



**Corporate Briefing Session (CBS)
For the Year Ended 30 June 2019**

Company Brief



Company Introduction

Masood Textile Mills Limited (MTM) started as a spinning unit in 1984 under the leadership of Ch. Nazir Ahmed (late). The Company has since then grown into a fully integrated textile unit with focus on value added products.

Date of Incorporation	3 rd October, 1984
Registration Number	0012223
NTN Number	0658678-3
Listing Status	Listed at Pakistan Stock Exchange
Date of Listing	20 th July, 1988
Credit Rating	Long-term (A-) & Short-term A-2 by VIS
No. of Employees	14,161 as on 30-06-19
Head office	Faisalabad

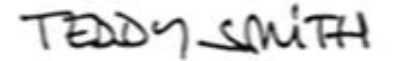
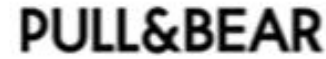
Company Introduction

- Masood Textile Mills Limited (**MTM**) is a public limited company incorporated under the Companies Act, 1913 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange (“**PSX**”). **MTM** core business is manufacturing and sale of cotton and synthetic fiber yarn, dyed fabrics and garments.
- **MTM** is a truly vertically integrated textile unit, having in house Spinning, Knitting, Fiber and Yarn dyeing, Fabric Dyeing & Processing, Laundry, Printing, Embroidery and Apparel Manufacturing facilities, managed by a highly trained, qualified and experienced team comprising proven Industry Leaders.
- **MTM** is engaged in the production of high quality textile and textile products that are largely exported to USA, Canada and Europe. The Company has a product range that includes yarn, fabric, loungewear, active wear, sleepwear, athletic and sportswear.
- **MTM** is one of Pakistan’s leading textile exporters with strong footprint and is working with leading brands of the world. With the latest developments globally such as US China trade war alongwith improved policy framework by Govt of Pakistan for textile exporters, **MTM** along with other exporters, has witnessed a surge in product sourcing from Pakistan.

Company Introduction

- **MTM** has established itself as a leader in creating, developing and manufacturing of knitted apparel products right from basic to highly fashioned thus responding effectively to emerging trends in the global industry. **MTM** has been able to translate conceptual ideas of customers into reality and shape them through technical bent and professional acumen.
- The Company is principally engaged in Sportswear products with wide selection of quality garments including T-shirt, Polo shirt, Jogging suit, Henley shirt, Raglan shirt, Tank top, Shorts, Pants and Sleepwear.
- **MTM** is a key and long term supplier to world's leading clothes retailers such as JCPenney, Wal-Mart, Macy's, C&A, Sears, Amazon, Target and Brands such as Adidas, Levi's, Reebok, PVH, Izod, Shoeby, Branded, Quick Silver, S. Oliver, DC Shoes, Foot Locker, Champs, Hema, Hampshire, PME Legend, Express, Jack& Jones, Pepe Jeans, Teddy Smith etc.,

Masood's Key Customers



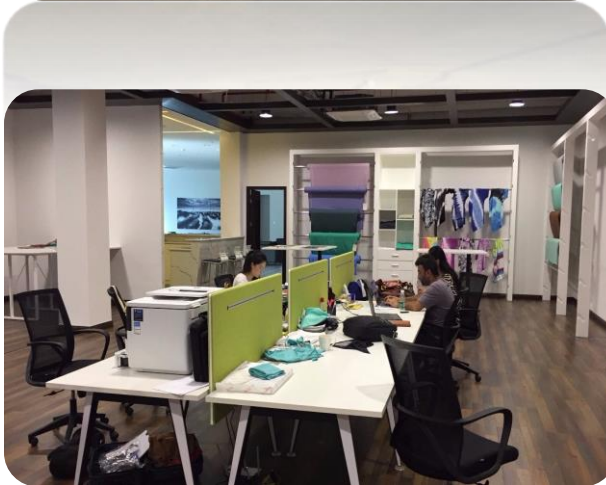
Infrastructure Development & Key Strengths



