



# Millat Tractors Limited

**Corporate Briefing Session**

Financial Year Ended 30 June 2019

21 November 2019

# Company Overview

# Millat Group Companies

## 1. Millat Tractors Limited

(Public Limited Company - Listed on Pakistan Stock Exchange)

Assembler of tractors, implements, forklift trucks, gen-sets

## 2. Millat Equipment Limited (45 % holding)

(Public Limited Company - Unlisted)

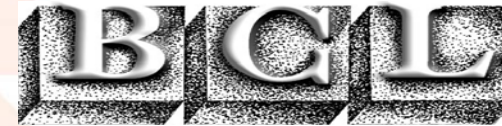
Manufacturer of tractor components - gears



## 3. Bolan Castings Limited (46% holding)

(Public Limited Company - Listed on Pakistan Stock Exchange)

Manufacturer of casting components



## 4. Millat Industrial Products Limited (64% holding)

(Public Limited Company - Unlisted)

Manufacturer of batteries



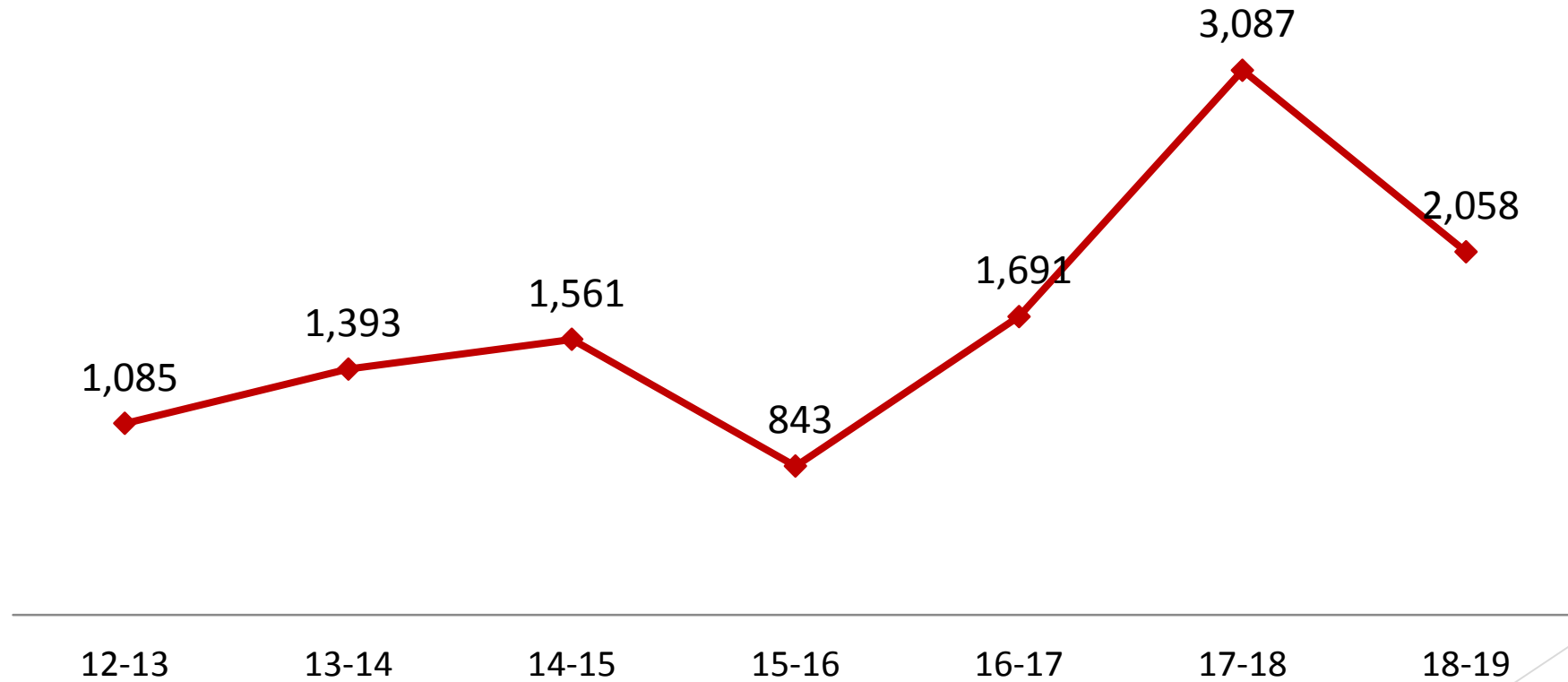
## 5. TIPEG Intertrade JLT (75% holding)

