

Corporate Briefing Session for the Year 2018-2019

gadoon



Company Overview

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Gadoon Textile Mills Limited (GTML) was incorporated in Pakistan on February 23, 1988 as a public limited company and is listed on Pakistan Stock Exchange. GTML is the part of YBG which is one of the largest industrial conglomerates and export houses in Pakistan with diversified investments in Cement, Textiles, Chemicals, Pharmaceuticals, Real Estate, Power/Energy Generation and Automobile sectors.

The principal activity of GTML is manufacturing and sale of yarn and knitted fabrics.

In addition to the textile sector, GTML has also invested in the Dairy segment, which has started its commercial production on June 30, 2019.

Corporate Social Responsibility

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- Blood donation drive.
- Visited Old age and Orphanage.
- Carried out Tree plantation activity.
- Carried out Bleach Cleaning activity.
- Distributed laptops amongst the student of Street to school.
- Contributed an amount for the wellbeing of visually impaired persons.



Health and Safety

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The Company considering the health and safety (HSC) of its employees and to further strengthen its HSC department, has taken following steps during the period:

- Hired new professionals;
- Arranged Training session for employees at head office and at factory; and
- Drafted and implemented HSE policy.

Further, the company have identified possible risks and have finalized its annual plan in this regards.

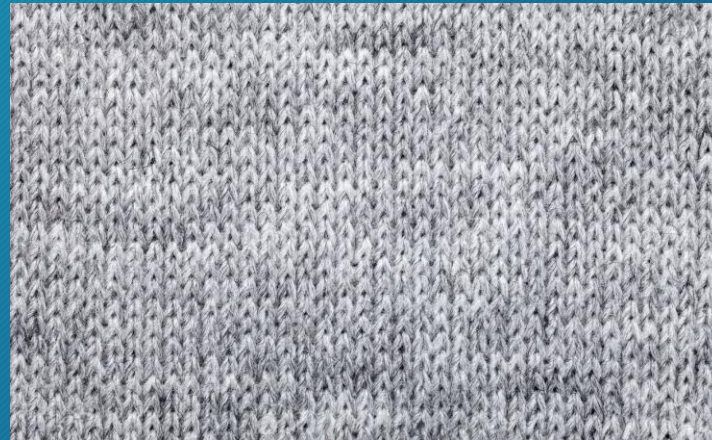
Business Segments

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Spinning

Knitting

Dairy



geographical spread



- Belgium
- China
- Croatia
- Dominican Republic
- Egypt
- Germany
- Guatemala
- Honduras
- Hong Kong
- Indonesia
- Italy
- Japan
- Korea
- Netherland
- Pakistan
- Poland
- Portugal
- Taiwan
- Turkey
- USA
- Vietnam

 Manufacturing Plant
 Major Market
 International Market

Product Line

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Analysis of Financial Results

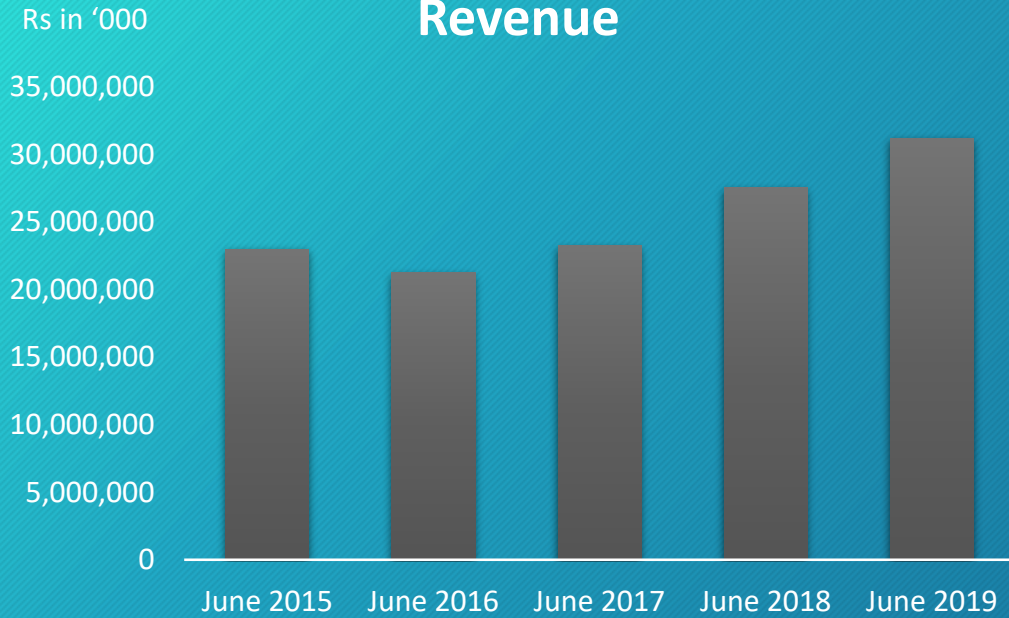
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A Part of
YBG