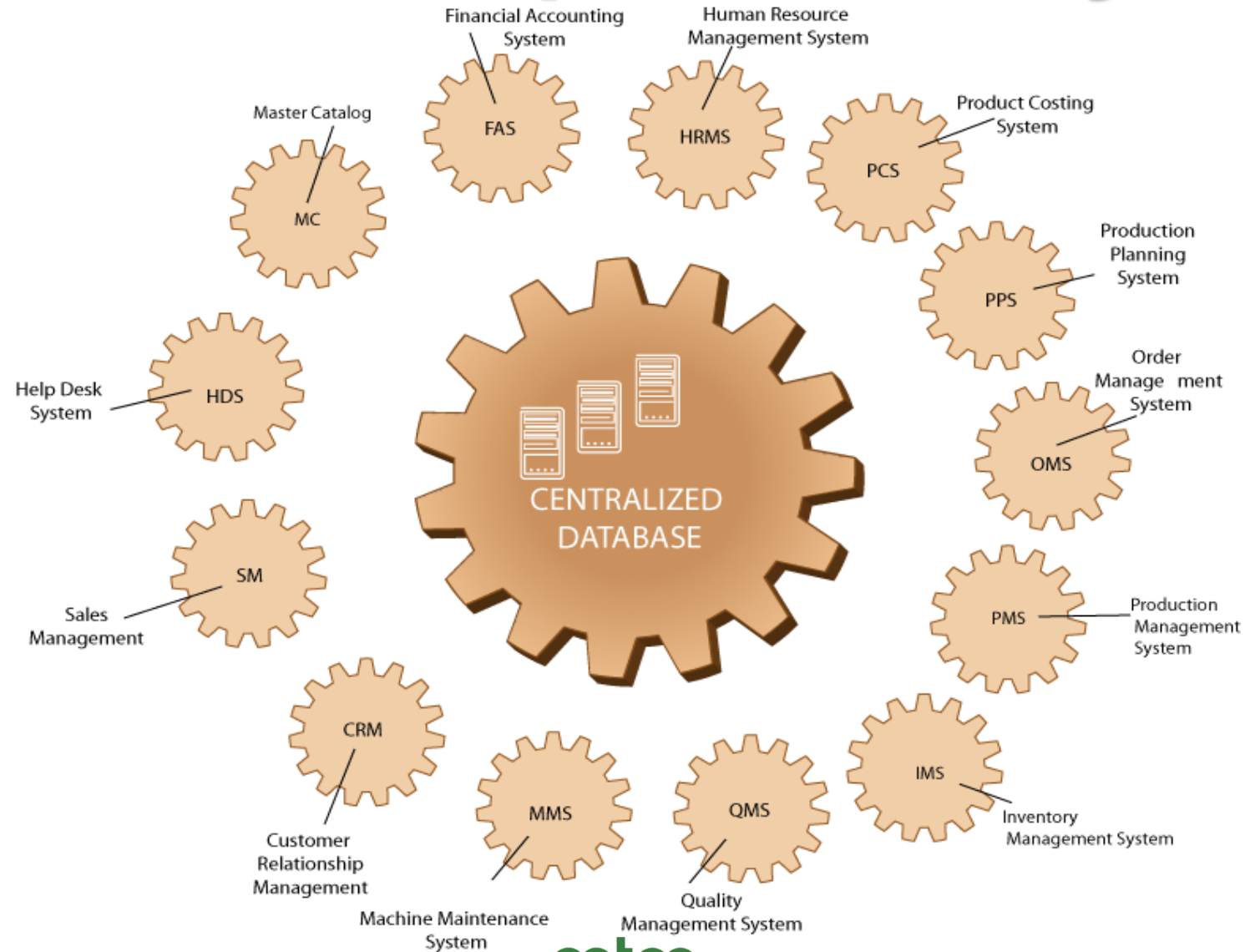
Strong Capability

- As part of the Company's focus on *research and development*, **MTM** PD Centre at Humen, China strives to achieve rapid introduction of new and improved products by adopting a disciplined and customer focused approach to product development.
- **MTM** success lies in a systematic approach to operation management and quality control. There are quality checks at every stage of manufacturing starting from Raw Cotton, Yarn, Fabric, Processing, Cutting, Stitching and Packing. Each garment produced has a unique ID tracking number which is attached inside the garment, and it back tracks from cotton crop type, yarn, knitting, fabric processing, cutting, stitching operations & inspections to packaging and shipment.
- This unique back track system makes **MTM** the only textile exporter in Pakistan to provide customers with online access to its quality control system, and it helps in achieving accountability of workers and floor management, MIS reporting goal, cost monitoring at each production stage, as well as quality and efficiency monitoring.

Product Development Centre at HUMEN (China)



