

Arif Habib Limited

Corporate Briefing

FY 2023

Arif Habib Limited (“AHL”) is the **largest securities brokerage, investment banking and economic research firm** in terms of market share. The company won numerous awards from Asiamoney, CFA Society Pakistan, FinanceAsia, Asset Asian Awards, SAFE Awards, MEA Markets UAE Business Awards and The World CIO Summit.

Brokerage and Research

- Pakistan’s largest research team covers **50+ companies** across **14 sectors** accounting of **80% + of total KSE-100** market capitalization
- Over **55 trading staff services** and **+19k** domestic and international clients
- Highest market share of **+10%** out of 400 brokers and a **30%** market share in Roshan Digital Accounts
- Largest USD value in **block placements** for foreign investors over the last 5-yrs
- Unrivalled **corporate access** for foreign investors
- Regular **global roadshows** with Pakistan’s leading corporates, govt and regulatory officials
- Largest execution capacity in the country at **USD 150mn** and up to **USD 400mn**
- Segregated foreign desk to ensure **order flow integrity** with a deep understanding of Algo, High Touch and PT flows

Investment Banking

AHL has one of the largest investment banking team with extensive experience in executing [Capital Markets, M&A and Private placements and LBO transactions](#)

- Investment banking team with combined [80+](#) years of experience in executing [Capital Markets, M&A and private placements and LBO transaction](#)
- Executed ECM transactions raising [USD +2.65 bn](#)
- Executed DCM transactions in excess of [USD 1.2 bn](#)
- A leading name in [all domestic and a partner of choice for cross-border M&A and Private Equity Placements](#)

Top Tier Investment Banking Firm



Unrivalled ECM credentials - executed **19** out of **33** listings since 2014; raised over **PKR 208bn** for our clients, i.e. approximately **85%** of the total capital raised in 33 listings since 2014 & **90%** for all the capital raised since 2016



Recently executed Pakistan's largest Private Sector IPO and Largest Steel Sector IPO & have completed **3** out of **4** privatization deals including HBL's SPO of **PKR 102bn** (Largest ECM transaction in Asian Frontier Markets), UBL's SPO of PKR 38bn (Pakistan's first integrated book building) & PPL's 15bn SPO in the last decade



Advised on **24** transactions, raised over **PKR 211bn** and underwrote 33 equity issues amounting to over **PKR 25bn** since 2010 in Pakistan – a market share of **83%** in terms of capital raised



Advisor of choice for domestic and international firms – advising **Citi Overseas Investment Corporation** and some other large domestic corporations on M&A, private placement and capital raising advisory transactions



12 member investment banking team includes highly qualified professionals and include CFA Charter holders, Chartered Accountants and MBAs



AHL, is presently working on various **advisory and capital markets** mandates across **multiple sectors** including, Power, Pharma, Financial Sector, Engineering, Auto, Oil & Gas, Infrastructure and General Industrial etc.

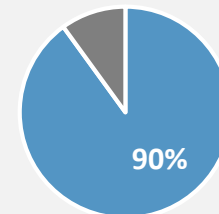
Total Capital Raising
in last 5 years

PKR 208 bn

Largest ECM
transaction in Asia
Frontier

PKR 102 bn

Market share for all
capital raised since
2016



■ AHL ■ Others

Our Strong Relationships with International Banks/Partners

AHL has worked on numerous transactions and has strong broker-dealer relationships with some of the largest global banks



Awards & Accolades

ASIAMONEY

- Best Investment Bank: **2023**, 2022
- Best Securities House: **2023**, 2022
- Best Corporate & Investment Bank: 2020, '19
- Best Domestic Equity House: 2019, '18, '17, 16, '15
- Most Outstanding Company – Financial: 2021
- Best Country Deal: 2019, '18, '17, '16, '15

INTERNATIONAL FINANCE

- Best Brokerage House: **2023**

EUROMONEY

- Pakistan's Best Investment Bank: **2023**

THE EUROPEAN

- Most Innovative Financial Market Brokerage: **2023**
- Most Trusted Forex Broker: **2023**
- Best Forex Mobile App – AHL Tick App: **2023**

FinanceAsia

- Best Investment Bank: 2022
- Best Broker: 2021
- Best Pakistan Deal: 2019, '18, '17

Global Business Outlook

- Best Equity House – Pakistan: 2022

PSX

- Top 25 Companies of Pakistan: 2019, '18, '17, '16, '15, '14, '12, '08, '07

CFA Society Pakistan

- Best Corporate Finance House of the Year – Equity & Advisory: **2022**, '21, '19, '18, '17, '16, '15
- Best Brokerage House **2022**, '21, '13
- Best Economic Research House **2022**, '21
- Best Research Analyst **2022**, '21, '20, '18
- Transaction of the Year: 2019, '17, '15