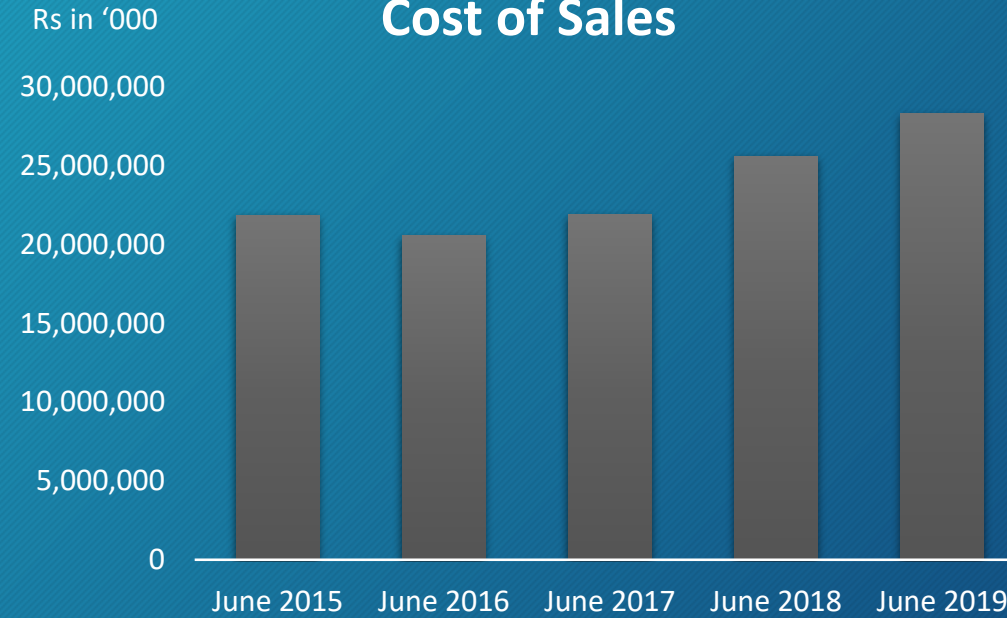


	UoM	For the year					
		Jun-19	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14
GP to sales	Percentage	9.27%	7.06%	5.72%	3.41%	4.91%	9.63%
Net profit after tax to sales	Percentage	3.80%	4.30%	3.47%	-1.29%	-1.71%	2.89%
EBITDA to sales	Percentage	11.41%	10.11%	9.34%	5.49%	6.43%	10.15%
EBDA to sales	Percentage	6.35%	6.97%	6.67%	2.53%	1.67%	5.68%
Return on equity	Percentage	13.62%	15.22%	11.61%	-4.10%	-5.89%	9.16%
Return on capital employed	Percentage	26.74%	25.33%	20.54%	5.34%	10.50%	23.19%
Current ratio	Times	1.02	0.96	0.87	0.80	0.82	0.98
Cash to current liabilities	Times	0.01	0.01	0.01	0.03	0.04	0.04
Inventory turnover	Days	102	94	90	89	88	99
Debtor turnover	Days	35	28	26	31	25	20
Creditors turnover	Days	36	35	31	32	23	19
Operating cycle	Days	102	87	86	88	90	100
Asset turnover	Times	1.24	1.28	1.19	1.08	1.26	1.34
Fixed Asset turnover	Times	3.51	3.62	3.06	2.65	3.21	3.49
Leverage Ratio (D/E ratio)	Times	1.37	1.27	1.17	1.46	1.53	1.17