In-House Developed ERP System



Lean Manufacturing

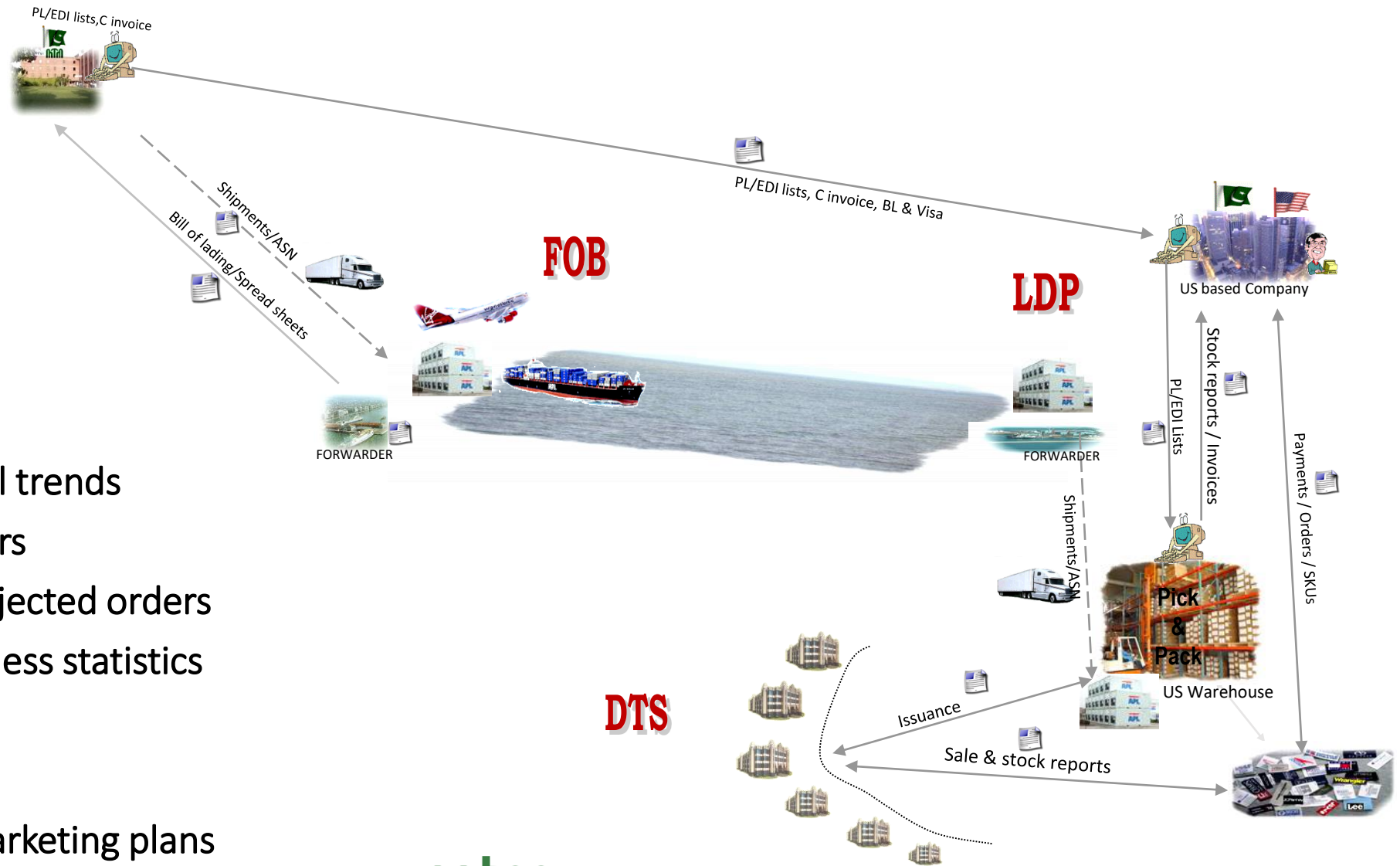
MTM has taken initiative to adopt Lean Manufacturing best practices in its production facility by using RFID (Radio Frequency Identification) Technology into its production lines. This RFID technology helps real time production activity and item tracking. Each process of garment is integrated with this technology. It's a real time shop floor data tracking management system that keeps the management updated what's happening on the production floor. Through this technology the management can extract each worker data regarding their productivity, quality and efficiency.

By using Lean Manufacturing in MTM, there will be reduction of Waste in a system through consideration of the following:

- ❖ Overproduction
- ❖ Waiting (man or machine)
- ❖ Transportation
- ❖ Business process
- ❖ Inventory or work in process
- ❖ Motion and rework



Vendor Managed Inventory Capability



- ❖ Data mining for historical trends
- ❖ Analysis of sales vs. orders
- ❖ Analysis of actual vs. projected orders
- ❖ Weekly analysis on business statistics
- ❖ Service level monitoring
- ❖ Pick & pack on FIFO
- ❖ Incorporating buyer's marketing plans