ASSET ASIAN AWARDS
★ THE ASSET ★
TRIPLE A

- Best Equity Advisor/House: 2021, '19, '18, '17, '16, '15
- Best Corporate & Institutional Advisor: 2021, '20
- Best Bond Advisor: 2021, '20, '19
- Best IPO – 2019
- Best Secondary Placement: 2015
- Best Privatization: 2015
- Best Deal: 2014

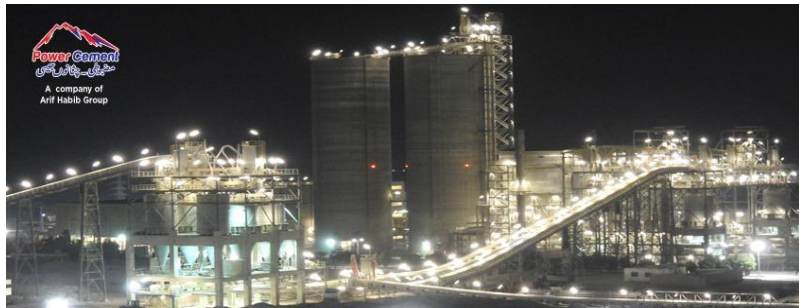
mea UAE Business Awards

- Best Brokerage: 2019, '18, '17
- Best Corporate Finance Service Provider: 2019, '18, '17

CENTRAL DEPOSITORY COMPANY

- “Top Brokerage House” for opening Roshan Digital Accounts: 2022

Arif Habib Group



Arif Habib Group | Promoting Investments in Pakistan

- Mr. Arif Habib began as a sole proprietor in the early 1990s to establish what would eventually become the Arif Habib Group. AHG has a history of building Joint Venture (JV) partnerships and continues to expand business collaborations with domestic as well as foreign entities. Presently, AHG has a diversified portfolio of investments ranging from

➤ Financial Services

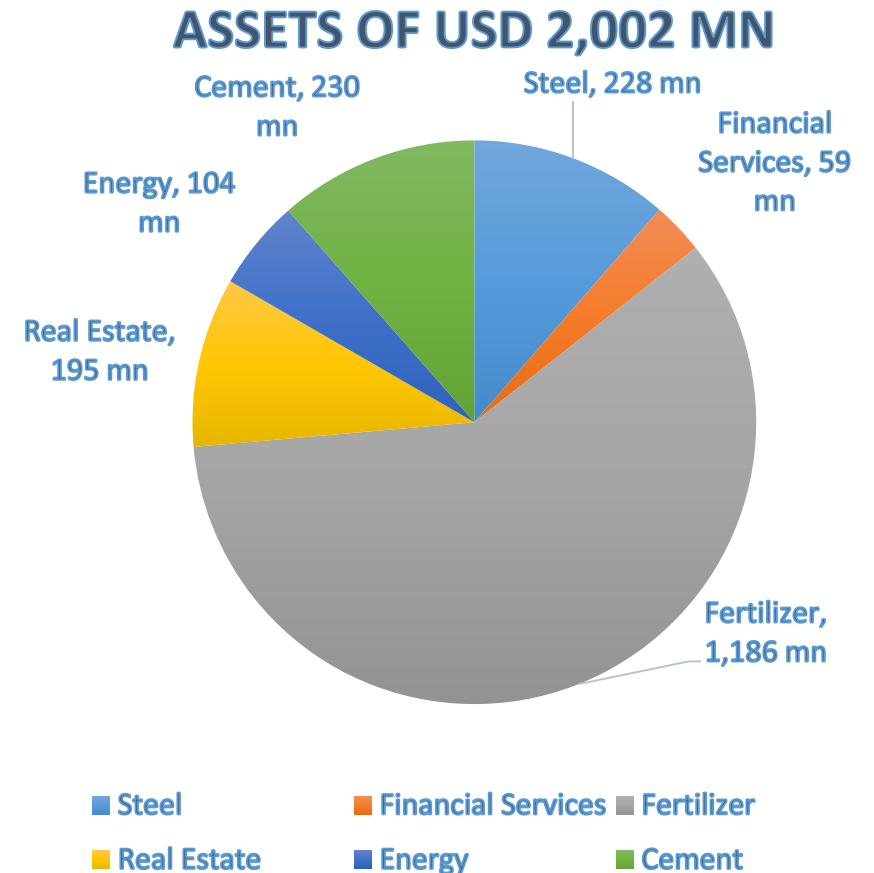
- Securities brokerage
- Investment banking
- Asset management
- REITs management
- Commodities futures brokerage