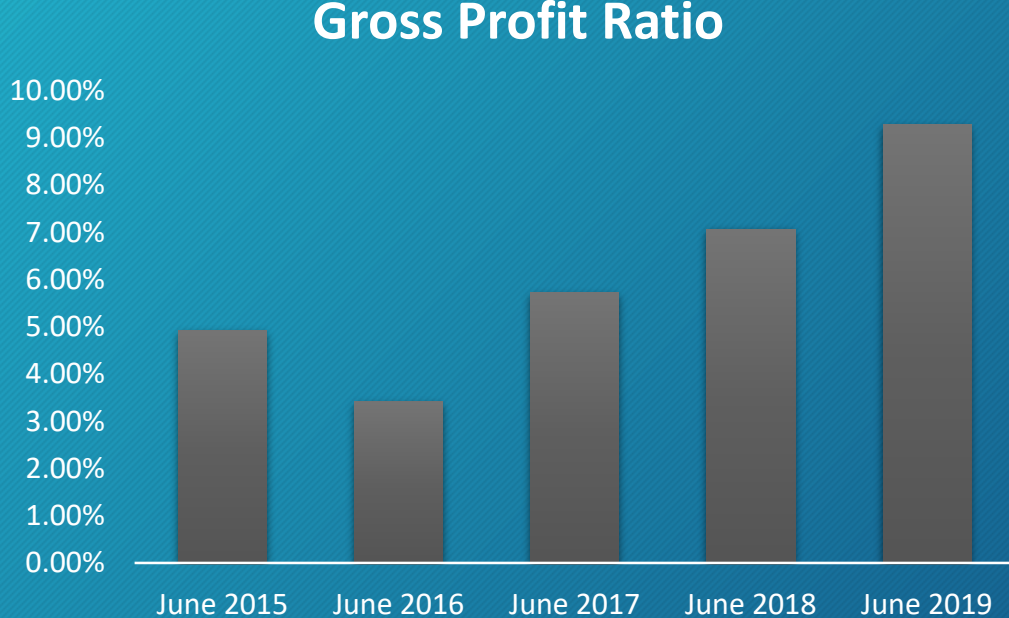
Revenue



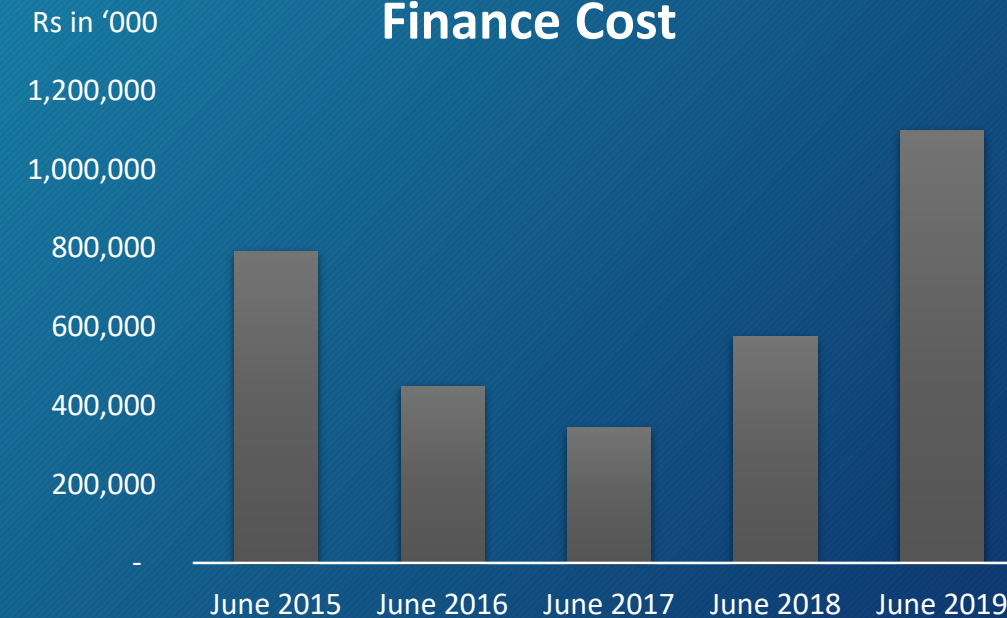
Cost of Sales

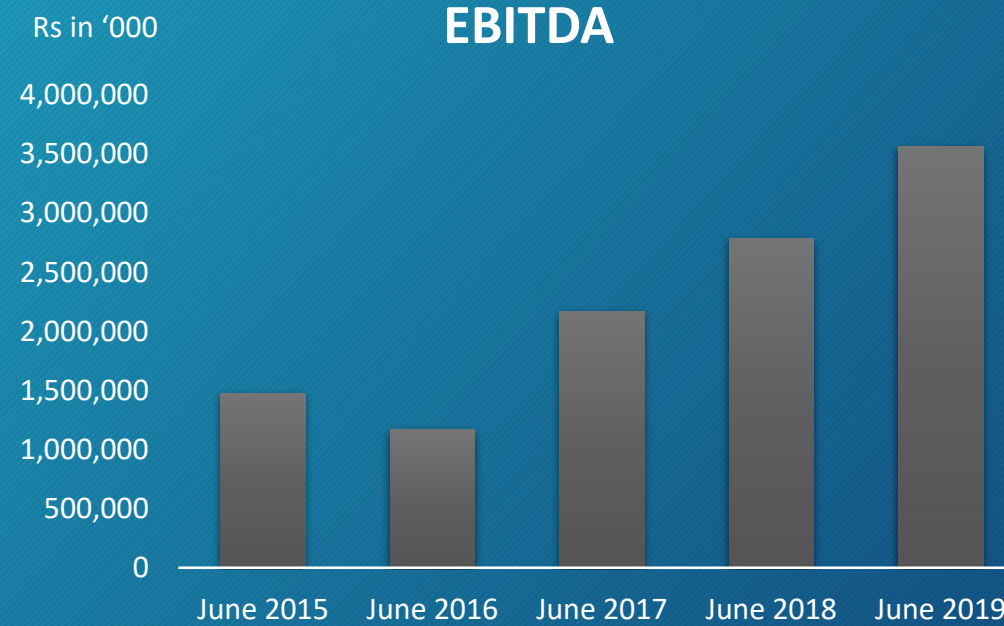
