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(121)</td>
<td>(324)</td>
<td>63%</td>
</tr>
<tr>
<td><strong>Earnings after tax</strong></td>
<td>199</td>
<td>1,077</td>
<td>82%</td>
</tr>
<tr>
<td>Basic Earnings per share – Rupees</td>
<td>2.22</td>
<td>12.04</td>
<td></td>
</tr>
</tbody>
</table>
Financial Highlights

**Net Sales - PKR Million**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>16,025</td>
<td>16,839</td>
<td>17,894</td>
<td>20,700</td>
<td>22,916</td>
<td>6,413</td>
</tr>
</tbody>
</table>

**EBITDA - PKR Million**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>2,497</td>
<td>2,427</td>
<td>2,277</td>
<td>1,769</td>
<td>2,720</td>
<td>889</td>
</tr>
</tbody>
</table>

**Investment Income - PKR Million**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>2,618</td>
<td>6,472</td>
<td>6,274</td>
<td>3,029</td>
<td>1,934</td>
<td>-</td>
</tr>
</tbody>
</table>

**Earnings per share - PKR**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>37</td>
<td>63</td>
<td>69</td>
<td>30</td>
<td>15</td>
<td>2</td>
</tr>
</tbody>
</table>
Financial Highlights

Debt / Equity Ratio %

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>8</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Debt</td>
<td>92</td>
<td>93</td>
<td>95</td>
<td>96</td>
<td>95</td>
<td>94</td>
</tr>
</tbody>
</table>

Working Capital - PKR Million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>2,300</td>
<td>2,729</td>
<td>2,662</td>
<td>3,674</td>
<td>4,917</td>
<td>5,143</td>
</tr>
<tr>
<td>% Age to Sales</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
<td>18%</td>
<td>19%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Dividend per Share (PKR)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per share</td>
<td>15</td>
<td>25</td>
<td>30</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>40%</td>
<td>40%</td>
<td>43%</td>
<td>51%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Share Price Vs KSE-100 Index

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packages Share Price</td>
<td>32,816</td>
<td>47,807</td>
<td>40,471</td>
<td>37,067</td>
<td>356</td>
<td>228</td>
</tr>
<tr>
<td>KSE - 100 index</td>
<td>582</td>
<td>850</td>
<td>510</td>
<td>387</td>
<td>356</td>
<td>228</td>
</tr>
</tbody>
</table>
OUR INVESTMENT PORTFOLIO

Investments held by Packages Limited

Listed
- IGI Holdings Limited
- Nestle Pakistan Limited
- Tri-Pack Films Limited

Unlisted
- Packages Real Estate (Pvt) Limited
- DIC Pakistan Limited
- Packages Lanka (Pvt) Ltd
- Anemone Holding Limited
- Bulleh Shah Packaging (Pvt) Ltd
- Coca-Cola Beverages Pakistan Ltd
- OmyaPack (Pvt) Ltd
DIC PAKISTAN

55%
Joint Venture
DIC GLOBAL

OUR PRODUCTS

- ROTOGRAVURE INKS
- FLEXOGRAPHIC INKS
- SHEET FED OFFSET INKS

NET SALES (19 Vs 18)
Rs 5.2B Vs Rs 4.4B
18% ↑

EBIT (19 Vs 18)
Rs 679M Vs Rs 515M
32% ↑
BULLEH SHAH PACKAGING

100% Subsidiary

NET SALES (19 Vs 18)
Rs 26B Vs Rs 22B
18% ↑

EBIT (19 Vs 18)
Rs 1.2B Vs Rs 0.1B

OUR PRODUCTS

CORRUGATED CARTONS
PAPER
BOARD

Bulleh Shah Packaging

Corrugated Packaging
100,000 tons

Paper & Board
240,000 tons

Karachi
Kasur
TRI-PACK FILMS

33% Associate

NET SALES (19 Vs 18) Rs 14.7B Vs Rs 13.2B 11% ↑

EBIT (19 Vs 18) Rs 702M Vs Rs 689M 2% ↑

OUR PRODUCTS

▪ Transparent Lamination Grade
▪ Metallizable Heat Sealable
▪ Metallized Heat Sealable
▪ White Opaque Heat Sealable
▪ Transparent Barrier Film

▪ Plain Film
▪ Composite
▪ Cigarette Grade
▪ Pearlized
▪ Metalized
FLEXIBLE PACKAGES CONVERTORS – SOUTH AFRICA