➤ Industries

- Fertilizers
- Cement
- Pre-mixed Concrete
- Steel
- Power Generation

➤ Real Estate Development and Advisory

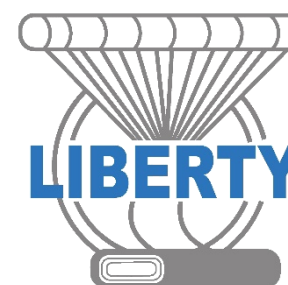
- Development
- Advisory



Arif Habib Group – Partnering for prosperity



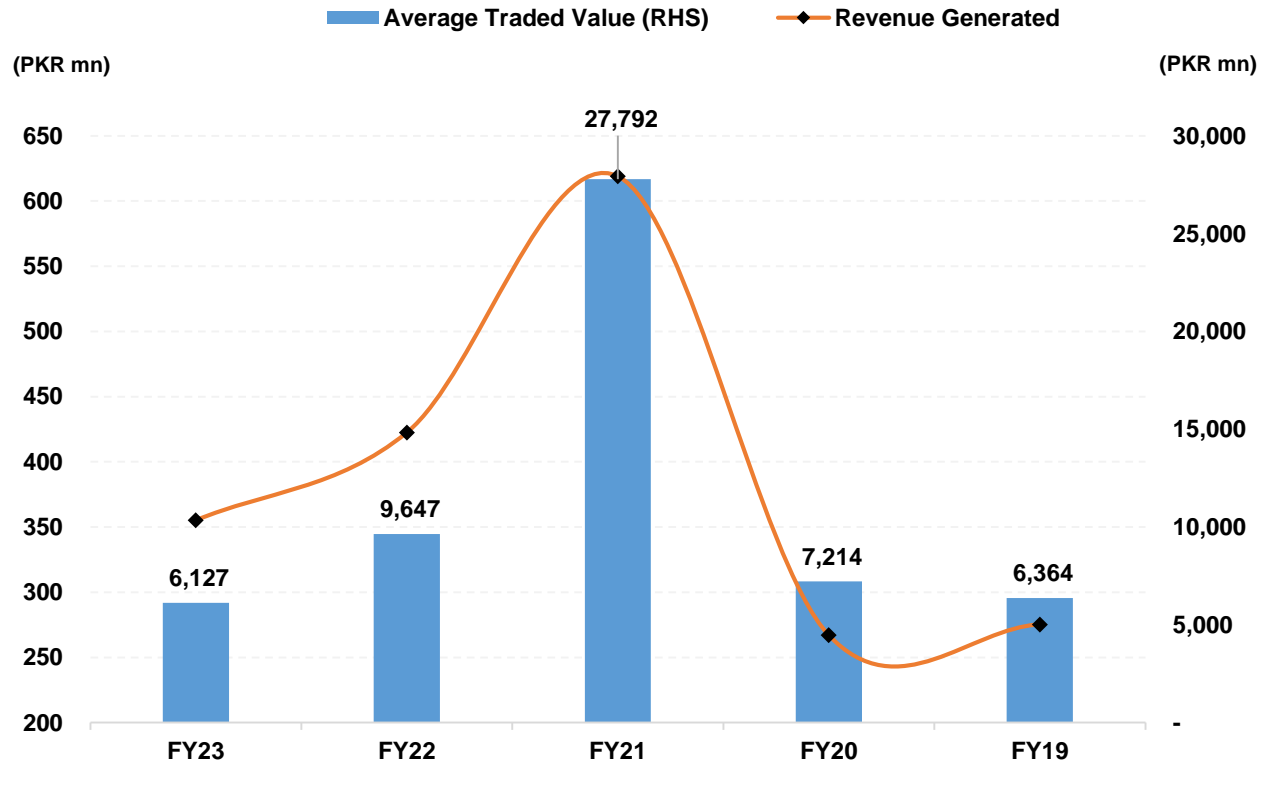
DEG - Deutsche Investitions- und
Entwicklungsgesellschaft mbH