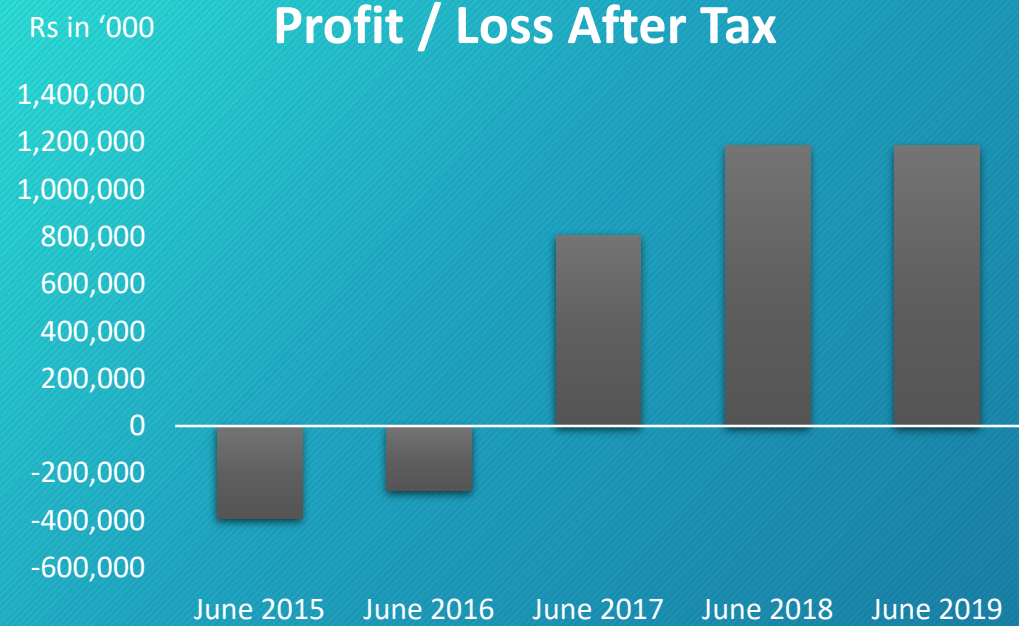


Gross Profit Ratio

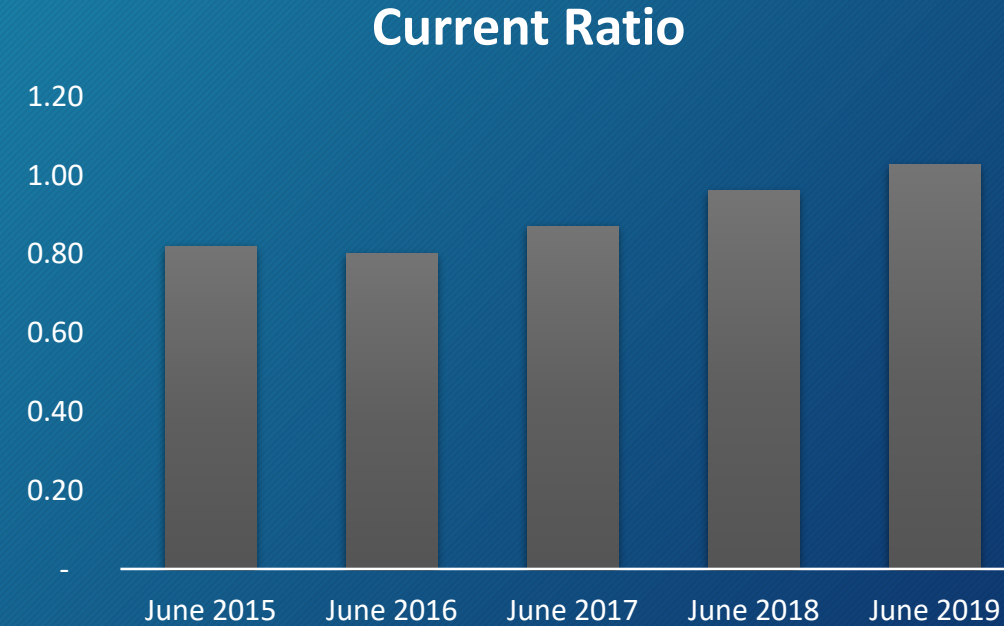
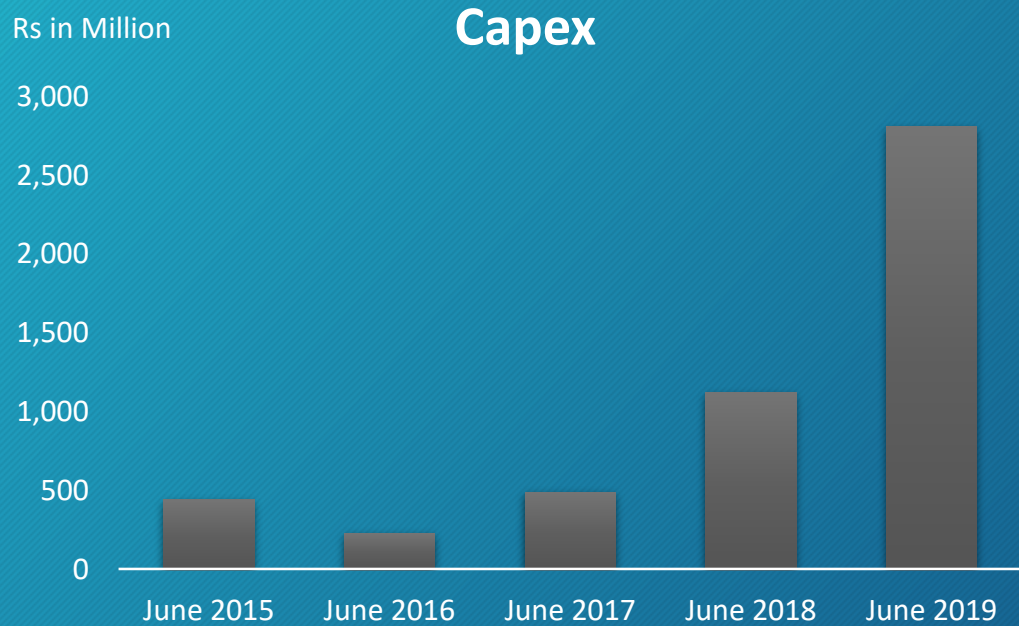