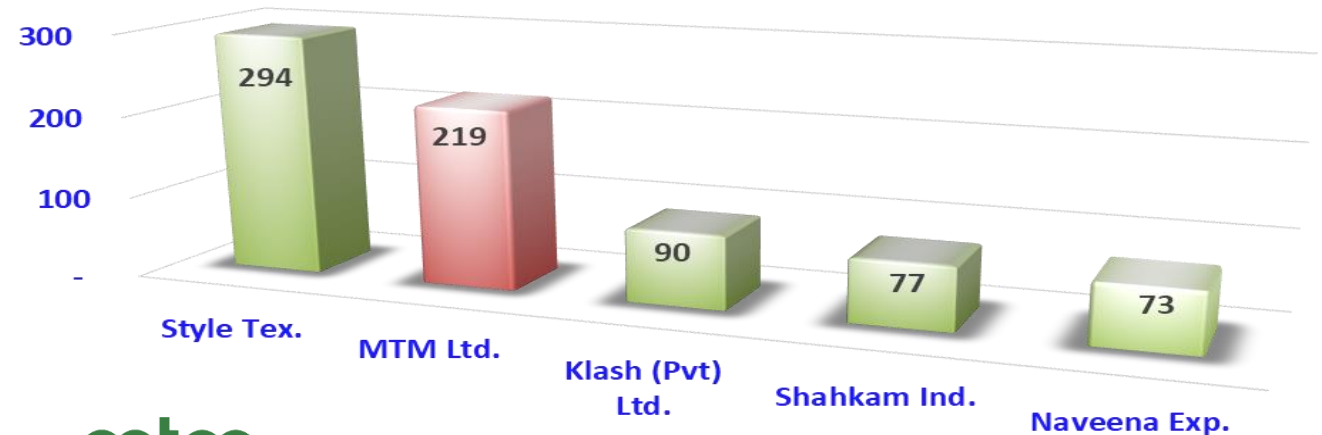
Strategic Positioning in the Economy

Top 10 Exporters

US\$ in Millions



Top 5 Knitwear Exporters



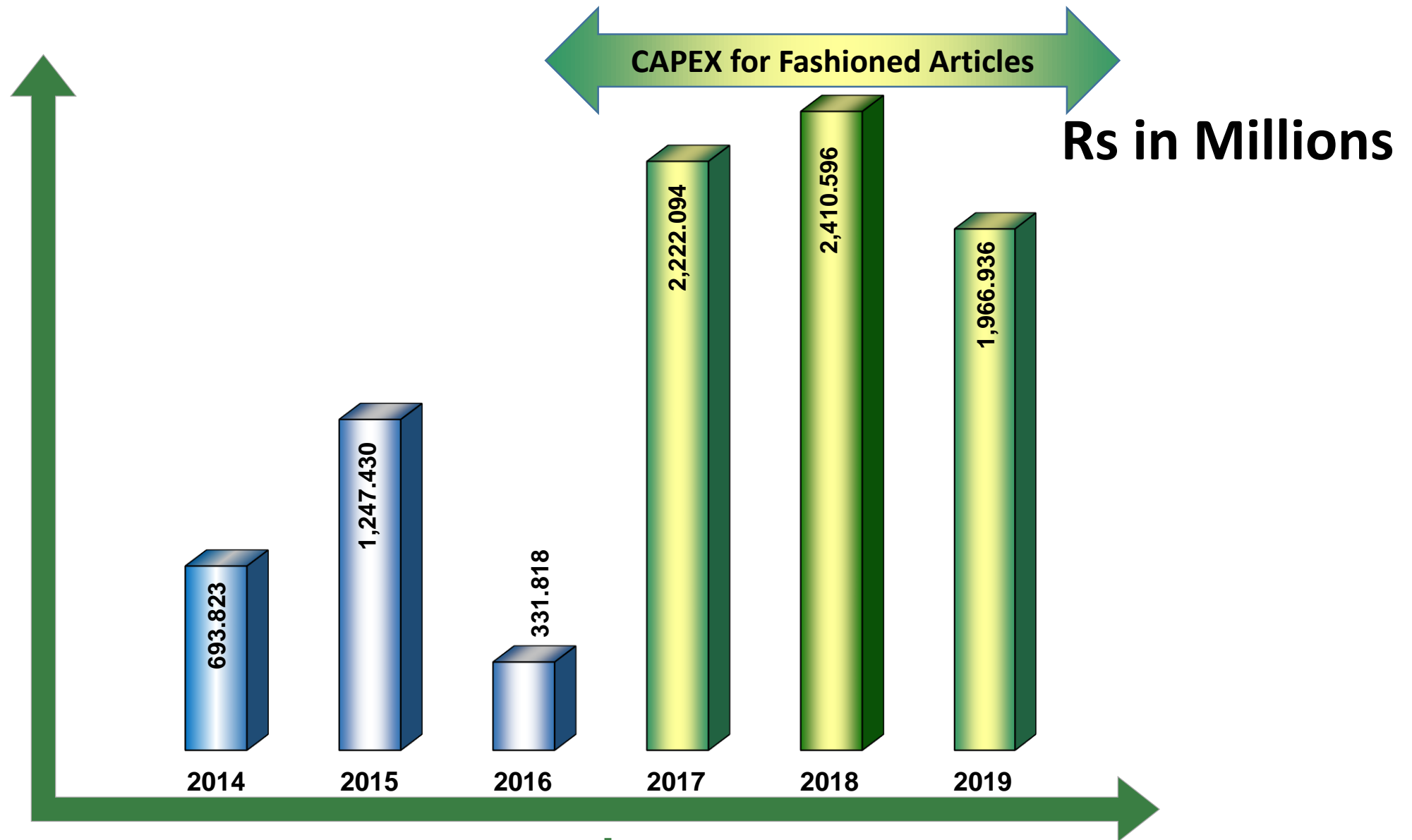
Sponsors & Foreign Alliance



Masood embarked upon a Joint Venture with Shanghai Challenge Textile & Zhejiang Xiniao Industry Company China

Shareholder (As at 30 June 2019)	% held
Directors	2.39%
Mrs. Nazia Nazir	30.17%
Zhejiang Xiniao Industry Company Limited	11.31%
Shanghai Challenge Textile Co. Limited	25.77%
Financial Institutions	6.77%
Insurance Companies	0.59%
Mutual Funds	3.28%
Joint Stock Companies	15.82%
General Public	3.89%
Total	100.00%

Major Investments — Shifting from Basic to Fashioned Articles



Value Addition, Capacity Enhancement & BMR

Division	Particulars	Purpose	Capacity Enhance.
Spinning	Compact, Injection Slub devices, Mozaik devices, Fancy Top machine, Nep Production Machine, Blow room lines, Multimixer & Qupro Auto Winder.	To Produce compact melange yarn, Injection slub yarn, Mozaik yarn, Nappy Yarn, Fancy top yarn (Rainbow effect), Snow effect yarn. To produce different type of yarn with improved quality.	Addition of 1,824 spindles for R&D innovation.
Knitting Division	129 Nos Mayer & Cie and Fukuhara machine for Single Jersey and open width lycra, Pailung for double knit, Terrot Knitting machines for Interlock (polyester)	Value Addition of Polyester and Open width lycra and Capacity enhancement in Single and double knit	29,000 kg/day addition of wich 4,000 Kg in Polyester, 3,000 Kg in Open width lycra, 20,000 Kg Single Knit and 2,000 double knit
Dyeing & Finishing	Dyeing machines (37 Nos) Fong's, Texlink & Thies. Finishing: Bruckner 8 chamber Stenter, Compactor, Slitting machines.	Cotton Dyeing and finishing capacity enhancement	20.6 Tons (Reactive) per day added during the period
Synthetic Dye House	Dyeing Machines Hisaka Jet (4 Machine)	Value addition of Polyester dyeing	4.29 ton (Reactive) per day