Brokerage & Investment Banking Performance

Brokerage

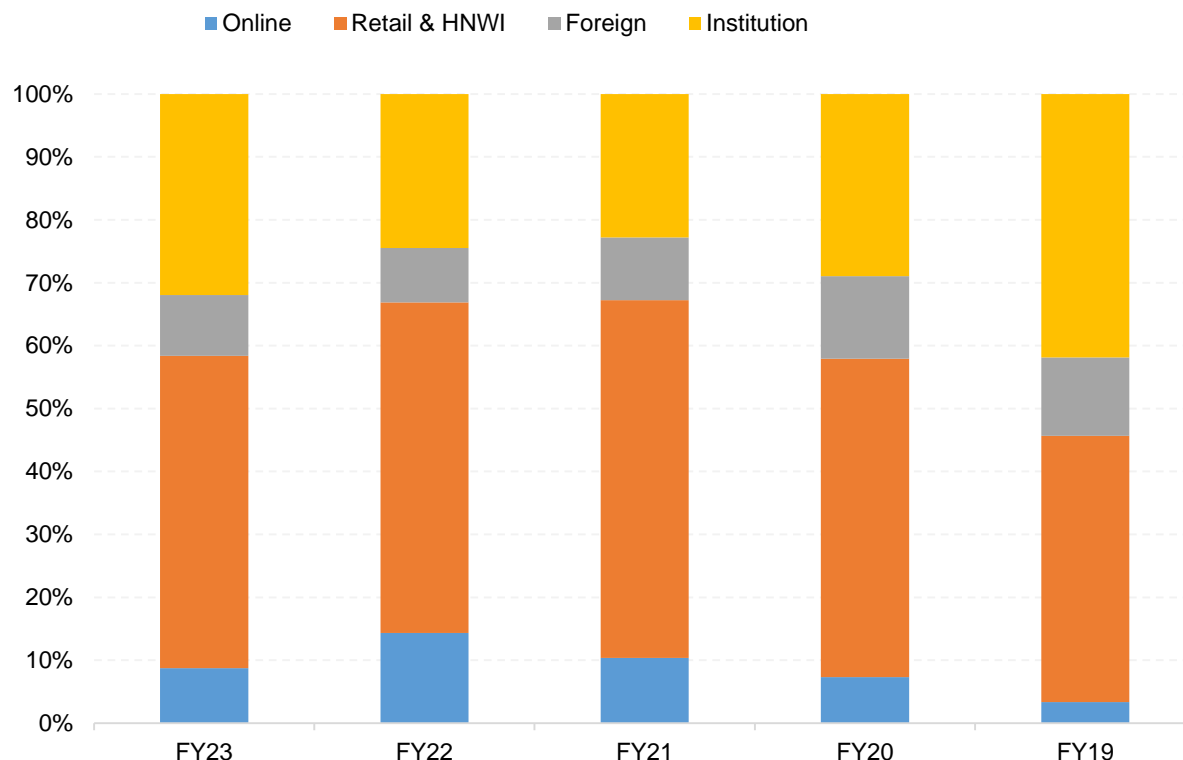
Historical Trend of Revenue and Traded Value



| Year | Revenue (PKR Million) | Market Share |
|------|--------------------------|--------------|
| FY23 | 355 | 12.45% |
| FY22 | 422 | 10.45% |
| FY21 | 619 | 10.05% |
| FY20 | 267 | 10.01% |
| FY19 | 275 | 9.19% |