Finance Cost





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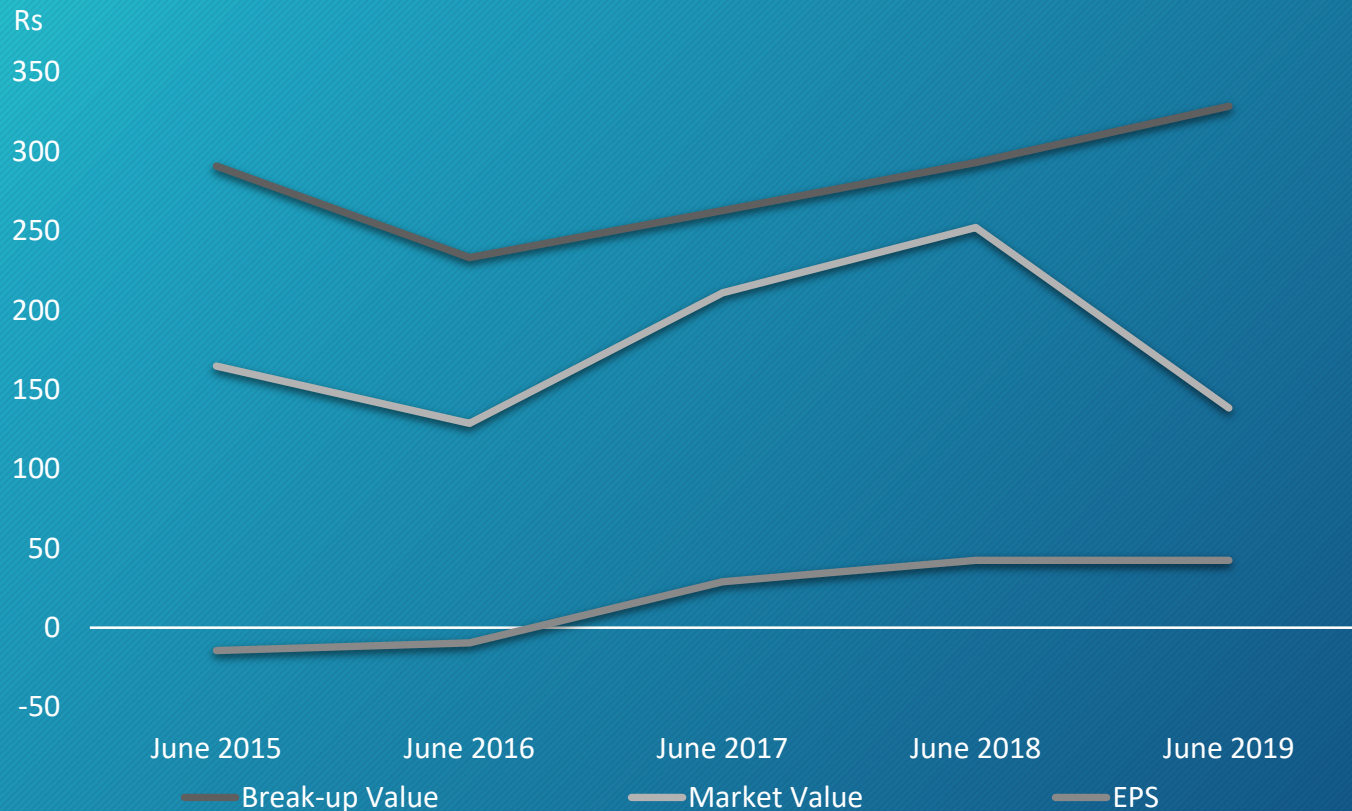
Fiscal Year	Break-up Value Rs Per Share	Market Value Rs Per Share	Earning Per Share Rs	Market Capitalisation Rs in '000
June 2015	290.88	164.34	(14.59)	3,851,719
June 2016	233.10	128.59	(9.77)	3,013,828
June 2017	262.82	211.00	28.79	5,914,246
June 2018	293.03	252.00	42.29	7,063,459
June 2019	328.56	138.34	42.32	3,877,615

