



**CORPORATE BRIEFING SESSION
FOR THE HALF YEAR ENDED
DECEMBER 31, 2020**



Overview

Gadoon Textile Mills Limited (GTML) was incorporated in Pakistan on February 23, 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. GTML is one of the largest spinning unit of Pakistan, primarily concerned with fiber spinning and knitting.

We manufacture and process all types of cotton and manmade fibers, operating state-of-the-art manufacturing plants in Karachi and Gadoon Amazai, Khyber Pakhtunkhwa province. We have a diverse portfolio of products tailored to meet the needs of local and foreign markets.

Business Segments



SPINNING

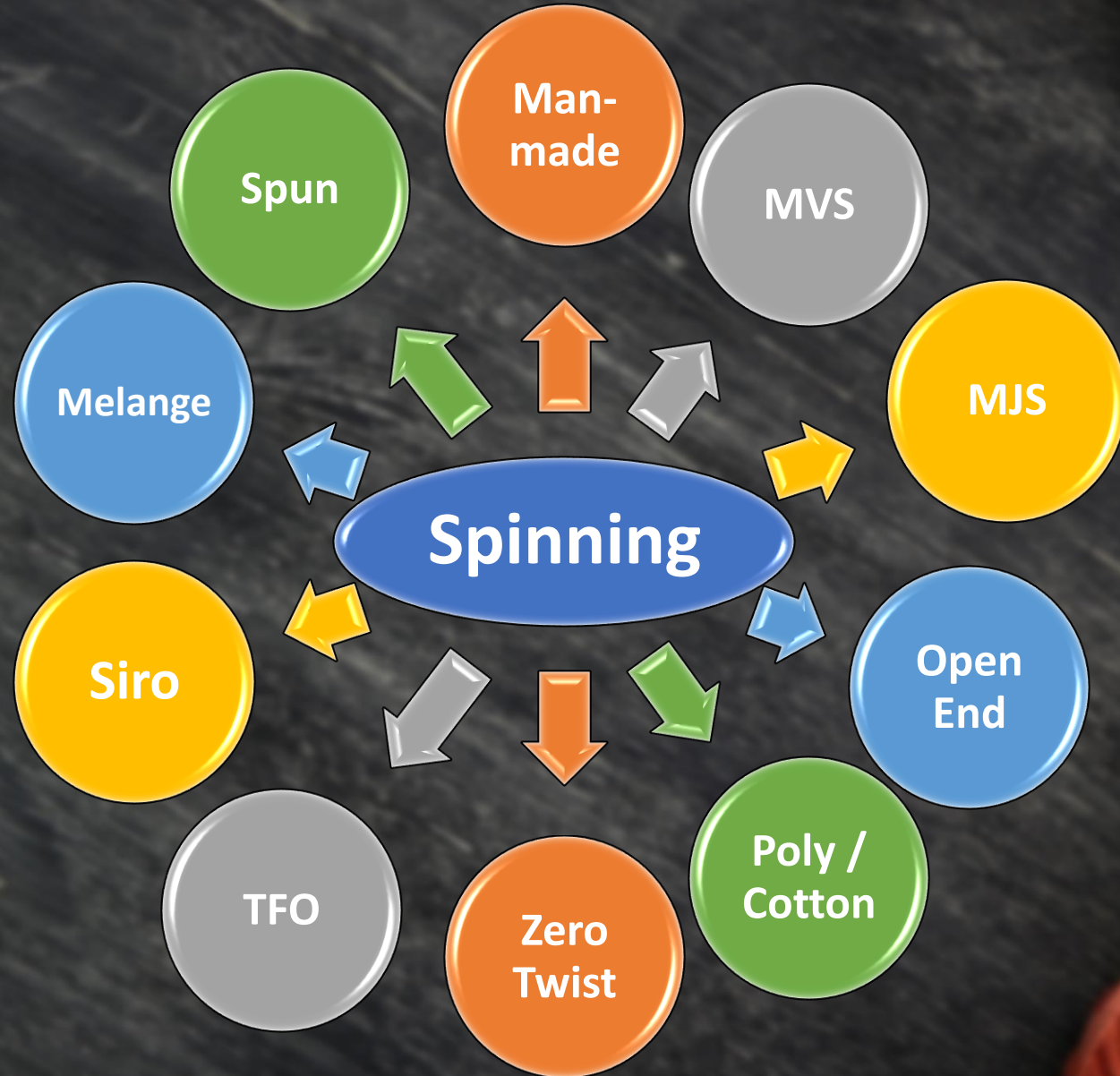


KNITTING



DAIRY

Product Lines





ACHIEVEMENT

PSX Awards

Allhamdulillah, the management feels proud to announce that the Company (being the **only** Textile Company in the list) managed to secure the position in the **Top 25 Companies** as announced by the **PSX** for the year 2019.