Laundry	Jianay & Tonello Garment dyeing & washing machines, Tumble Dryers (09 Nos)	Capacity Enhancement	Capacity addition in Garment Dye & wash 8,000 Kgs/day and Tumble dryer 9000 kg/day.
Yarn & Fibre Dyeing	Fongs machine (02 Nos) for loose Fibre, nylon & stitching thread dyeing, Muffing machine, Rewinders	Capacity Enhancement	Capacity addition of loose fibre dyeing of 2500 Kg and nylon & stitching thread of 500 Kg

Value Addition, Capacity Enhancement & BMR

Division	Particulars	Purpose	Capacity Enhance.
Cutting	01 Nos Conveter machine for auto spreader, Plotter machine.	Fabric consumption improved due to reduction of fabric wastages	BMR for fabric consumption improvement
Digital Printing	Two digital printing machines manufactured by Textalk-Oval Digital Textile Printer TFR912 with Dryer and Roll Digital Textile Printer TF1808 with Dryer	Value Addition+Capacity Enhancement	19,580 pcs per day printing capacity added.
Embroidery	04 Nos Embroidary machines made by Barudan	Value Addition+Capacity Enhancement	Approx. 18,240 pcs capacity added. Mainly it depends on no of stitches.
Power Plant & Other Utilities	Jenbacher Gas Engine, Steam Boiler, Waste Heat Recovery Plant, Water Treatment Plant & RO Plant	Power & Steam requirement Enhancement	3 MW power generation enhancement, 25 Ton/hr Steam & 1.5 ton/hr steam through waste heat recovery plant.
Product Development Center	Complete Sample Room from fabrication to Stitch:Pack and Customer Service	Product Development of all kind od articles especially high fashion for Europe	Sample embroidery, printing, cutting and stitching set up
Stitching Machines	978 Nos Stitching machines of different brand	Capacity Enhancement	Capacity Enhancement by approx.90,000 pcs per day per shift

Manufacturing Footprint

Geographical location of all business units of the company are as follow:



Production Capacities

Being one of the few vertically integrated textile mill in Pakistan, MTM has a dependable capacity to produce 925,000 dozen garments per month. From its in-house spinning, knitting, dyeing, processing and apparel manufacturing capabilities the Company has advantage in terms of quality consistency and predictable lead times. The Company's current production facilities are as follows:

SEGMENT	CAPACITY
Spinning	Total 41,352 Spindles (Producing Fashion yarns, melanges, Injection Slub, Chain yarns in multiple fiber blends)
Fiber / Yarn Dyeing	12.6 Tons Per Day
Knitting	Active Machines - 596 & Seasonal Machines – 150
Dyeing and Finishing	Installed Capacity - 130-140 Tons per Day
Garments	5,242 Machines
Fiber/ Yarn Dyeing	12.6 Tons per day
Cutting	110.2 Tons per day
Auto Placket	90,000 pieces per day
Laundry	25 tons per Day for Washing, garment Dyeing & Tumble (13.7 tons per Day with Mix Process)
Embroidery	44 Million Stitches per day (approx.)
Printing	91,961 pieces per day (Digital, Hybrid & Screen)

Financial Details



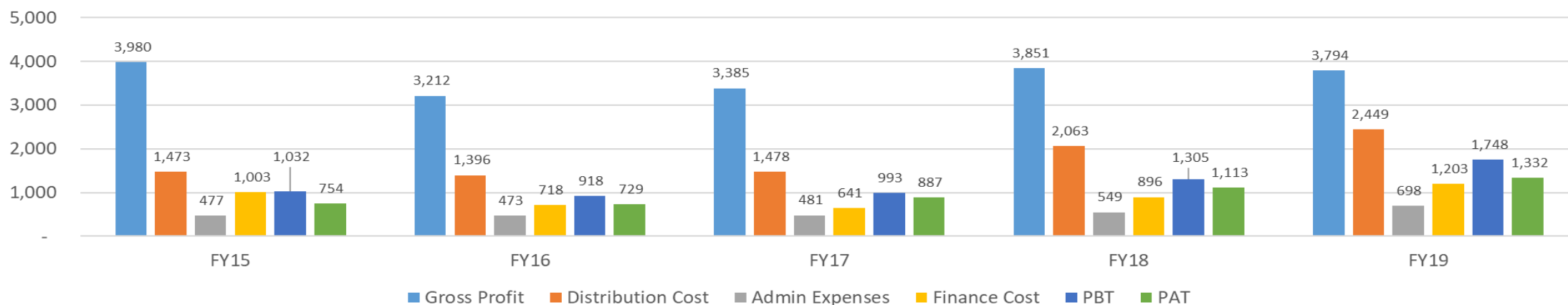
Six Years Financial Results

Rupees in Million

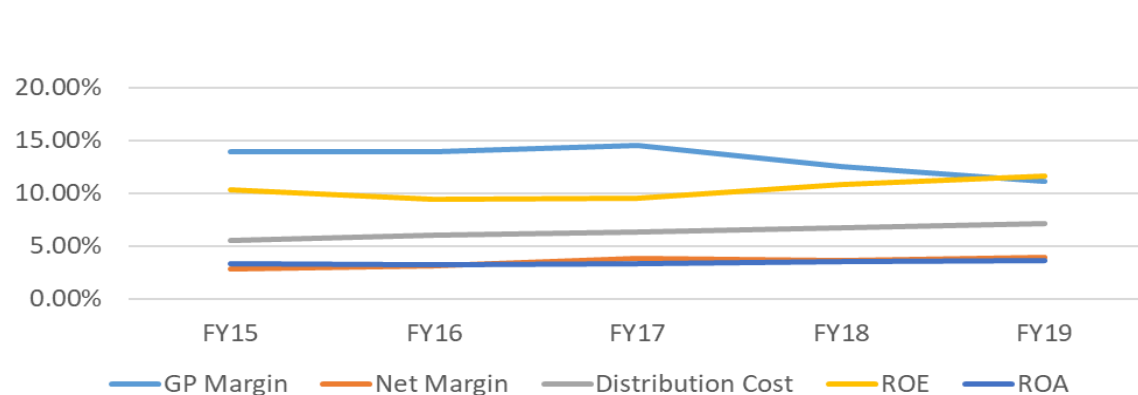
DESCRIPTION	2019	2018	2017	2016	2015	2014
Revenue	34,211	30,842	23,394	23,183	26,703	24,371
Cost of Sales	(30,418)	(26,991)	(20,009)	(19,971)	(22,988)	(20,435)
Gross Profit	3,794	3,851	3,385	3,212	3,714	3,936
Distribution cost	(2,450)	(2,063)	(1,478)	(1,396)	(1,473)	(1,159)
Administrative expenses	(698)	(549)	(481)	(473)	(477)	(443)
Other expenses	(49)	(108)	(11)	(49)	(54)	(62)
Other income	2,353	1,071	218	341	326	45
Finance cost	(1,203)	(896)	(641)	(719)	(1,003)	(1,142)
Profit before taxation	1,748	1,305	993	918	1,032	1,174