(Free Zone Company under Regulations of DMCC)

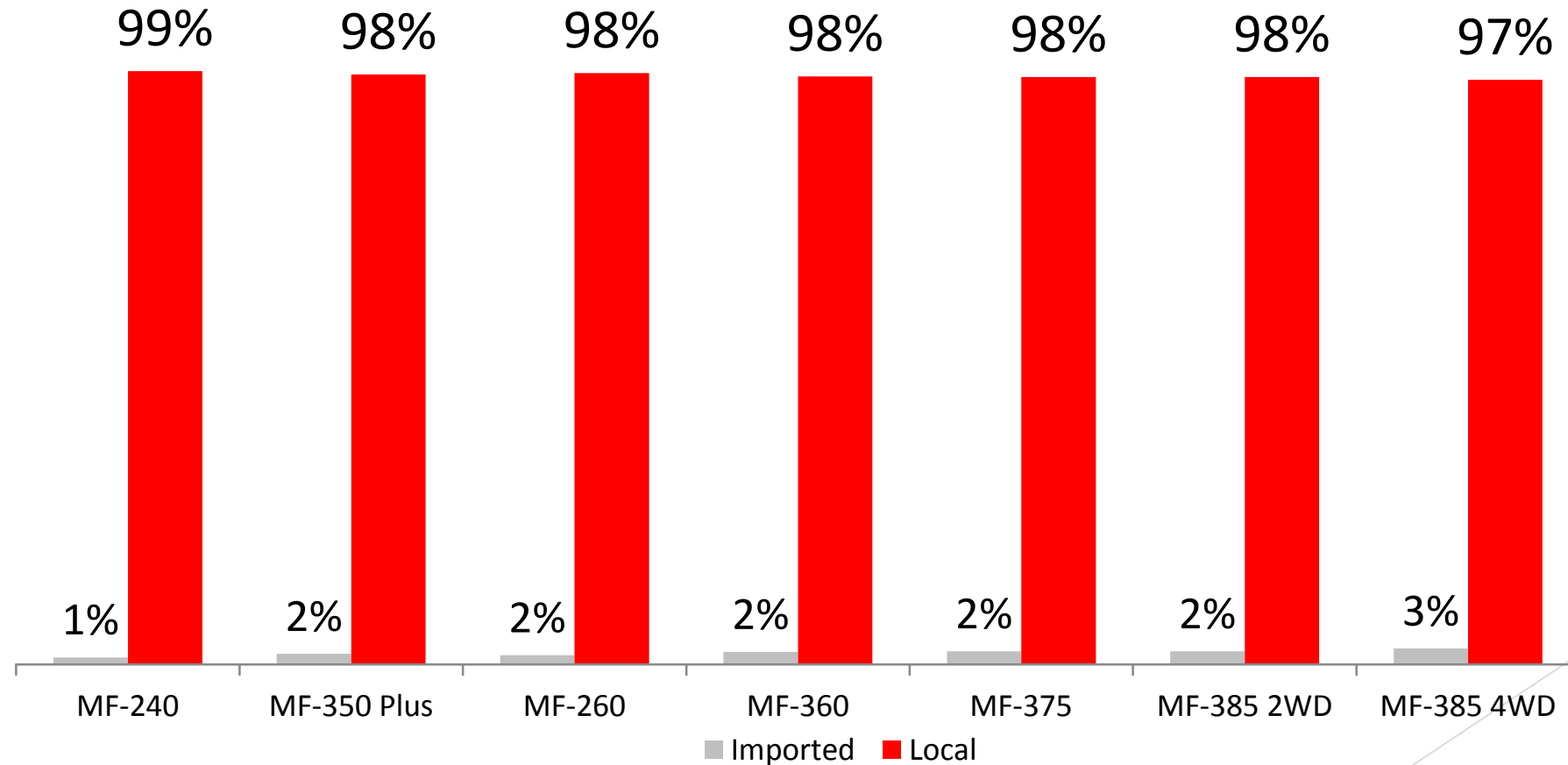
Handling export operations of the group



# Contribution to national exchequer – Rs. in millions



# Localization of raw material – by volume



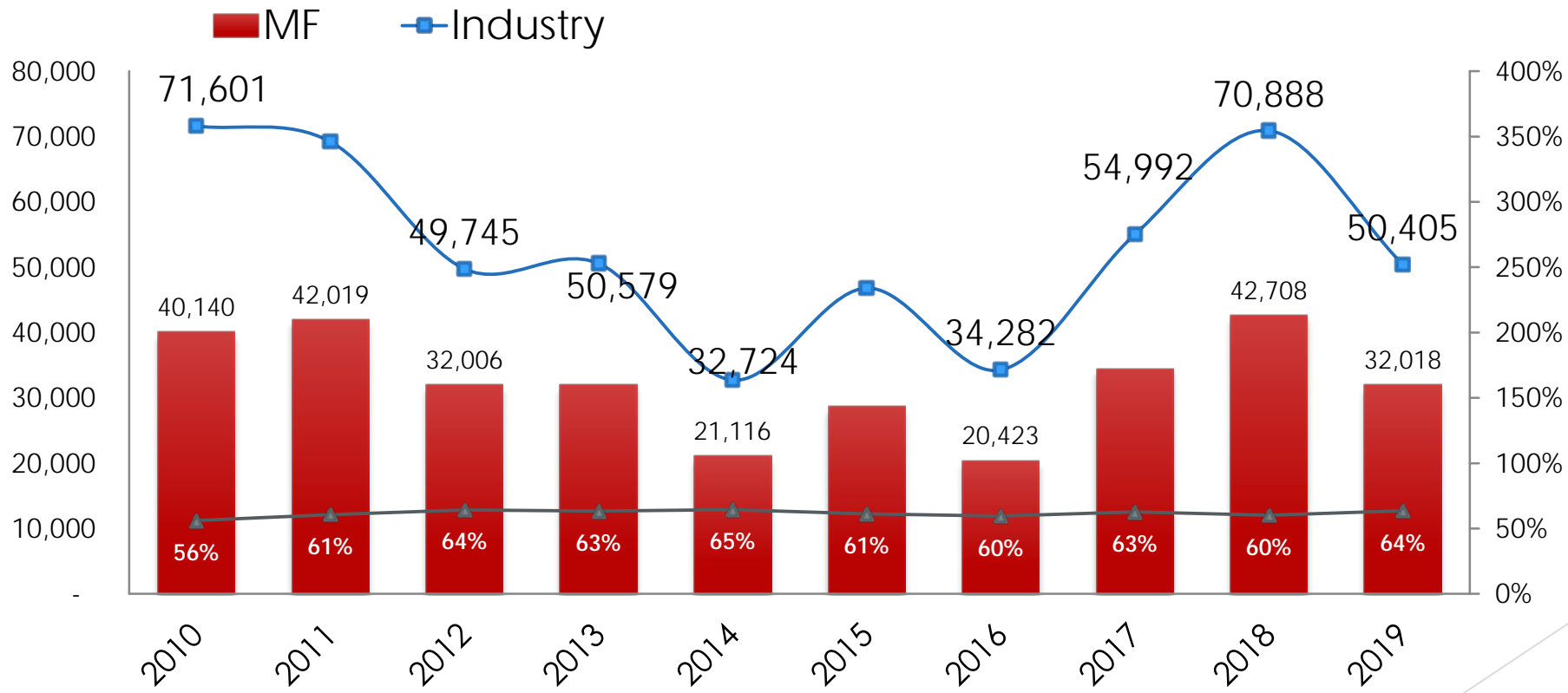
# Operational Developments

- ▶ Development of 4WD models of MF-360 and MF-375 for Export purposes
- ▶ Successfully developed Millat 03 and 04 cylinder Green Engines Stage IIIA, Stage III respectively.
- ▶ Diversification through investment in Hyundai Nishat Motors (Private) Limited.