The criteria used by PSX for assigning the position are as:

- (i) Capital Efficiency;
- (ii) Dividend Distribution (including Bonus);
- (iii) Growth in Operating Revenue;
- (iv) Change in EBITDA (Operating Margin) in absolute terms;
- (v) Free Float of Shares;
- (vi) Turnover of Shares; and
- (vii) Corporate Governance & Investor Relations.

Sr. No.	Name of Company
1	Fauji Fertilizer Company Limited
2	Nestle Pakistan Limited
3	Lucky Cement Limited
4	Habib Bank Limited
5	Archroma Pakistan Limited
6	Engro Fertilizers Limited
7	Security Papers Limited
8	Bank AL Habib Limited
9	United Bank Limited
10	Colgate-Palmolive (Pakistan) Limited
11	Mari Petroleum Company Limited
12	Attock Petroleum Limited
13	Dawood Hercules Corporation Limited
14	Pakistan Oilfields Limited
15	Bata Pakistan Limited
16	International Industries Limited
17	MCB Bank Limited
18	International Steels Limited
19	Millat Tractors Limited
20	Agriauto Industries Limited
21	Engro Corporation Limited
22	EFU General Insurance Limited
23	ZIL Limited
24	AGP Limited
25	Gadoon Textile Mills Limited





FINANCIAL STATEMENTS ANALYSIS

BUSINESS ANALYSIS



AT A GLANCE

(Rupees in '000)

- Positive
- Negative

SPINNING	2020	2019	% Change
Local Sales	15,454,186	11,918,360	● 29.67%
Export Sales	1,877,267	4,186,587	● -55.16%

KNITTING	2020	2019	% Change
Local Sales	87,196	34,281	● 154.36%
Export Sales	998,623	600,261	● 66.36%

REVENUE	2020	2019	% Change
Spinning	17,331,453	16,104,947	● 7.62%
Knitting	1,085,819	634,542	● 71.12%
Dairy	135,774	84,632	● 60.43%
Total	18,553,046	16,824,121	● 10.28%

OTHER INCOME	2020	2019	% Change
ICI	175,570	133,078	● 31.93%
YEL	133,866	161,460	● -17.09%
Others	125,708	90,718	● 38.57%
Total	435,144	385,256	● 12.95%

TOTAL	2020	2019	% Change
Income	18,988,190	17,209,377	● 10.34%
Expenses	18,141,022	16,390,694	● 10.68%

NET PROFIT	2020	2019	% Change
Total	847,168	818,683	● 3.48%

COST OF SALES	2020	2019	% Change
Raw Material	11,567,683	11,357,138	● 1.85%
Power	1,985,829	1,963,358	● 1.14%
Salaries	1,210,980	1,159,097	● 4.48%
Stores	464,540	401,096	● 15.82%
Total	17,092,930	15,142,829	● 12.88%

ADMIN, DISTRIBUTION & OTHERS	2020	2019	% Change
Admin Cost	142,868	149,712	● -4.57%
Distribution	257,903	270,536	● -4.67%
Others	92,699	67,872	● 36.58%
Total	493,470	488,120	● 1.10%

FINANCE COST	2020	2019	% Change
Short Term	284,313	436,352	● -34.84%
Long Term	49,305	37,571	● 31.23%
Others	17,761	47,614	● -62.70%
Total	351,379	521,537	● -32.63%

TAXATION	2020	2019	% Change
Current	230,031	241,085	● -4.59%
Prior Year	452	7,477	● -93.95%
Deferred	(27,240)	(10,354)	● 163.09%
Total	203,243	238,208	● -14.68%



