

## Packages Limited (PKGS)

### Corporate Briefing Notes

Packages Limited (PKGS) held its corporate briefing session yesterday to discuss the financial results for CY22 and its outlook.

### Key Highlights

- During CY22, topline of the company recorded at PKR122bn compared to PKR80bn, witnessing a growth of 52% YoY, respectively. The exponential increase is mainly attributed to higher dividend payout from the holding companies and rental income.
- The investment portfolio of the company includes Tri-Pack Films (69.26%), IGI Holdings Ltd. (10.51%), and Nestle Pakistan (8.05%). However, other unlisted companies include Bulleh Shah Packaging (100%), Packages Convertors (100%), Anemone holdings (100%), Packages Lanka (79.07%), Packages Real Estate (75.16%), DIC Pakistan (54.98%), and Omya Pack (50%).
- Moreover, the company also acquired Sanofi-Aventus Pakistan Ltd. (41.07%) in April 28, 2023.
- During CY22, the topline of Packages Convertors Pvt. Ltd. grew by 39% YoY to PKR42bn vs PKR30bn in SPLY. Whereas, EBIT stood at PKR 2.6bn during the year. The sales breakup of the company comprises of flexible packaging (46%), Folding Cartons (25%), and other consumer products (29%). The folding cartons segment offers a wide range of products for the tobacco, pharma, FMCGs and food industries. Company also works with international customers include NESTLE, P&G, and Unilever.
- Packages Real Estate, with a 75.16% stake, began leasing office space to corporate clients from Jul'22. They also operate Packages Mall, which has over 200 shops with covering the area of 1.3 million square feet. The revenue witnessed a significant increase of 39% YoY to PKR4.6bn, with improved EBIT to 592mn, respectively.
- Flexible Packages Convertors, holds a 63.5% stake in Anemone Holdings Ltd. The company produce Shrink Film, Bread Bags, Refuse Bags, Sugar Bags, and Milk Films. The revenue plunged by 22% YoY to ZAR 545Mn, compared to ZAR 698mn in SPLY. However, the company also booked an impairment loss of PKR6897mn due to higher carrying value. To address this, the company is undergoing a restructuring process to assess the viability.

### Future Outlook

- Going-forward, macro-economic challenges include high interest rates, PKR volatility and supply chain disruptions remain the key challenges for the company. However, the company is focusing more on augmenting the exports and to procure raw materials domestically to hedge the risk of aforementioned challenges.

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