

Unmatched Quality Tiles

CORPORATE BRIEFING SESSION FOR THE YEAR ENDED JUNE 30, 2019

Scheduled on December 6, 2019 At 09:00 A.M.



Agenda of the Session:

- 1. About Stile
- 2. Market Size and Share of Competitors
- 3. Market Segmentation & Stile's Strategy
- 4. Products Portfolio
- 5. Financial Highlights of 2018-19
- 6. Q & A Session



About Stile



- Stile was founded by the "House of Habib" in 1978 which is one of the largest groups of Pakistan.
- House of Habib is a reputable group with market reputable names like;



- First private sector enterprise & Market Leader in the Ceramic and Porcelain Tiles industry of Pakistan.
- We were incorporated in Pakistan as a Public Limited company and listed on the Pakistan Stock Exchange Limited.
- We have Latest state of the art plants producing tiles for every market segment.
- ISO 9001:2015 certified from Lloyd Quality Assurance.



Why Stile?

- We are committed to provide the Best Quality products to our customers.
- Stile is the only Brand in Pakistan certified on ISO standards by Centro Ceramico, Italy.
- Stile is also the only brand making Real Porcelain Tiles in Pakistan of water absorption less than 0.5%
- We have acquired Latest European technology to produce best quality tiles.
- Stile is the first brand in Pakistan which introduced digital printing in the year 2013.
- Research & development is the backbone of Stile where we invest heavily.
- Recently we have invested Rs. 2 Billion to upgrade our plant and R&D.
- Development of Human resource is our success.
- Our strength is our Huge dealership network which has spread over to 300 plus dealers from Karachi to Gilgit.
- We are the only local manufacturer with 8 company operated retail outlets currently operating in Karachi, Hyderabad, Lahore, Faisalabad, Rawalpindi and counting.



TESTED & CERTIFIED QUALITY STANDARDS BY CENTRO CERAMICO

<u>Centro Ceramica – Bologna, Italy</u>

Centro Ceramico is a Research and Experimentation Center for the Ceramics Industry, founded in 1976 and managed by a University Consortium which includes:

- Alma Mater Studiorum University of Bologna
- Confindustria Ceramica
- ANCPL Emilia Romagna.

Specialties

- Research and technology transfer,
- · Testing and analysis of ceramic materials,
- Services and technical assistance for the ceramics industry,
- Support and development of technical regulations,
- Advanced training, and Design skills European / National / Regional Band