Analysis of Financial Results

PROFIT & LOSS



KEY PERFORMANCE INDICATORS



	FY15	FY16	FY17	FY18	FY19
GP Margin	13.9%	13.9%	14.5%	12.5%	11.09%
Net Margin	2.8%	3.1%	3.8%	3.6%	3.89%
Distribution Cost	5.5%	6.0%	6.3%	6.7%	7.16%
Interest Cover	2.03	2.28	2.55	2.46	2.45
ROE	10.7%	9.4%	9.5%	10.8%	11.58%
ROA	3.3%	3.2%	3.3%	3.5%	3.59%

Statement of Profit or Loss

For the year ended 30 June 2019

Rupees in Million

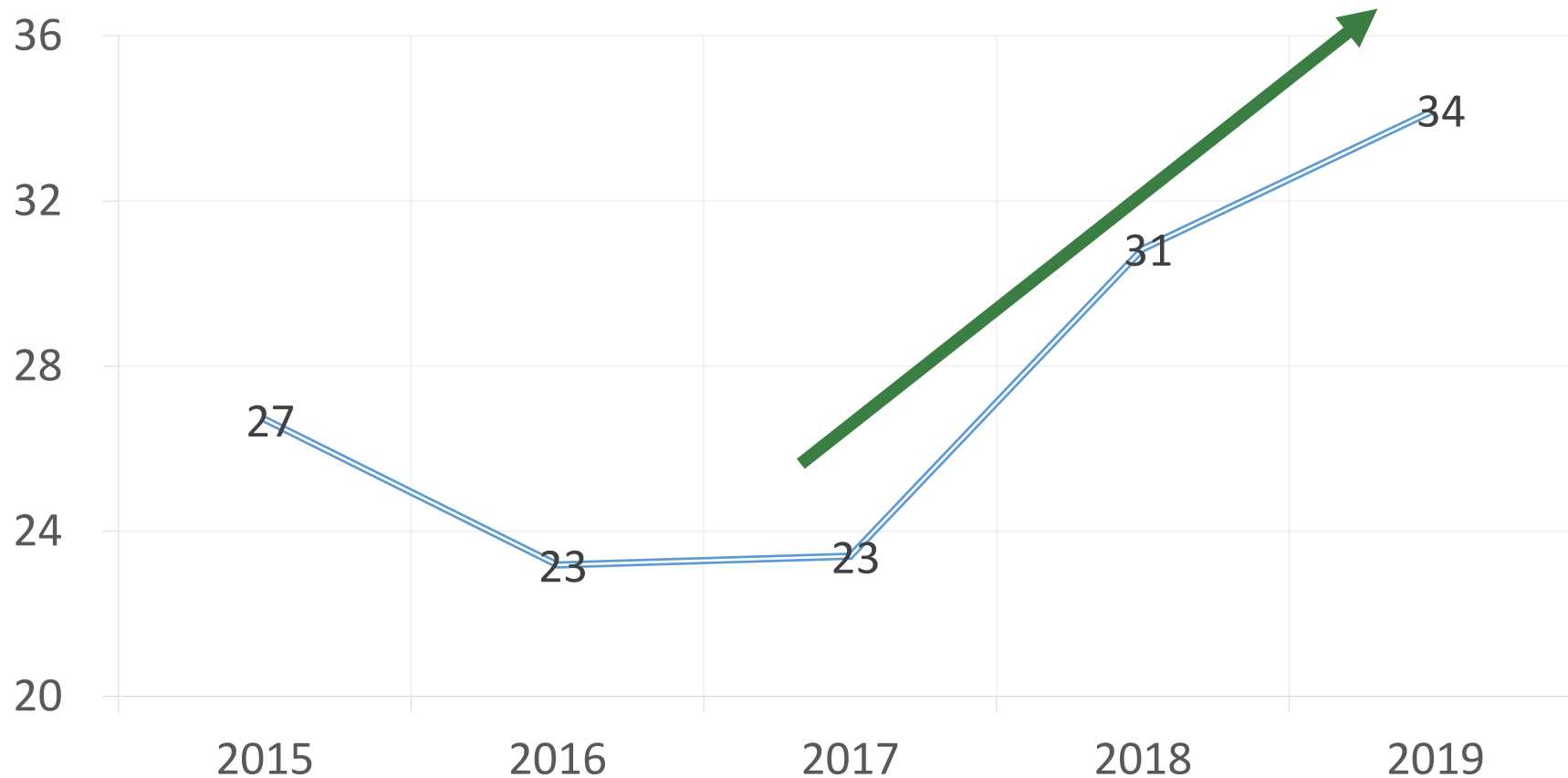
DESCRIPTION	2019	2018	Variance	%
Revenue	34,211	30,842	3,369	10.92
Cost of Sales	(30,418)	(26,991)	(3,427)	12.70
Gross Profit	3,794	3,851	(57)	(1.49)
Distribution cost	(2,450)	(2,063)	(386)	18.72
Administrative expenses	(698)	(549)	(148)	27.03
Other expenses	(49)	(108)	60	(55.05)
Other income	2,353	1,071	1,283	119.83
Finance cost	(1,203)	(896)	(307)	34.22
Profit before taxation	1,748	1,305	444	34.00
Taxation	(416)	(192)	(224)	117.04
Profit after taxation	1,332	1,113	219	19.71
Earnings Per Share (Rupees)				
Basic	19.24	16.11	3.13	19.43
Diluted	17.70	15.18	2.52	16.60