RATIO ANALYSIS



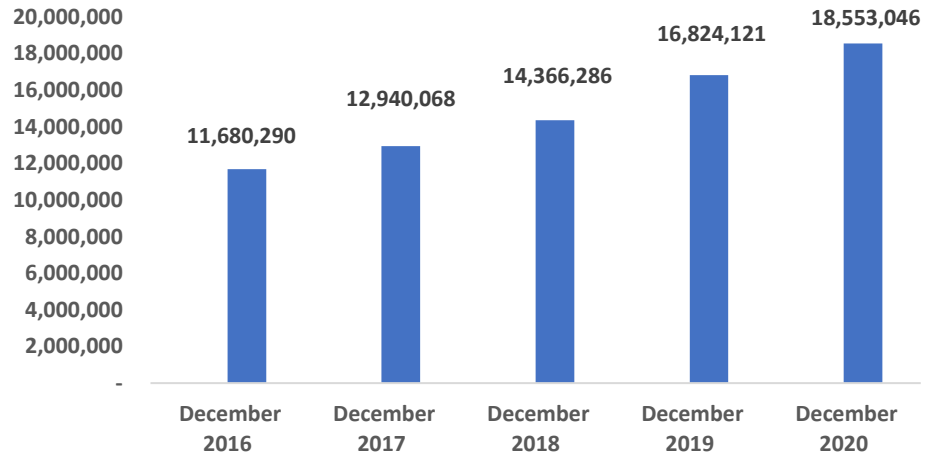
	UoM	December			June		
		2020	2019	2018	2020	2019	2018
Gross Profit to sales	Percentage	7.87%	9.99%	9.00%	7.73%	9.27%	7.06%
Net profit after tax to sales	Percentage	4.57%	4.87%	3.95%	0.16%	3.80%	4.30%
EBITDA to sales	Percentage	10.16%	12.27%	10.74%	7.80%	11.41%	10.11%
EBDA to sales	Percentage	7.18%	7.75%	6.54%	3.66%	6.35%	6.97%
Return on equity	Percentage	8.91%	8.62%	6.78%	0.50%	13.62%	15.22%
Return on capital employed	Percentage	10.39%	12.54%	13.06%	10.15%	26.76%	25.33%
Current ratio	Times	1.13	1.07	0.97	1.03	1.02	0.96
Cash to current liabilities	Times	0.01	0.01	0.01	0.01	0.01	0.01
Inventory turnover	Days	126	120	133	145	102	94
Debtor turnover	Days	26	37	35	37	35	28
Creditors turnover	Days	44	39	36	45	36	35
Operating cycle	Days	108	118	132	137	101	87
Asset turnover	Times	0.62	0.58	0.56	1.00	1.24	1.28
Fixed Asset turnover	Times	1.83	1.66	1.80	2.85	3.51	3.62
Leverage Ratio (D/E ratio)	Times	1.06	1.31	1.72	1.76	1.37	1.27