# Financial review

For the year ended 30 June 2019

# Industry performance – Sales (2010-2019)



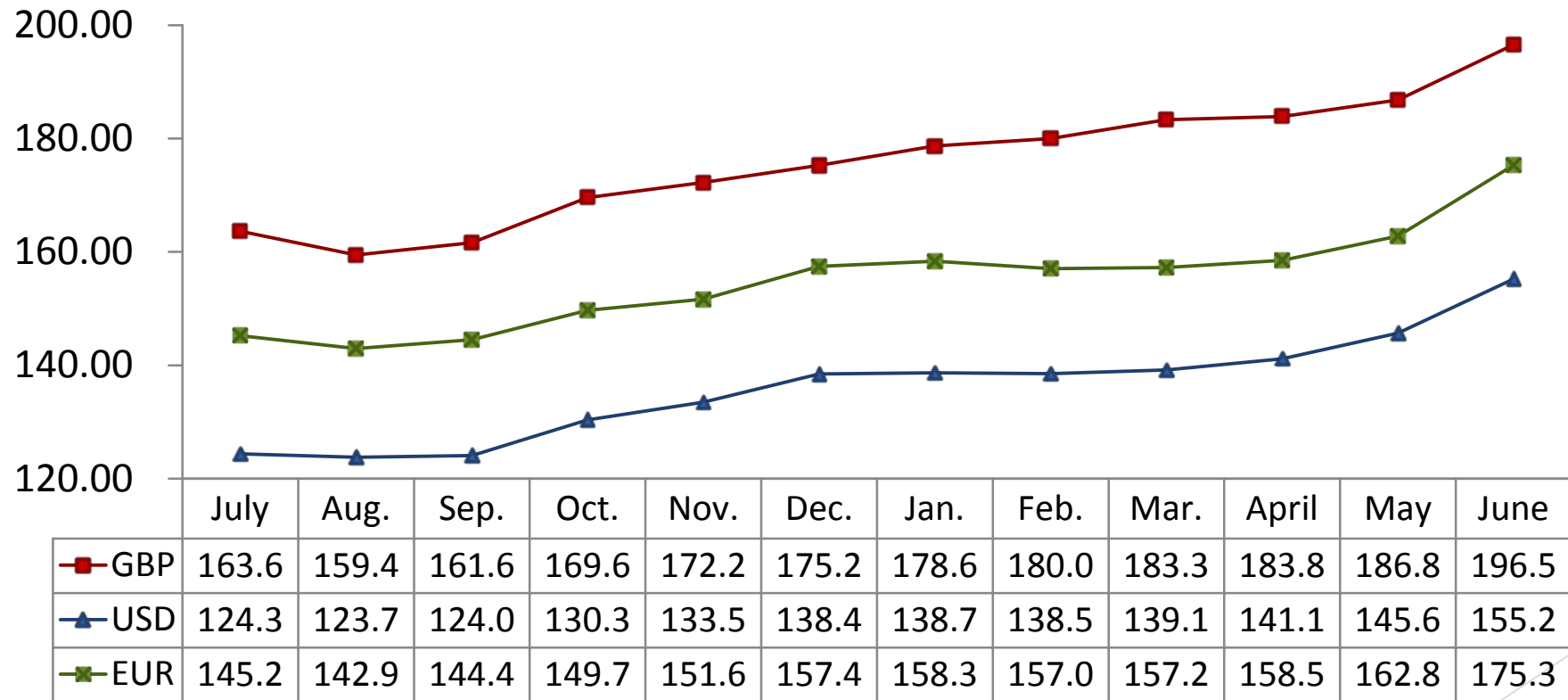
Source: PAMA website



# PKR devaluation

Devaluation from July 2018 to June 2019

Currency	CNY	GBP	USD	EUR
Devaluation	21.42%	20.10%	24.85%	20.70%

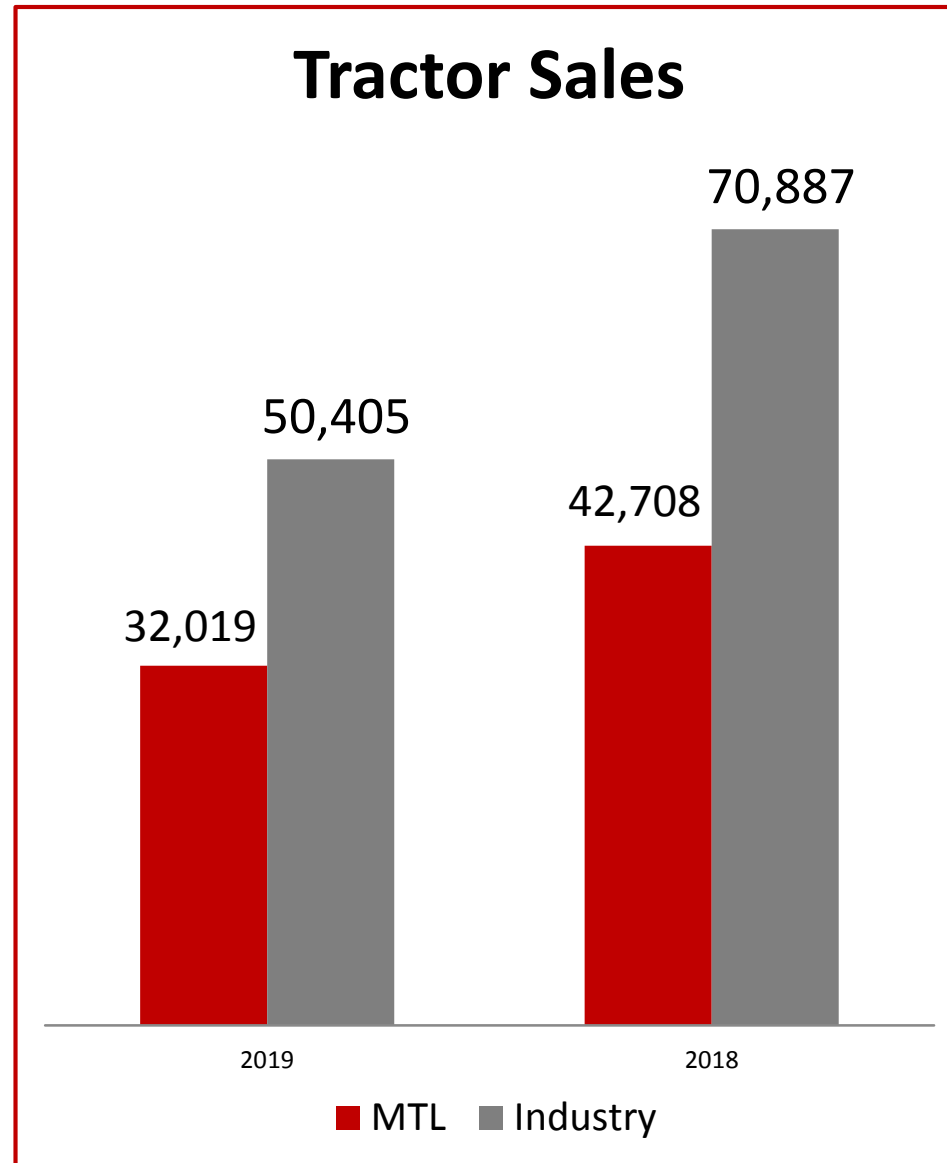


# Financial Highlights

Particulars	UOM	Year Ended June 30		Variance	
		2019	2018	Amount	%
<b>Operating Highlights</b>					
Tractors Sales	Units	32,019	42,708	(10,689)	-25%
Tractors Production	Units	32,128	42,507	(10,379)	-24%
Net Revenue from contract with customers	Rs 000	31,144,057	38,517,147	(7,373,090)	-19%
Gross Profit	Rs 000	5,946,367	8,434,775	(2,488,408)	-30%
Profit Before Tax	Rs 000	5,082,861	7,779,868	(2,697,007)	-35%
Profit After Tax	Rs 000	3,638,045	5,334,362	(1,696,317)	-32%
Earning per share	Rs	82.14	120.43	(38)	-32%
Dividend per share	Rs	85.00	120.00	(35)	-29%
<b>Statement of Financial Position</b>					
Total Assets	Rs 000	10,574,184	16,571,365	(5,997,181)	-36%
Shareholders Equity	Rs 000	4,833,167	5,654,824	(821,657)	-15%
<b>Ratios</b>					
Dividend Payout Ratio	Percentage	103.48	99.64	3.84	25.9%
Return on Capital Employed	Percentage	107.52	165.35	(57.83)	-35%
Current Ratio	Times	1.39:1	1.37:1	-	-
Debt : Equity Ratio	Times	0 : 100	0 : 100	-	-
<b>Share Performance</b>					
Market Value per share (Year End)	Rs	862.38	1188.06	(325.68)	-27%
Market Capitalization (Year End)	Rs 000	38,197,397	52,622,742	(14,425,344)	-27%