**M.V. dated 30-Sep-2019
Rs. 132.99**

**Last 52 weeks range:
Rs. 115 – 315.00**

Shares Traded: 2,740,400

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Consolidated Statement of Financial Position
As at June 30, 2019

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	June 30, 2019 Rupees '000	June 30, 2018 Rupees '000
ASSETS		
Non Current Assets		
Property, plant and equipment	9,870,359	7,791,928
Long term loans	43,677	35,331
Long term deposits	29,127	27,719
Biological Asset - Animals	129,665	-
Long term investments	2,890,606	2,686,920
	12,963,434	10,541,898
Current Assets		
Stores, spares and loose tools	606,538	549,319
Stock-in-trade	8,397,926	7,469,561
Consumables	9,435	-
Trade debts	3,517,747	2,464,181
Loans and advances	199,991	286,996
Trade deposits and short term prepayments	8,901	32,273
Other receivables	719,881	958,077
Current tax asset	658,310	651,362
Sales tax refund bond	110,797	-
Cash and bank balances	112,519	188,863
	14,342,045	12,600,632
Total Assets	27,305,479	23,142,530

Consolidated Statement of Financial Position
As at June 30, 2019

	June 30, 2019 Rupees '000	June 30, 2018 Rupees '000
<u>EQUITY AND LIABILITIES</u>		
Share Capital and Reserves		
Authorised capital 57,500,000 ordinary shares of Rs. 10/- each	575,000	575,000
Capital & Reserves		
Issued, subscribed and paid up	280,296	280,296
Capital reserves	137,541	137,541
Revenue reserves	8,791,596	7,795,673
	9,209,433	8,213,510
Non Current Liabilities		
Long term finance	2,622,363	594,338
Retirement benefit obligation	562,984	533,769
Deferred tax liabilities	890,390	696,275
	4,075,737	1,824,382
Current Liabilities		
Short term borrowings	9,926,683	9,864,906
Trade and other payables	3,700,823	3,088,479
Unclaimed dividend	21,879	21,423
Current portion of long term finance	52,728	-
Accrued mark up	318,196	129,830
	14,020,309	13,104,638
Contingencies and Commitments		
Total Equity and Liabilities	27,305,479	23,142,530