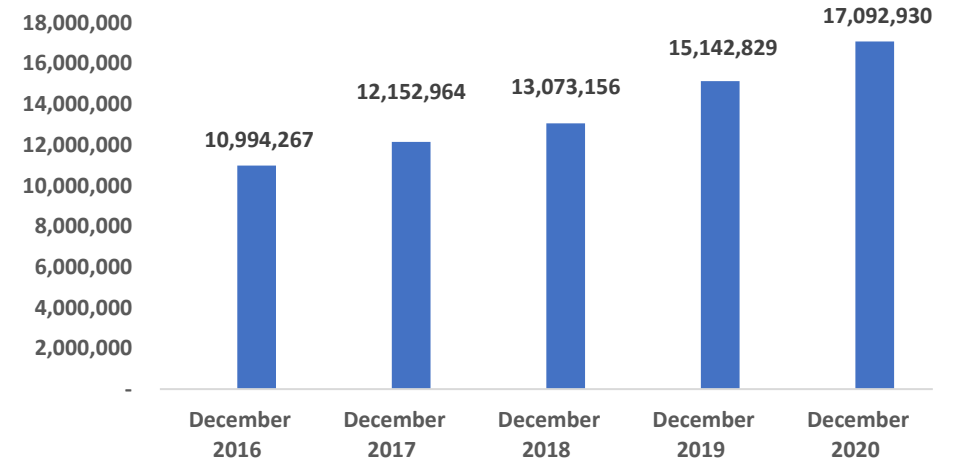
Rs in '000

Revenue



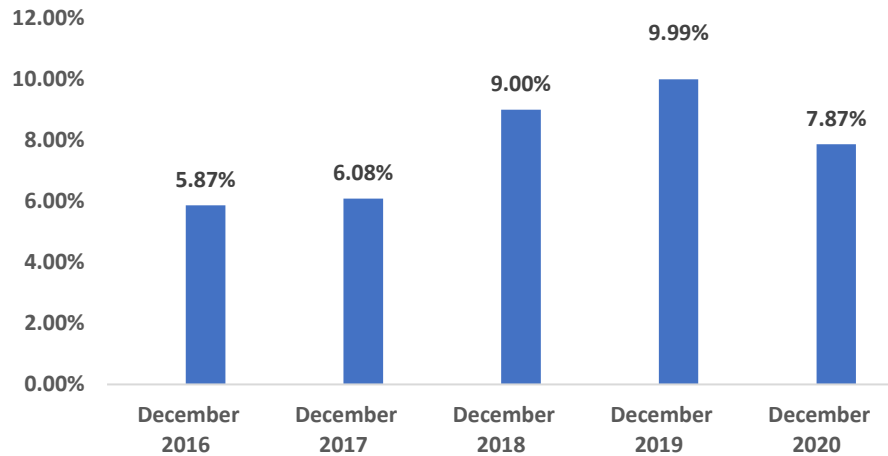
Rs in '000

Cost of Sales



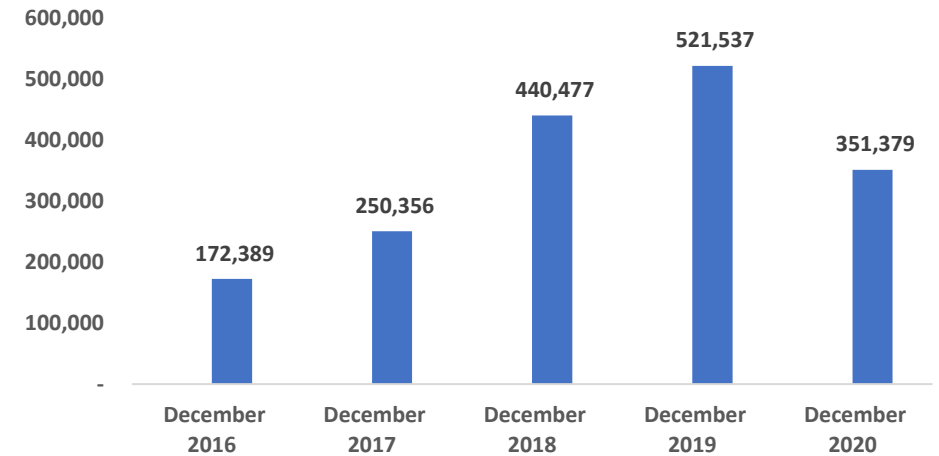
In Percentage %

GP Ratio



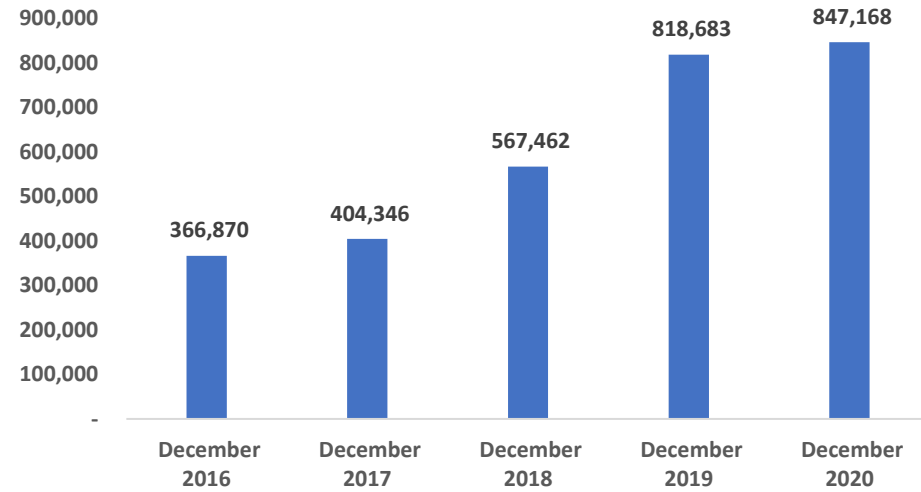
Rs in '000

Finance Cost