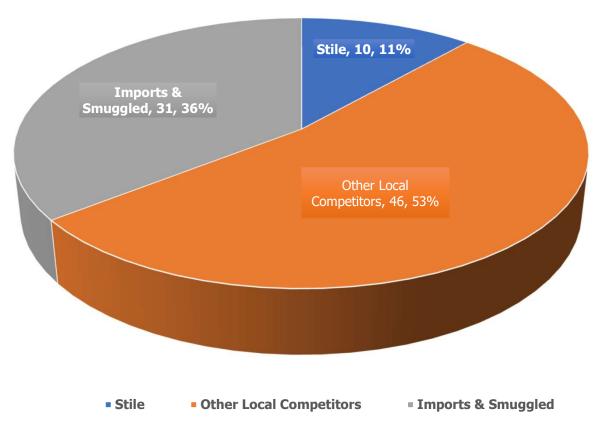




Market Size & Share of Competitors

TILES MARKET ANNUAL SHARE – 2018-19

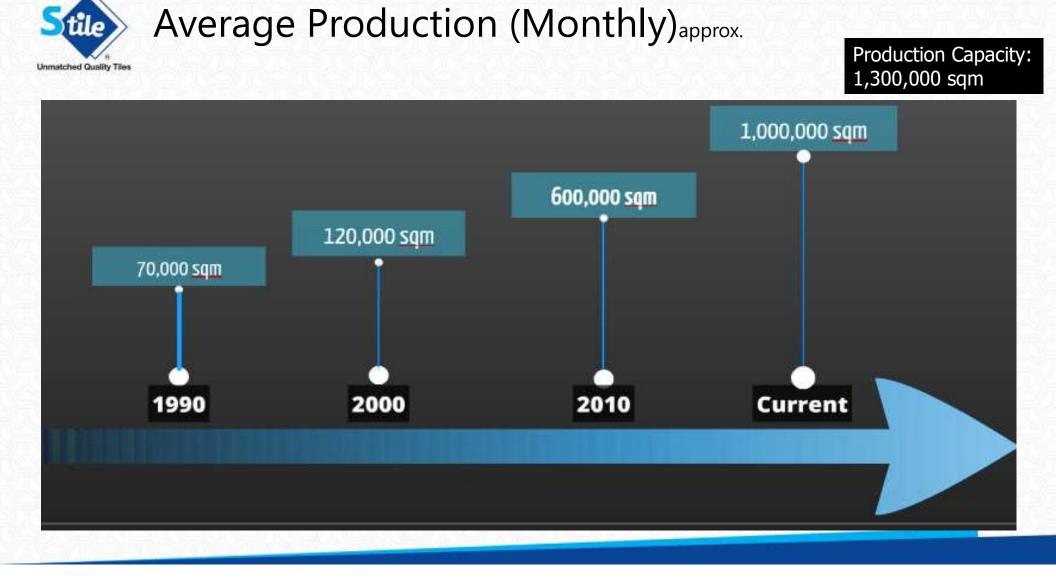
Total Estimated Market Size – 87 Million SQM