Consolidated Profit And Loss Account

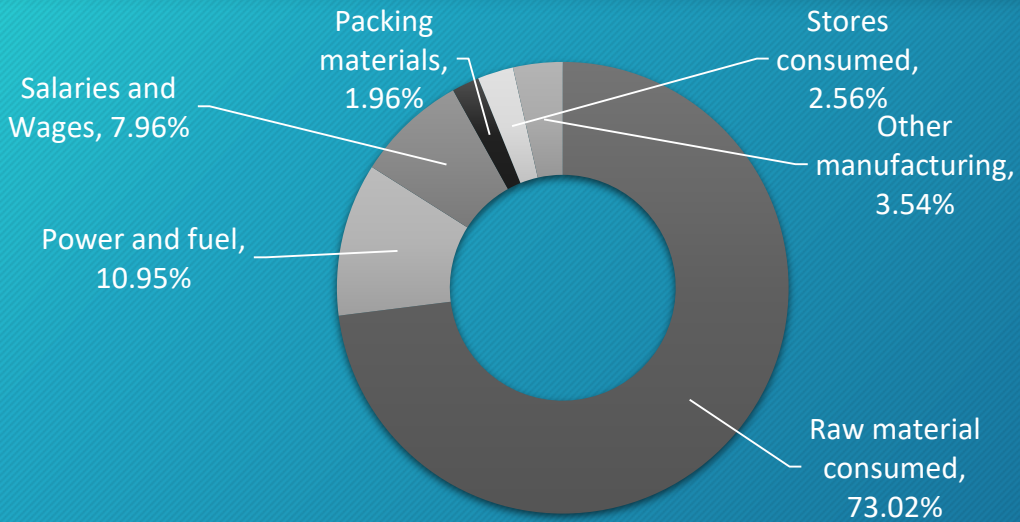
Rs. in '000

	For the year ended					
	June-19	%	June-18	%	Variance	%
Sales - net	31,217,479	100.0	27,554,687	100.0	3,662,792	13.3
Cost of sales	(28,324,756)	(90.7)	(25,609,797)	(92.9)	(2,714,959)	(10.6)
Gross profit	2,892,723	9.3	1,944,890	7.1	947,833	48.7
Distribution cost	(401,764)	(1.3)	(437,311)	(1.6)	35,547	8.1
Administrative expenses	(276,997)	(0.9)	(224,245)	(0.8)	(52,752)	(23.5)
	(678,761)	(2.2)	(661,556)	(2.4)	(17,205)	(2.6)
Operating profit	2,213,962	7.1	1,283,334	4.8	930,628	72.5
Financial charges	(1,098,179)	(3.5)	(574,682)	(2.1)	(523,497)	(91.1)
Other operating expense	(98,767)	(0.3)	(161,393)	(0.6)	62,626	38.8
	(1,196,946)	(3.8)	(736,075)	(2.7)	(460,871)	(62.6)
Other income	168,878	0.5	449,217	1.6	(280,339)	(62.4)
Share of profit from associates	482,563	1.5	477,170	1.7	5,393	1.1
	651,441	2.0	926,387	3.4	(274,946)	(29.7)
Profit before taxation	1,668,457	5.2	1,473,646	5.4	194,811	13.2
Taxation	(482,355)	(1.5)	(288,350)	(1.0)	(194,005)	(67.3)
Profit after taxation	1,186,102	3.8	1,185,296	4.4	806	0.1
EBITDA	3,561,463	11.4	2,784,612	10.1	776,851	27.9

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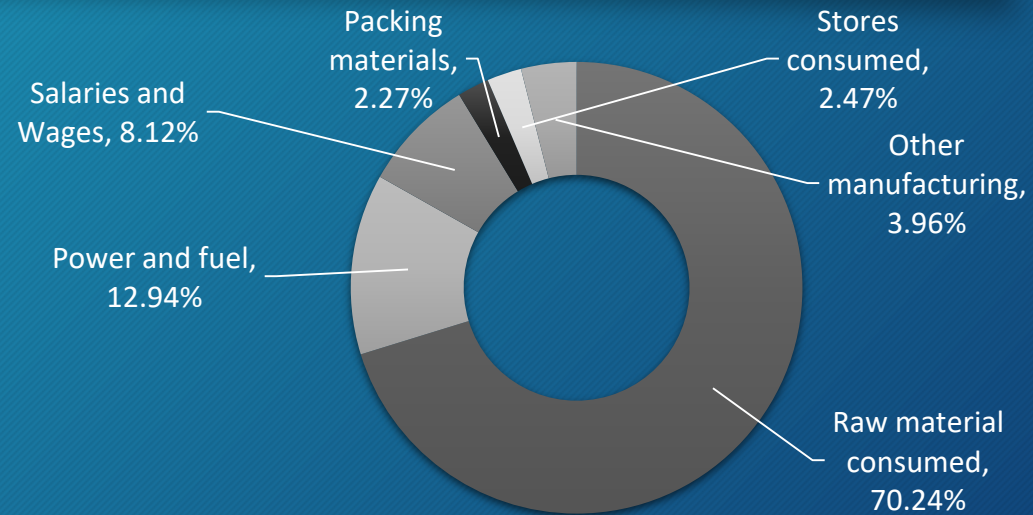
Cost of Goods Manufactured

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June-2019

	Total	
	Rupees in '000'	% of COGM
Raw material consumed	21,072,612	73.02%
Power and fuel	3,160,387	10.95%
Salaries and Wages	2,296,835	7.96%
Packing materials	565,069	1.96%
Stores consumed	739,476	2.56%
Other manufacturing	1,022,437	3.54%
	28,856,816	100.00%