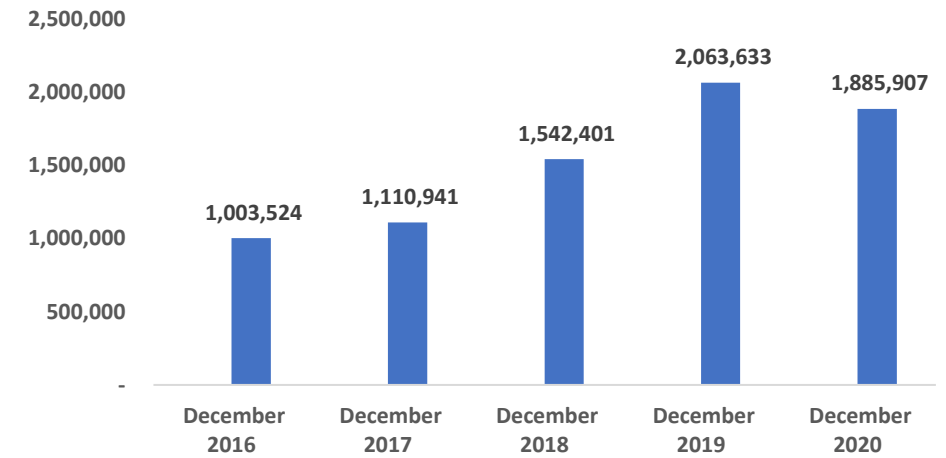
Rs in '000

Profit After Tax



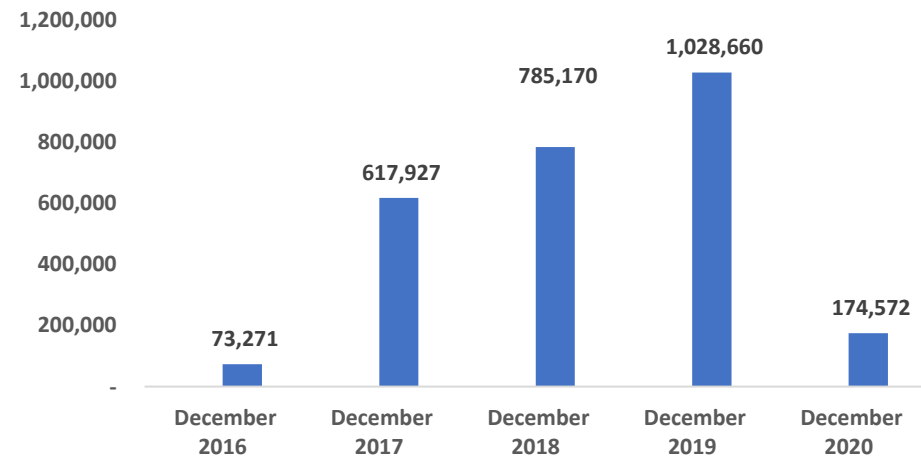
Rs in '000

EBITDA



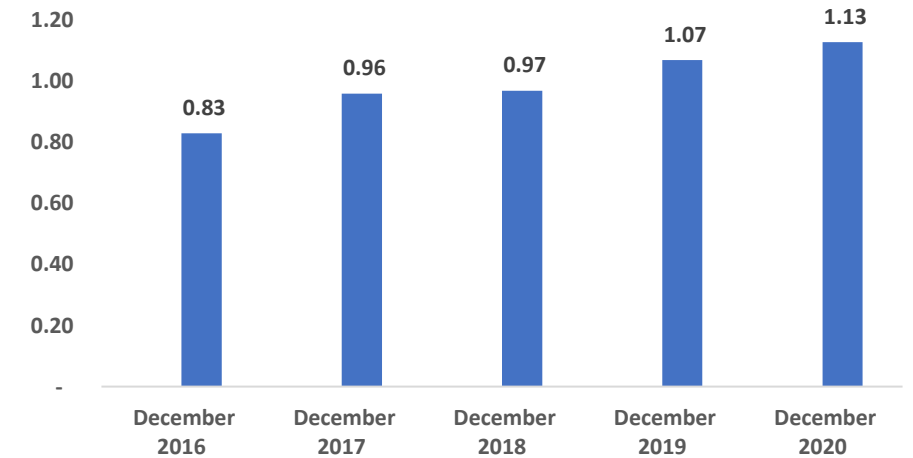
Rs in '000

CAPEX

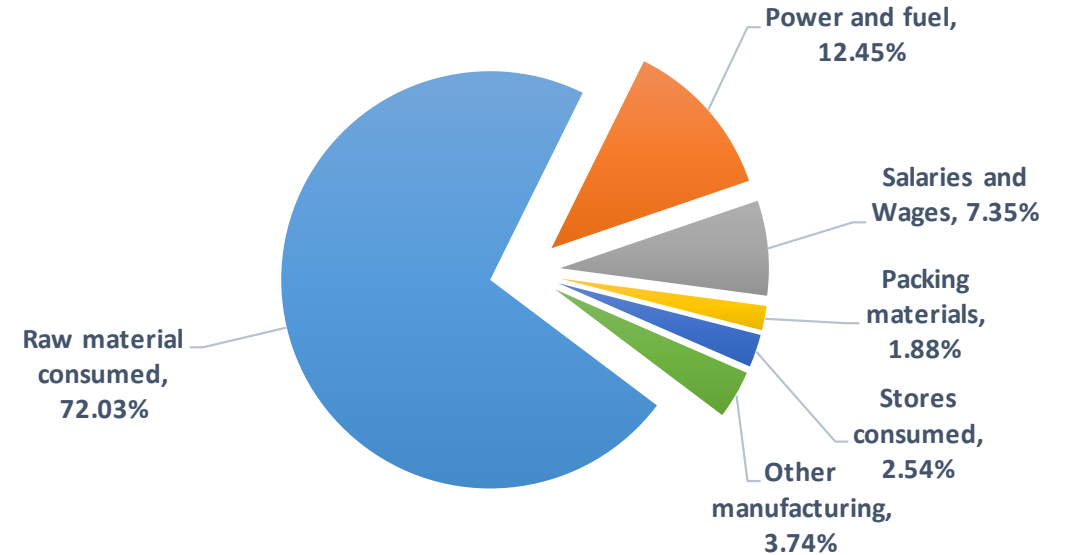
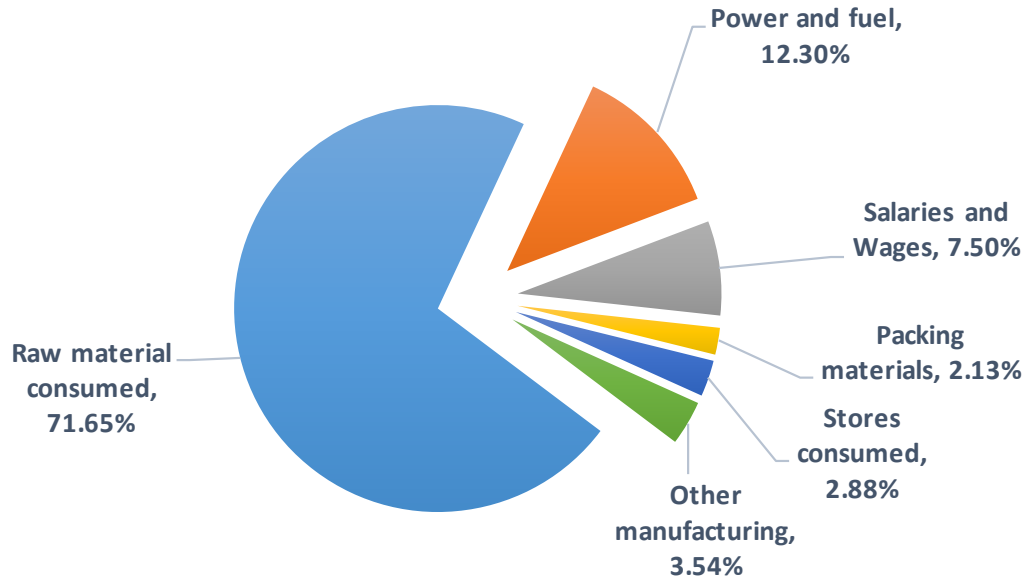