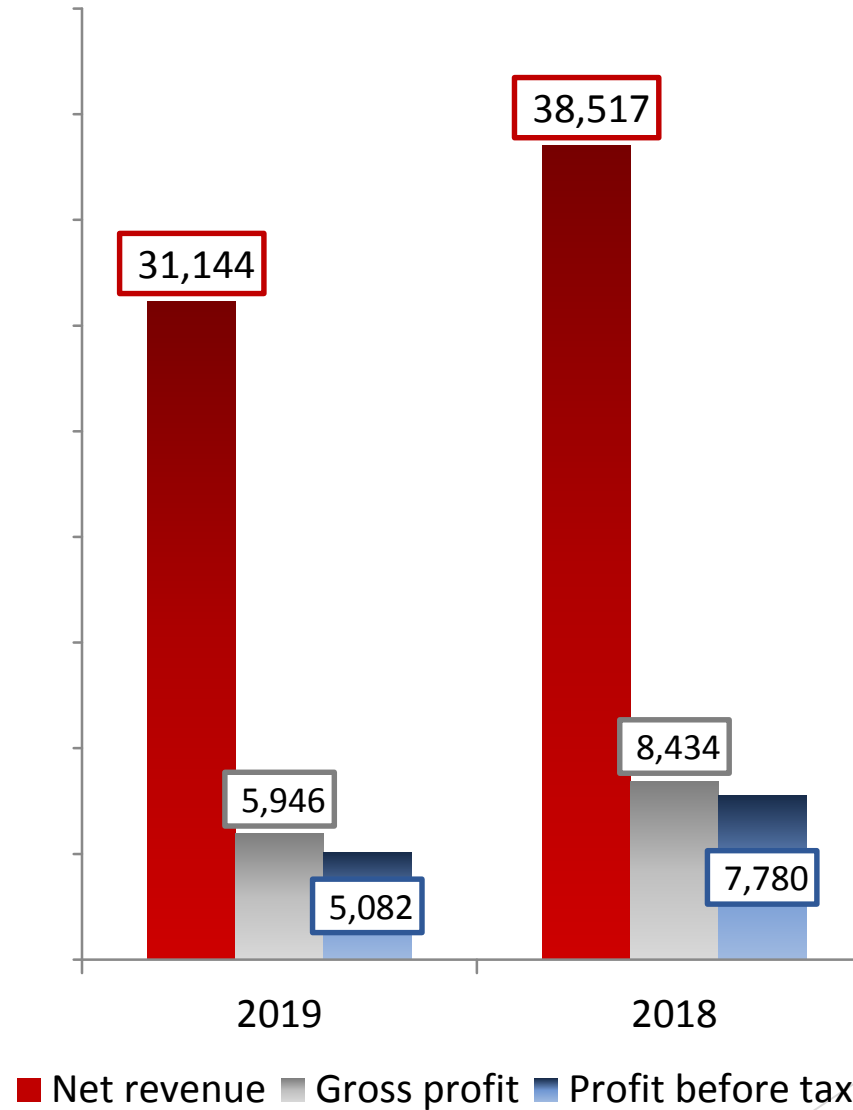
# Tractor Sales

- Industry down by **28%**. MTL down by **25%**
- Agricultural output increased by mere 0.8% on annual basis
- Slow-down in development projects including CPEC
- Severe water shortage especially during Rabi crops season
- MTL increased its market share from 60% to 64% due to strong after-market support
- PKR devaluation which led to higher cost.