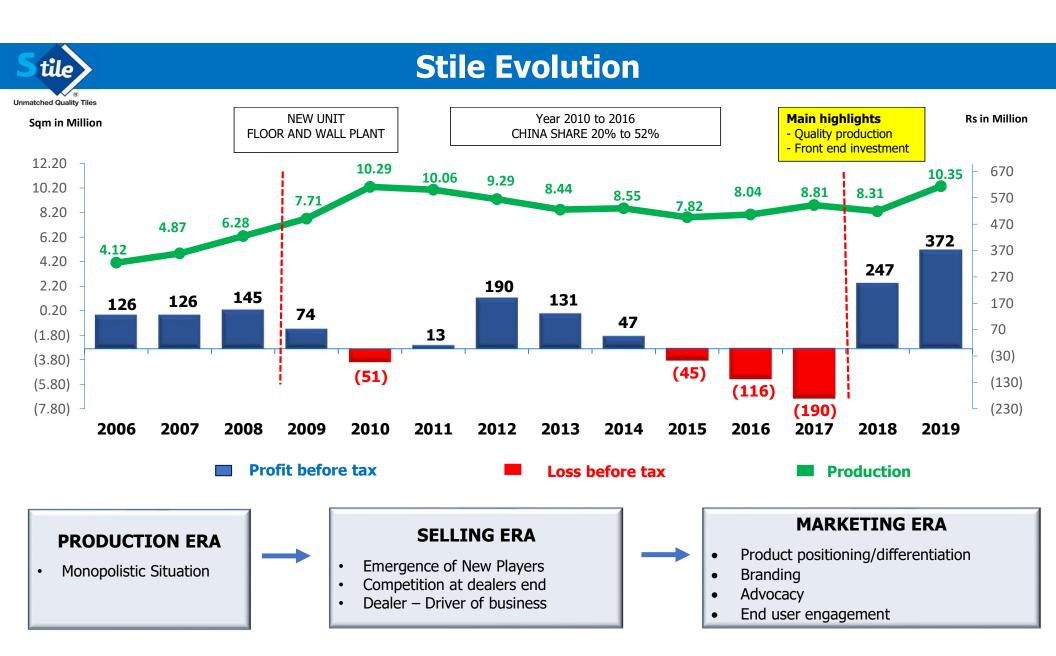




SQM in Millions

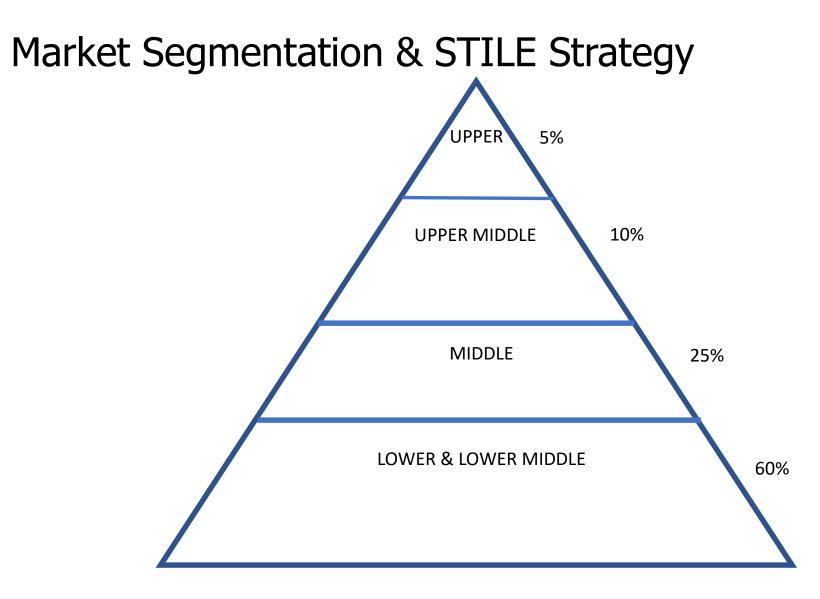
Source: General Market Information



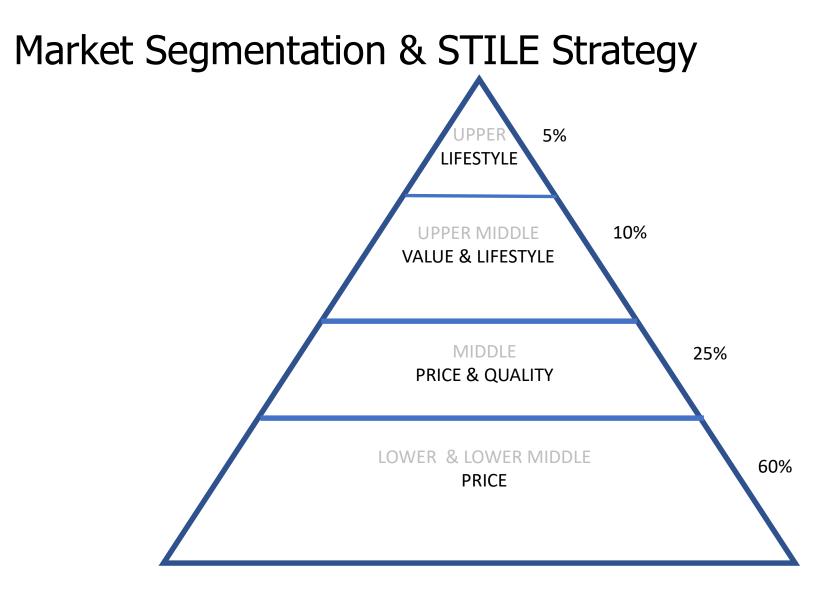