Times

Current Ratio



Cost of Goods Manufactured



	Dec-20	
	Total	
	Rupees in '000'	% of COGM
Raw material consumed	11,567,683	71.65%
Power and fuel	1,985,829	12.30%
Salaries and Wages	1,210,980	7.50%
Packing materials	344,178	2.13%
Stores consumed	464,540	2.88%
Other manufacturing	571,248	3.54%
	16,144,458	100.00%

	Dec-19	
	Total	
	Rupees in '000'	% of COGM
Raw material consumed	11,357,138	72.03%
Power and fuel	1,963,358	12.45%
Salaries and Wages	1,159,097	7.35%
Packing materials	296,899	1.88%
Stores consumed	401,096	2.54%
Other manufacturing	589,798	3.74%
	15,767,386	100.00%

Raw material consumed
Power and fuel
Salaries and Wages
Packing materials
Stores consumed
Other manufacturing

Raw material consumed
Power and fuel
Salaries and Wages
Packing materials
Stores consumed
Other manufacturing

Analysis of Break-Up & Market Value



Fiscal Year	Break-up Value Per Share Rs	Market Value Per Share Rs	Earning Per Share Rs	Market Capitalisation Rs in '000
December 2016	246.19	270.94	13.09	7,594,448
December 2017	265.50	207.67	14.43	5,820,990
December 2018	304.17	268.13	20.24	7,515,684
December 2019	349.27	181.00	29.21	5,073,430
December 2020	354.32	221.16	30.22	6,199,115