55% Subsidiary

- 6 Coex extrusion machines
- 2 Monolayer extrusion machines
- 2 printing machines upto 10 colors
- 1 printing machine upto 8 colors
- Shrink Film
- Bread Bags
- Refuse Bags
- Sugar Film
- Milk Film

NET SALES (19 Vs 18)
ZAR 542M Vs ZAR 535M
1% ↑

EBIT (19 Vs 18)
ZAR 24M Vs ZAR 31M
23% ↓
PACKAGES LANKA – SRI LANKA

79.09% Subsidiary

NET SALES (19 Vs 18)
LKR 2.3B Vs LKR 2.4B

EBIT (19 Vs 18)
LKR 108M VS LKR 198M
45% ↓

OUR HARDWARE & PRODUCTS

- Coex Extrusion
- Roto graphic Printing
- Lamination
- Slitting & Bag Making
- Tea Bags
- Biscuits & Snacks
- Confectionary
- Detergents
- Dairy
OMYA PACK PAKISTAN

Started Operations in
2018

50% Joint Venture
OMYA SWITZERLAND

OUR PRODUCTS

Calcium Carbonate
Dry Process
Wet Process
PACKAGES REAL ESTATE

Packages Mall

75.16% Subsidiary

RENTAL (19 Vs 18)
Rs 2B Vs Rs 1.9B
5% ↑

EBIT (19 Vs 18)
Rs 1.2B Vs Rs 0.7B
71% ↑

Inaugurated
2017

Area
1.3M sqft

>200 Shops
IMPACT OF COVID-19 ON PACKAGES MALL OPERATIONS

COVID-19 lockdown has caused disruptions/ closure of the tenant businesses and receipt of trade debts. Accordingly, Packages Real Estate (Private) Limited has announced a rent-free period along-with reduction in maintenance charges effective March 22, 2020.
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Sec/49/2020

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi

Commissioner  
Company Law Division  
Securities & Exchange Commission of Pakistan  
NIC Building, Jinnah Avenue, Blue Area,  
Islamabad

Director/HOD  
Surveillance, Supervision and Enforcement Department  
Securities & Exchange Commission of Pakistan  
NIC Building, Jinnah Avenue, Blue Area,  
Islamabad

Dear Sirs,

RE: Proposed Restructuring of Packages Limited

This is with reference to our letter No.Sec/142/2019 and disclosure dated April 25, 2019 regarding proposed transfer of: (a) manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication & roll covers along with all relevant assets, operations and corresponding liabilities (the Converting Business) into 100% wholly owned subsidiary (Packages Convertors Limited); and (b) investments business comprising shares of various companies, operations along with corresponding liabilities, if any, (the Investment Business) into another 100% wholly owned subsidiary (Packages Investments Limited) against issue of shares by such wholly owned subsidiaries in favor of Packages.

In accordance with Sections 96 and 131 of the Securities Act, 2015 and Regulation 5.6.1(a) of the Pakistan Stock Exchange Rule Book, we are enclosing herewith a Form disclosing that Packages Convertors Limited and Packages Investments Limited (wholly owned subsidiaries of the Company) have informed that SECP has approved their respective applications for issuance of shares for consideration otherwise than in cash subject to certain conditions. Packages Convertors Limited has informed that they intend to proceed with the transfer of the Converting Business against issuance of shares for consideration otherwise than in cash whereas Packages Investments Limited is currently evaluating different options for the transfer of Investment Business against issuance of shares for consideration otherwise than in cash in the light of approval so granted by SECP. Accordingly, The Board of Directors of the Company, in its meeting held on March 13, 2020, has resolved to consummate transfer of Converting Business to Packages Convertors Limited and to hold the transfer of Investment Business to Packages Investments Limited for the time being and will finalize the way forward in this regard in the best interest of the Company and its shareholders. As mentioned in our earlier announcement letter dated April 25, 2019, this transfer to our wholly owned subsidiary (Packages Convertors Limited) shall not affect the rights of the shareholders of Packages Limited.

Karachi  
March 13, 2020
The Company will keep you informed of further development in this regard. Should you have any further queries, kindly let us know.

Yours sincerely,

FOR PACKAGES LIMITED

(Adi J. Cawasji)
Company Secretary
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Questions & Answers