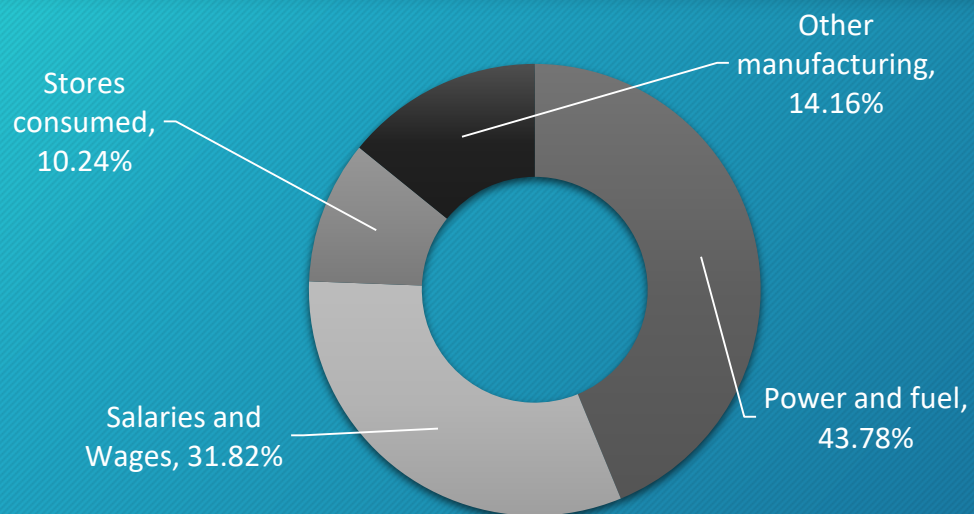


June-2018

	Total	
	Rupees in '000'	% of COGM
Raw material consumed	17,713,068	70.24%
Power and fuel	3,263,816	12.94%
Salaries and Wages	2,048,132	8.12%
Packing materials	572,185	2.27%
Stores consumed	622,643	2.47%
Other manufacturing	999,673	3.96%
	25,219,517	100.00%

Conversion Cost

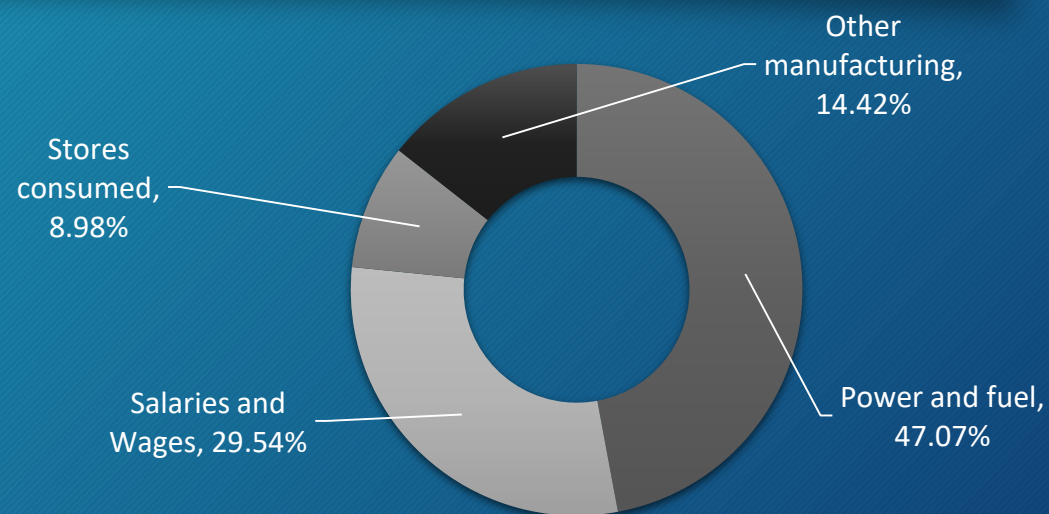
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June-2019

	Total	
	Rupees in '000'	%of COGM
Power and fuel	3,160,387	43.78%
Salaries and Wages	2,296,835	31.82%
Stores consumed	739,476	10.24%
Other manufacturing	1,022,437	14.16%
	7,219,135	100.00%

Power and fuel
Salaries and Wages
Stores consumed
Other manufacturing



June-2018

	Total	
	Rupees in '000'	%of COGM
Power and fuel	3,263,816	47.07%
Salaries and Wages	2,048,132	29.54%
Stores consumed	622,643	8.98%
Other manufacturing	999,673	14.42%
	6,934,264	100.00%

Power and fuel
Salaries and Wages
Stores consumed
Other manufacturing

Subsequent Event

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The Board of Directors of GTML have resolved, through resolutions passed by circulation on August 29, 2019, to no longer proceed with the proposed investment in the Company's associated company i.e. Tricom Wind Power (Private) Limited, as previously approved by the shareholders of the Company, pursuant to a re-evaluation carried out by the Company's management, particularly in light of:

- the abrupt increase in the interest rates i.e. from 7% to 13.85%;
- the devaluation of the currency; and
- the significant capital expenditure carried out during the year 2018-2019 on account of Balancing, Modernization and Replacement (BMR).

Future Outlook

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- Being part of one of the largest Conglomerate i.e. YBG, the Company in addition to its sales in local / international market, has always had the opportunity to increase its sales to sister concerns, which mainly deals in the value added sector.
- Antidumping duties imposed on import of certain qualities of yarn have provided opportunity to the Company to increase the production of these counts.
- Significant CAPEX made during the year 2018-2019, will start reaping positive cash flows from operations in the upcoming years.
- The Company has also planned to expand its value added segment and it is expected the new site will become operational by the end of first half of the current year.

Future Outlook ---Cont'd

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- The Company's dairy segment has also started its commercial operations and this will further add value for the shareholders in the upcoming years.
- Significant improvement in Country's relation with the global giants have also been witnessed and it is expected that favorable revision in the foreign trade agreements will be made in due course.
- It is expected that government will timely release tax and DTLT refunds to dilute the impact of abolition of tax credits on capital investment & increase in turnover tax.

Q&A Session

gadoon



Thank You

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