M.V. dated 22-Feb-2021

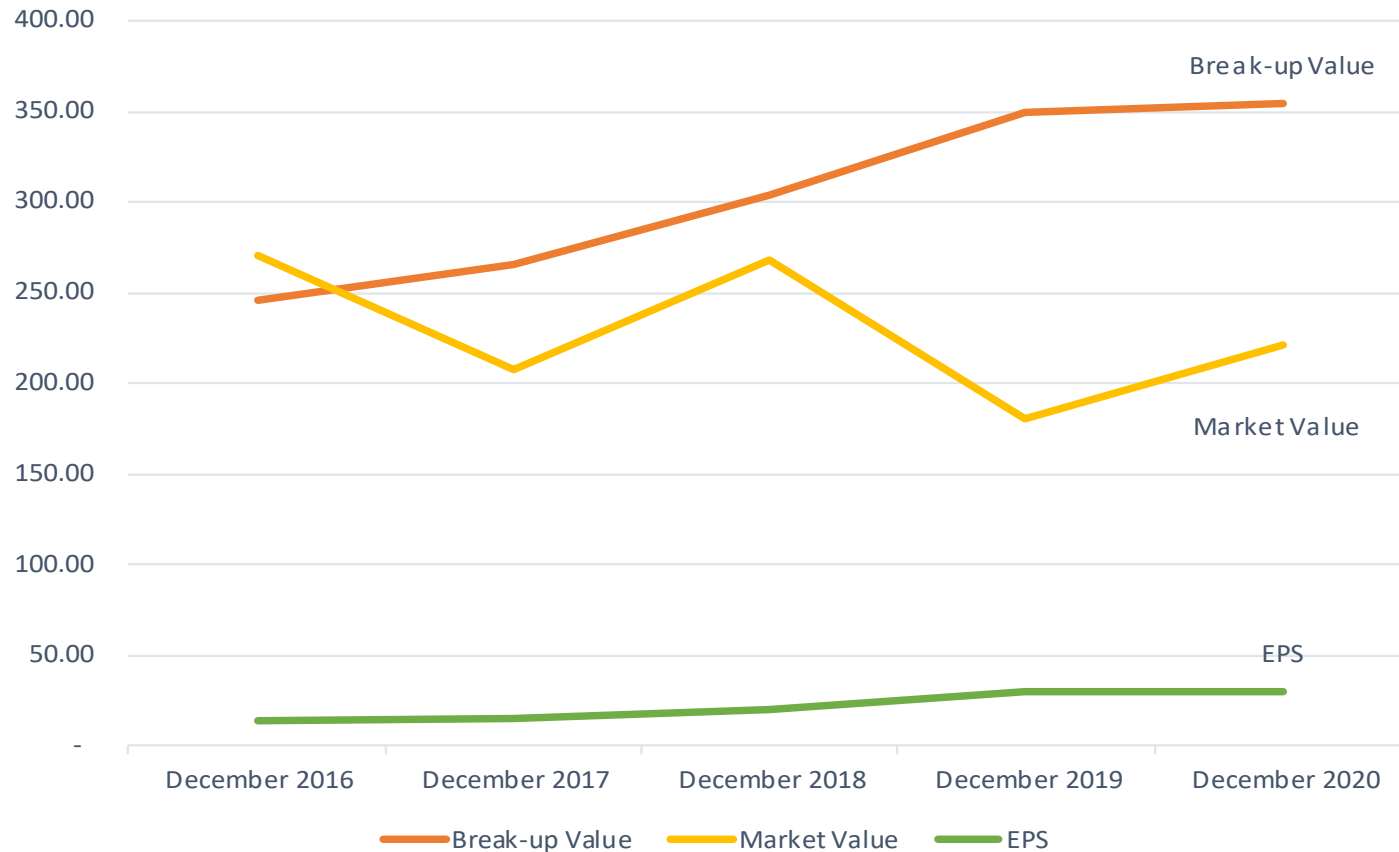
PKR 252

Last 52 weeks range:

Rs. 129.50 - 254.80

Shares Traded: 15,037

Average per day Last 12 Months



FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2020



Statement of Financial Position

	Dec 31, 2020	Jun 30, 2020
	-----Rupees in '000-----	
ASSETS		
Non-current Assets		
Property, plant and equipment	9,764,906	10,165,007
Biological Asset - Animals	192,194	190,214
Long term advance	-	-
Long term loans	26,853	39,632
Long term deposits	33,576	29,505
Long term investments	3,426,396	3,150,556
Total Non-current Assets	13,443,925	13,574,914
Current Assets		
Stores, spares and loose tools	625,356	632,631
Stock in trade	10,467,958	12,914,426
Trade debts	2,863,364	2,332,951
Loans and advances	197,175	122,927
Trade deposits and short term prepayments	22,757	22,827
Other receivables	485,994	569,750
Current tax asset	494,255	576,804
Cash and bank balances	95,428	86,120
Total Current Assets	15,252,287	17,258,436
Total Assets	28,696,212	30,833,350



Statement of Financial Position



	Dec 31, 2020	Jun 30, 2020
	-----Rupees in '000-----	
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Issued, subscribed and paid up capital	280,296	280,296
Capital reserves	137,541	137,541
Revenue reserves	9,513,689	8,666,521
Total Equity	9,931,526	9,084,358
Non-current Liabilities		
Long term finance	3,811,923	3,526,689
Deferred grant	20,121	-
Retirement benefit obligation	641,635	629,205
Deferred tax liabilities	782,761	810,001
Total Non-current Liabilities	5,256,440	4,965,895
Current Liabilities		
Short term borrowings	6,196,946	12,362,149
Trade and other payables	6,580,143	4,181,691
Unclaimed dividend	23,273	23,596
Current portion of deferred government grant	40,844	-
Current portion of long term finance	510,254	68,092
Accrued mark up	156,786	147,569
Total Current Liabilities	13,508,246	16,783,097
Total Liabilities	18,764,686	21,748,992
Total Equity and Liabilities	28,696,212	30,833,350