Brokerage Composition

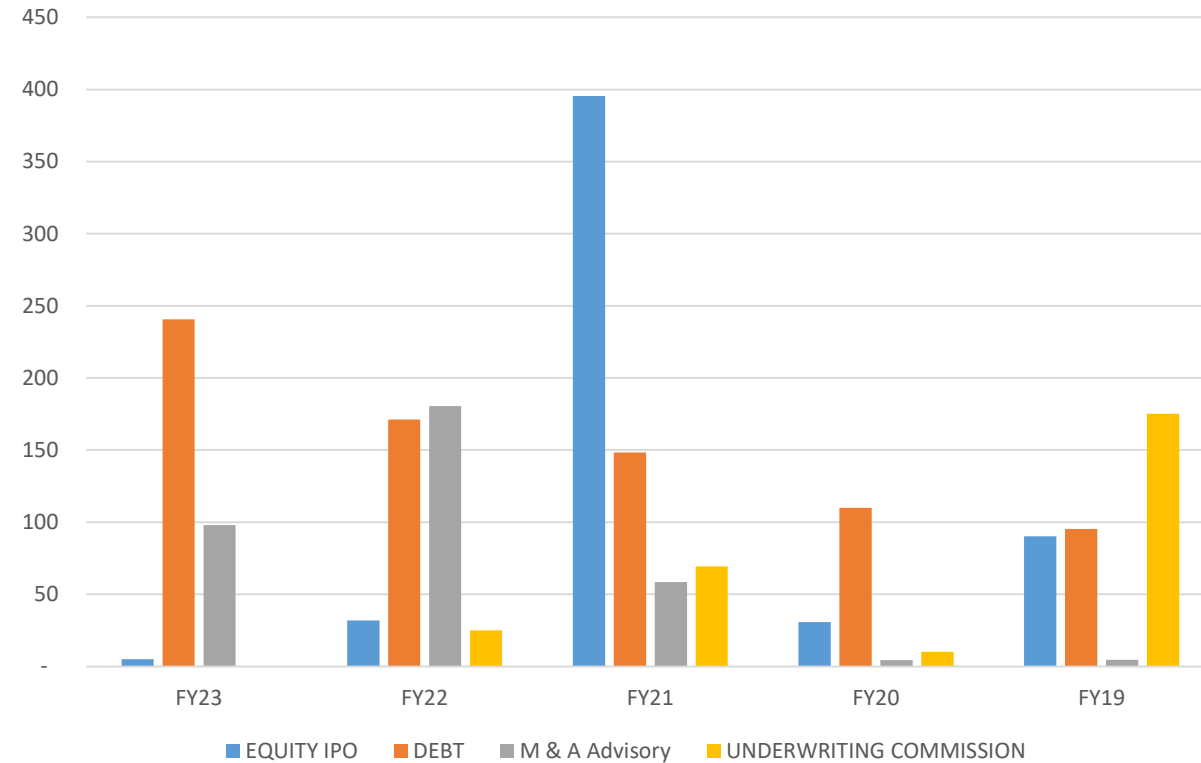
Brokerage Composition



| Year | Online | Retail & HNWI | Foreign | Institution |
|------|--------|---------------|---------|-------------|
| FY23 | 9% | 50% | 10% | 32% |
| FY22 | 14% | 53% | 9% | 24% |
| FY21 | 10% | 57% | 10% | 23% |
| FY20 | 7% | 51% | 13% | 29% |
| FY19 | 3% | 42% | 12% | 42% |

Investment Banking

Investment Banking Revenue



| YEAR | EQUITY | DEBT | M & A | UNDERWRITING | TOTAL IB REVENUE (In Millions) |
|------|--------|------|-------|--------------|-----------------------------------|
| FY23 | 5 | 241 | 98 | - | 343 |
| FY22 | 32 | 171 | 180 | 25 | 408 |
| FY21 | 395 | 148 | 58 | 69 | 672 |
| FY20 | 31 | 110 | 4 | 10 | 155 |
| FY19 | 90 | 95 | 5 | 175 | 365 |

Total Number of Accounts

| DESCRIPTION | ACCOUNT DETAILS |
|---|-----------------|
| Total number of accounts opened during FY 2022-23 | 3,348 |
| Total number of accounts as on June 30, 2023 | 20,918 |
| Total online accounts | 11,541 |
| - Total RDA accounts | 3,057 |
| Total accounts as of 2013 | 4,502 |