Ratio Analysis

	30 June 2019	30 June 2018
Total Debt / Equity Ratio	64:36	64:36
Leverage Ratio	2.23	2.12
Current Ratio	1.24	1.34
Debt Service coverage Ratio (DSCR)	1.41	1.83
Indebtness Ratio	5.37	6.25
Stock Turnover Ratio- Days	93	79
Debtors Turnover Ratio- Days	114	110
Financial Charges Coverage	2.45	2.46
Break-up Value (w/o Pref Shares)	165.72	148.51
Earning per Share - Basic (Rupees)	19.24	16.11
Earning per Share - Basic (Rupees)	17.70	15.18

Revenue Growth – Last 5 Years

Rupees in Billion



Future Strategy



Strategy of Future Business

- Pakistan Knit-wear sector exports remained stagnant since 2012 while Overall textile exports reduced by 4.6% during the period FY12-FY17. Policies/factors of previous Government, Pakistan as a country remained uncompetitive in exports from 2013-2017. Theses including:
 - **Artificially controlled USD/PKR exchange rate**
 - **Minimum wages Enhancement every year**
 - **Electricity and Gas prices increased substantially**
 - **Ballooning of Government receivables of Export industry**
- Due to stagnant export of knitwear industry and uncompetitive in exports due to external factors, **the management of MTM has changed its business strategy for shifting of basic articles manufacturing to high value added / fashioned / sportswear articles manufacturing with good margins.**
- The recent development in terms of currency devaluation has also allowed the Company to improve its footprints in the global market. The Company expects a business friendly policy from the government along with exploration of new avenues for enhancing ease of doing business including refund of taxes and duty drawback claims of exporters.

Strategy of Future Business

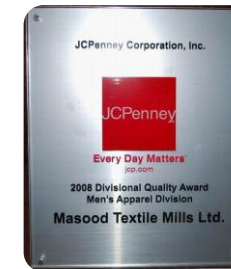
- Due to Change in business strategy coupled with business friendly Govt Policies, the Company looks forward to capitalizing on the opportunity and is well placed to help achieve further success and provide value addition to all stakeholders.
- **Following measure has already taken by the company to increase the shareholder wealth:**
 - ❖ **Incurring CAPEX of PKR 6.5 Billion for shifting of basic articles manufacturing to high value added / fashioned / sportswear articles manufacturing.**
 - ❖ **Strong Marketing to add well renowned brands with good margins in MTM profile and also exporting to other regions like Europe. Basic & Semi-fashioned articles are being replaced with fashioned articles of existing customers.**
 - ❖ **Measure to increase profits by improving efficiency over whole supply chain by introduction of lean manufacturing as already discussed**

Awards

mtm
Masood Textile Mills Ltd.

Recognition and Distinguished Awards:

- FPCCI Excellence Award 2016
- 2015-2016 President of Pakistan Awards for Best Garments & Hosiery
- 2014-2015 Prime Minister of Pakistan Awards For Best Export
- 2012-2013 President of Pakistan Awards For Best Export
- 2010-2011 President of Pakistan Awards For Best Export
- 2008 Export Achievement Award by Faisalabad Chamber of Commerce & Industry (Pakistan)
- 2008 Quality Award for Men's Apparel from a JC Penny which is a leading department store in U.S.
- 2007 Best Supplier Award of the Year from a JC Penny which is a leading department store in U.S.
- 2007 Best Export Performance Trophy Awarded by PTEA (Pakistan)
- FTL Accuracy of Information and Compliance Supplier award (2006)



Q & A

mtm
Masood Textile Mills Ltd.

*Thank
You*

Presented by:

Muhammad Shahid Naveed

CFO

Masood Textile Mills Limited,

Faisalabad, Pakistan