Statement of Profit or Loss



	For the Six Months ended					
	31-Dec-20	%	31-Dec-19	%	Variance	%
	-----Rupees in '000-----					
Sales - net	18,553,046	100.0	16,824,121	100.0	1,728,925	10.3
Cost of sales	(17,092,930)	(92.1)	(15,142,829)	(90.0)	(1,950,101)	(12.9)
Gross profit	1,460,116	7.9	1,681,292	10.0	(221,176)	(13.2)
Distribution cost	(257,903)	(1.4)	(270,536)	(1.6)	12,633	4.7
Administrative expenses	(142,868)	(0.8)	(149,712)	(0.9)	6,844	4.6
	(400,771)	(2.2)	(420,248)	(2.5)	19,477	4.6
Operating profit	1,059,345	5.7	1,261,044	7.5	(201,699)	(16.0)
Financial charges	(351,379)	(1.9)	(521,537)	(3.1)	170,158	32.6
Other operating expense	(92,699)	(0.5)	(67,872)	(0.4)	(24,827)	(36.6)
	(444,078)	(2.4)	(589,409)	(3.5)	145,331	24.7
Other income	124,314	0.7	89,263	0.5	35,051	39.3
Share of profit from associates	310,830	1.7	295,993	1.8	14,837	5.0
	435,144	2.4	385,256	2.3	49,888	12.9
Profit before taxation	1,050,411	5.7	1,056,891	6.3	(6,480)	(0.6)
Taxation	(203,243)	(1.1)	(238,208)	(1.4)	34,965	14.7
Profit after taxation	847,168	4.6	818,683	4.9	28,485	3.5
Earning Per share - Basic and diluted (Rupees)	30.22		29.21		1.01	



Statement of Cash Flows



Six months ended
December 31
2020 2019

(Rupees in '000)

Cash Flows from Operating Activities

Cash generated from operations	6,065,755	1,709,924
Gratuity paid	(86,782)	(82,130)
Income taxes paid	(147,934)	(181,281)
Rebate received	50	35,598
Finance cost paid	(342,162)	(637,070)
Net cash generated from operating activities	5,488,928	845,041

Cash Flows from Investing Activities

Purchase of property, plant and equipment	(174,572)	(1,028,660)
Sale proceeds from disposal of property, plant and equipment	74,722	23,535
Sale proceeds from disposal of biological asset - animals	3,964	8,565
Loans repaid by / (paid to) employees	14,760	(12,748)
Long term deposits given	(4,071)	(378)
Dividend received	34,990	157,239
Profit received from bank deposits	1,149	1,386
Net cash used in investing activities	(49,058)	(851,061)

Cash Flows from Financing Activities

Long term finance obtained	38,207	842,393
Salary refinance loan obtained	750,154	-
Long-term finance facility paid	-	(23,530)
Dividend paid	(323)	(236,255)
Net cash generated from financing activities	788,038	582,608

Net Increase In Cash & Cash Equivalents

Cash & Cash Equivalents at The Beginning Of The Period	(11,493,579)	(9,212,428)
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Cash & Cash Equivalents at The End Of The Period

(5,265,671)	(8,635,840)
Cash & Cash Equivalents	
Cash and bank balances	95,428 225,059
Short term borrowings	(5,361,099) (8,860,899)
(5,265,671)	(8,635,840)



FUTURE OUTLOOK



- With the availability of COVID-19 vaccines, it is expected that globally, the impact of COVID-19 pandemic will now be minimized and accordingly the global economic activities will resume to normalcy.
- Even though the effect of the 2nd wave of the COVID-19 pandemic is still there, the policy measures taken by the Government is moving the wheel of the economy in a positive direction.
- Foreign reserves have crossed the USD 20 Billion mark after nearly 3 years and it is expected that Rupee will further strengthen in anticipation of better exports and increased remittance.
- Furthermore, in an effort to improve its global image, Pakistan has also made considerable progress on the FATF front, becoming compliant on 21 out of the 27 action items. Whereas the improvement in Pakistan's rating from 136 to 108 spot in the World Bank Ease of Doing Business will also help the Country to increase its global footprint.
- The achievement by FBR of the revenue target set for the first seven months of this financial year has set the direction and created a positive vibe.

Future Outlook --- Cont'd



- It is also expected that in order to keep the wheel of the economy moving, there will be no increase in interest rates in the short term. Accordingly this will have the direct positive impact on the Company's profitability.
- Company is benefiting from the increase in international prices of cotton as it is helping the Company to take benefit of the increased sales price of yarn with sufficient stock in hand.
- The removal of duty on import of synthetic yarn and cotton yarn may create competition in the local market but company's long term business relationship with its customers combined with advanced machinery will help the company to remain cost effective and also providing it the competitive advantage.
- Performance in the knitting segment has improved significantly through expansion, further improvement is expected to generate positive returns and cashflows.



Q&A SESSION

THANK YOU