**ROSHAN
DIGITAL
ACCOUNT**

دور رہ کر بھی پاس

An Initiative of State Bank of Pakistan

11,009

• Total RDA
Accounts

3,057

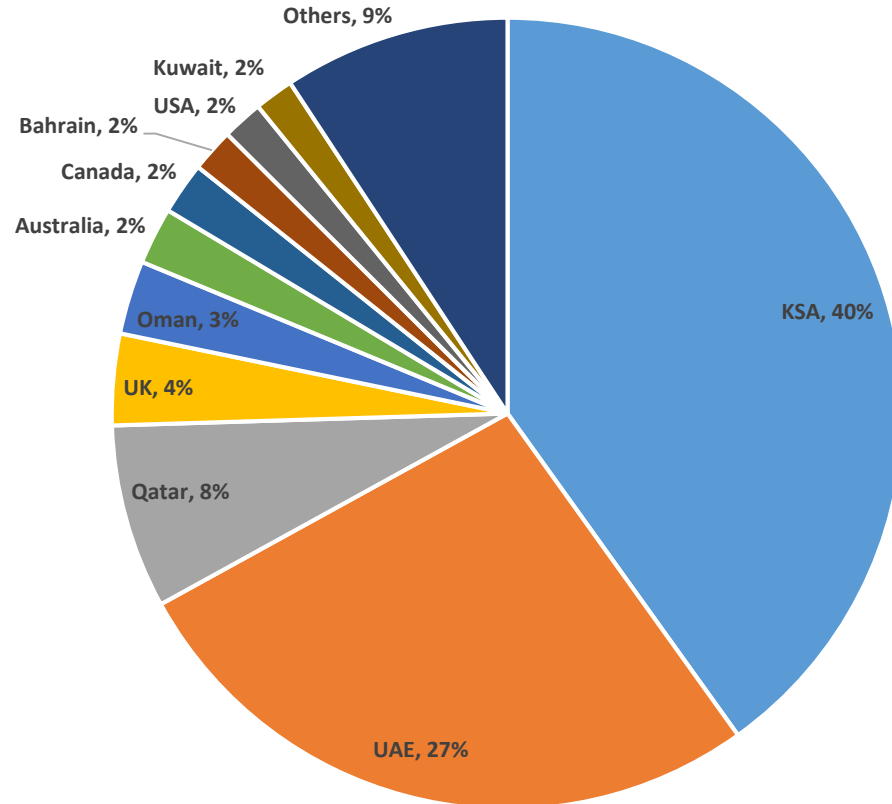
AHL Accounts as
per our record

27.77%

Percentage

Roshan Digital Accounts

Country wise RDA Accounts

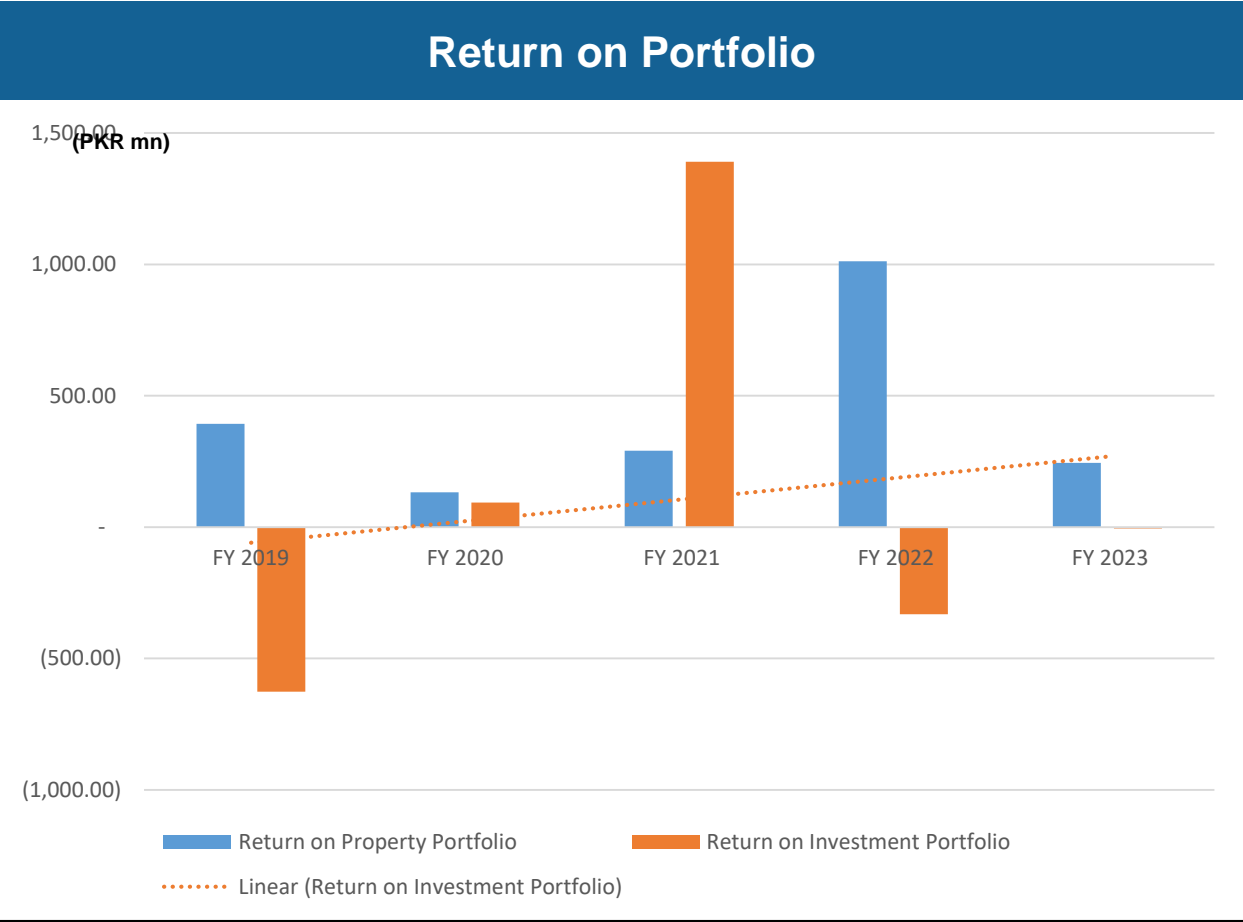


RDA DETAILS

- No. of RDA accounts till Jun'23: 585,885
- Gross Inflows: US\$ 6,350mn
- Total Investment: US\$ 716mn
 - NPC (Conventional): US\$ 321mn
 - NPC (Islamic): US\$ 377mn
 - Stock Exchange: US \$18mn