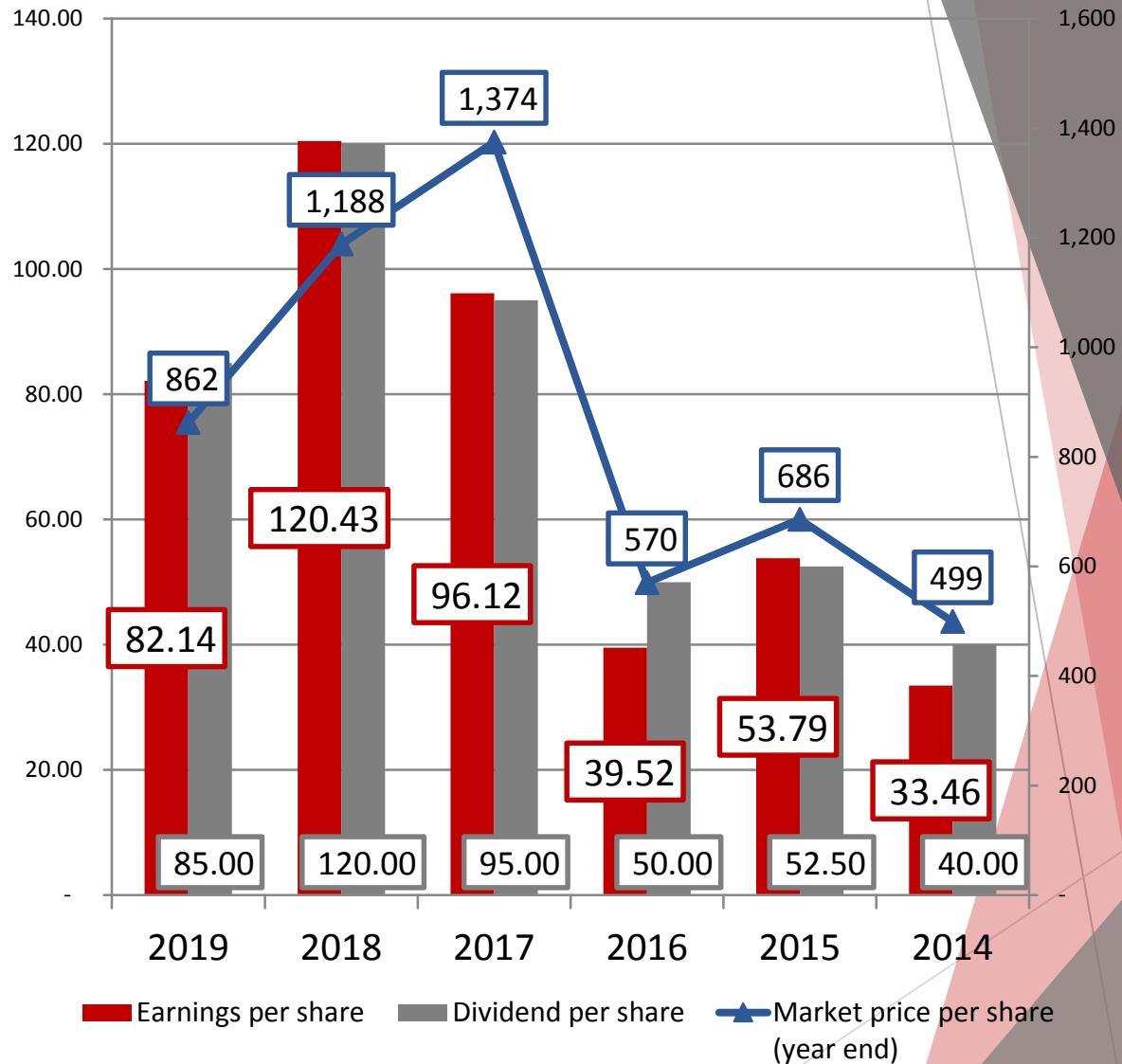
## Revenues & Profitability

- Net revenues decreased on account of lower sale volumes.
- Gross profit decreased on account of reduced sales and rupee devaluation
- Double digit inflation and increase in interest rates reduced purchasing power of masses



# Earnings and Dividend payout

- Market price has remained in co-relation with earnings per share
- Millat is one of the highest dividend payout company on PSX in terms of ratio to earnings



# Future outlook

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- ▶ On-time processing of sales tax refunds is crucial to support working capital requirement (Rs. 1.7 billion pending as of 30 September 2019)
- ▶ Rationalization of Additional Custom Duty & Value Addition Sales Tax to reduce cost of production
  - ▶ Increased from 2% to 2%-7% on all imports
  - ▶ 3% Minimum VAT imposed on all imports and no mechanism defined for refund to tractor industry
- ▶ Better support price for major crops to increase purchasing power of farmers
- ▶ Global warming: Impeding crisis for agriculture sector.

# Question & Answer