*Central Depository Company of Pakistan awarded **Arif Habib Limited** the top brokerage house for opening RDA accounts.*

Investment Portfolio



| Year | Return on Property Investment | Return on Property Portfolio | Return on Equity Investment | Return on Investment Portfolio |
|----------------|-------------------------------|------------------------------|-----------------------------|--------------------------------|
| FY19 | 39% | 393.35 | -24% | (626.33) |
| FY20 | 15% | 132.78 | 3% | 93.31 |
| FY21 | 33% | 290.88 | 54% | 1,390.35 |
| FY22 | 205% | 1,011.21 | -8% | (331.59) |
| FY23 | 88% | 244.78 | 0% | (4.56) |
| Average Return | 59% | 414.60 | 3% | 104.24 |

CORE & NON-CORE EARNINGS

| Year | Core EPS | Non-Core EPS |
|------|----------|--------------|
| FY23 | 2.97 | (0.14) |
| FY22 | 4.31 | 8.34 |
| FY21 | 9.17 | 25.00 |
| FY20 | 2.07 | (1.27) |
| FY19 | 4.95 | (5.84) |

Our Presence



HEAD OFFICE

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 CSONLINE@ARIFHABIBLTD.COM
 WWW.ARIFHABIBLTD.COM
 WWW.AHLETRADE.COM
 TREC HOLDER OF THE PAKISTAN STOCK
 EXCHANGE LTD.
 BRANCH REG NO: BOA-050/0



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 +92 51 8004401-03



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 LSE PLAZA 19, KHAYABAN-E-AIWAN-E-IQBAL,
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FAISALABAD OFFICE

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 KOHINOOR CITY, FAISALABAD
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MULTAN OFFICE

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 ABDALI ROAD, NEAR SP CHOWK, MULTAN
 TEL: +9261 4514412-13



RAHIM YAR KHAN

SHOP # 2, BASEMENT, BASHEER PLAZA,
 OPP. TOWN HALL, 12-A MODEL TOWN,
 RAHIM YAR KHAN

Analysis FY23 Results

Introductory Snapshot – Data as of June 30, 2023

Introductory Snapshot – Data as of June 30, 2022

| | |
|--|--------------------------------------|
| Commencement of Operations | 7-Sep-04 |
| Head Office | Karachi |
| Major Sponsors | Arif Habib Corporation |
| Credit Rating (Long Term / Short Term) | AA- / A-1 |
| Management Rating | BMR1 |
| Fiduciary Rating | BFR1 |
| Branches | 7 |
| Market Share | 10%+ |
| Assets | PKR 7.79 billion / USD 27.22 million |
| Liabilities | PKR 2.79 billion / USD 9.76 million |
| Net Assets | PKR 4.99 billion / USD 17.46 million |
| Staff Strength | 168 |

Financial Performance FY 2022-23

- Brokerage revenue: Rs. 471mn, -8.9% YoY

- Investment banking revenue: Rs. 343mn, -16% YoY

- Operating revenue: Rs. 878mn, -10.17% YoY

*The performance is commendable in the backdrop of a **36.5% decline in traded value and dry IPO activity** at the main board with one IPO of Globe Residency REIT which was executed by your firm in the outgoing financial year amid low market valuations and higher volatility.*

Balance Sheet

| PKR Million | FY23 | FY22 | Change | Explanation |
|------------------------------|-------|-------|--------|--|
| Share capital | 653 | 653 | - | |
| Reserves | 4,341 | 4,548 | -5% | Reserves decreased mainly due to disbursement of dividend. |
| Total Equity | 4,994 | 5,202 | -4% | |
| Investment Property | 451 | 1,642 | -73% | Investment in property decreased due to sale of commercial plots to REIT Scheme. |
| Long term investments | 1,123 | 81 | 1291% | Long term investment represents investment of the Company in its subsidiary and shares of LSEVL, LSEPL & ISEREIT, NNREIT & Rahat REIT. During the year Company invested in REIT schemes resulting in increase in its long term investment. |
| Short Term Equity Investment | 2,850 | 5,273 | -46% | Decreased due to sale of equity & debt securities in order to realize capital loss. |
| Current assets | 5,636 | 7,120 | -21% | |
| Current liabilities | 2,721 | 3,755 | -28% | Liabilities decreased mainly due to decrease in short term borrowings and decrease in deposit of funds by brokerage clients. |
| Total assets | 7,785 | 8,987 | -13% | |
| Total liabilities | 2,791 | 3,785 | -26% | |

Profit and Loss Account

| PKR Million | FY23 | FY22 | Change | Explanation |
|---------------------------|-------|-------|---------|--|
| Operating revenue | 1,495 | 1,132 | 32.09% | Company achieved brokerage revenue of Rs. 471.21 million and investment banking revenue of Rs. 343.5 million. The operating revenue from brokerage and investment banking & advisory was recorded at Rs. 878.0 million in FY23 as against Rs. 977.4 million in FY22, a 10% decline YoY. The performance is commendable in the backdrop of a 36.5% decline in traded value and just one IPO on the mainboard in the outgoing financial year amid low market valuations and higher volatility. |
| Investments Gains | 8 | 538 | -98.51% | |
| Other Income | 120 | 88 | 36.16% | The short-term investment portfolio also took a hit due to deteriorating market conditions, however, this was offset by realized and unrealized gains on our real estate investment portfolio resulting in a total revenue of Rs. 8.0 million |
| Net turnover | 1,622 | 1,758 | -7.73% | |
| Operating expenses | (605) | (578) | 4.61% | Broking operations posted a total revenue of Rs. 471 million in FY23, which is 8.9% lower when compared with FY22 although traded values witnessed a decline of 36.5% YoY. We made conscious efforts to increase our market share through higher penetration in the growing retail and online market. |
| Other charges | (27) | (12) | 119.87% | Further we have added traders to better service institutional and HNWI clients resulting in increase in our overall market share. |
| Finance cost | (638) | (197) | 223.60% | Our money market desk delivered a remarkable performance by recording brokerage revenues of Rs. 116 million (+23% YoY), which is also the highest ever revenue performance for the department since its inception in 2013. We have added more traders in our money market and FX departments which has led to substantial market share gains.. |
| Operating profit / (loss) | 352 | 970 | -63.72% | |
| Profit after tax | 185 | 827 | -77.62% | Our investment banking operations posted a total revenue of Rs. 343.4 million, which is a decline of 16% against FY22. The primary reason for the decline is the dry IPO activity at the main board with one IPO of Globe Residency REIT which was executed by your firm. Investment banking revenues in FY23 included advisory on privately placed TFCs and Sukuks as well as Mergers & Acquisitions, advisory and underwriting of equity raising through Right shares. We are pleased to share with you that your company has remained the market leader in a challenging environment. We foresee scores of new listings at the bourse and are confident that AHL will maintain its market leadership position and bring more IPOs, buy back transactions and M&A deals to the market. |
| EBITDA | 1,037 | 1,209 | -14.23% | |
| EPS | 2.83 | 12.65 | -77.63% | |
| DPS | 2.5 | 6 | -58.33% | |
| PSX Value Traded | 6,127 | 9,647 | -36.49% | AHL is continuously working to improve its services and has invested in technology and workforce to better serve its customers. While this has resulted in higher fixed costs, you company has managed to limit the increase in operating expenses to 4.7% YoY. Finance cost of the company increased by 223.5% due to higher interest rates amid aggressive monetary tightening by the central bank as well as increased utilization of borrowing lines for diversification of company's investment in better opportunities. |
| PSX Average Daily Volume | 192 | 291 | -34.18% | |

Credit Rating

| Rating Type | Rating | Rating Agency | Rating Indication |
|--|-----------|---------------|---|
| Credit Rating (Long Term / Short Term) | AA- / A-1 | JCR-VIS | Prominent market position; business strategy has been aligned to focus on HNWI's and institutions through strengthening of human resources, sales team reorganization, branch expansion and relationship management. Liquidity profile is adequate while capitalization levels are considered strong. |
| Management Rating | BMR1 | PACRA | AHL captures its leading position in the country's brokerage industry emanating from established franchise, deep relationship with diverse customer base, and strong system share. This is underpinned by its well-developed transactions execution and monitoring system, acclaimed research, strong control environment, and good governance framework. It offers various value added services to its clients including online trading terminal, research portal and mobile app. Strong IT infrastructure emplaced under proper guidance. |
| Broker Fiduciary Rating | BFR1 | PACRA | The leading position of the AHL emanates from its well-diversified revenue stream, stable market share, extensive outreach, and strong operational control environment. AHL has a well-experienced management team, sound governance framework, and well-established compliance protocols which bodes well for the rating. In addition to brokerage, AHL achieved a distinct position in the advisory domain in Pakistan, resulting in a diversified revenue base and a competitive edge over peers. The Company has maintained a sizeable number of investors' accounts including Institutional, HNWI's, and Retailers. AHL has established rigorous protocols regarding risk assessment by implementing KYC, CDD, AML, CFT, and whistleblowing policies |

Disclaimer

Disclaimer

This presentation may contain forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Arif Habib Limited.

Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement.

Thank You