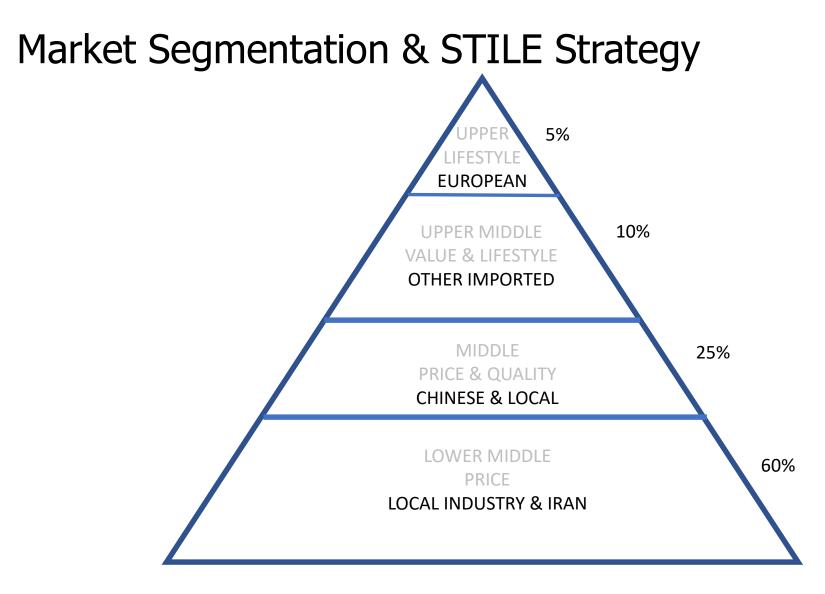
Market Segmentation & Stile's Strategy







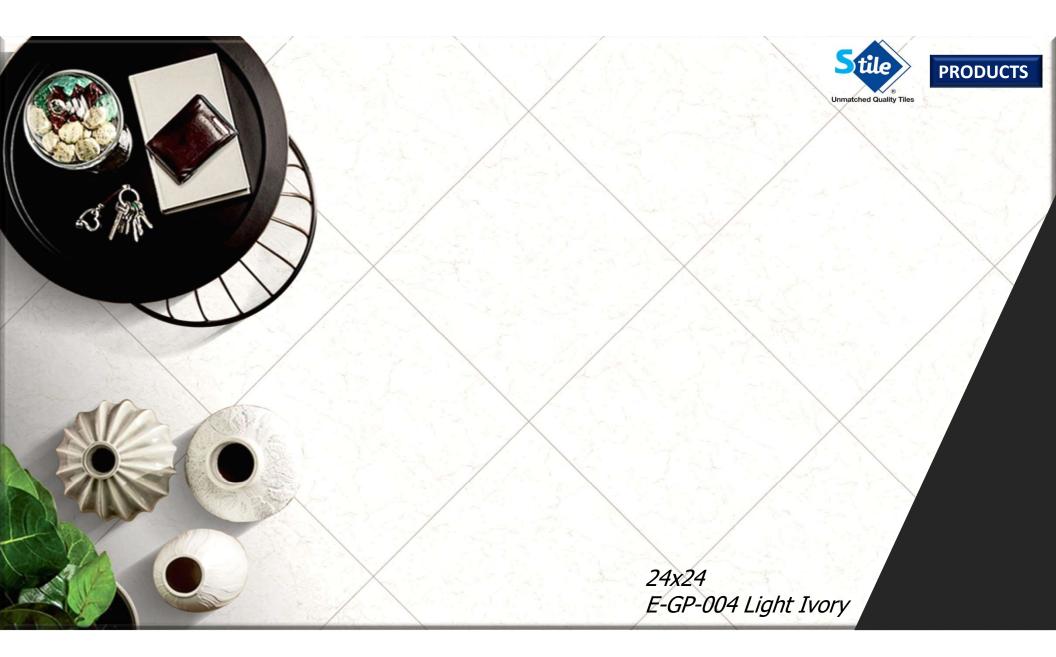


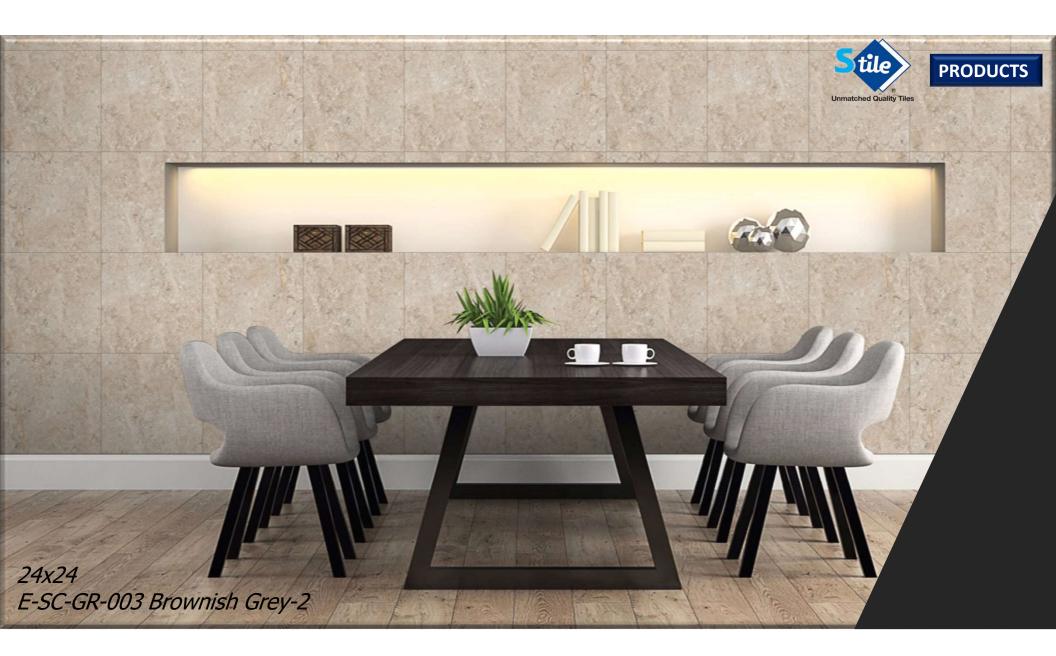


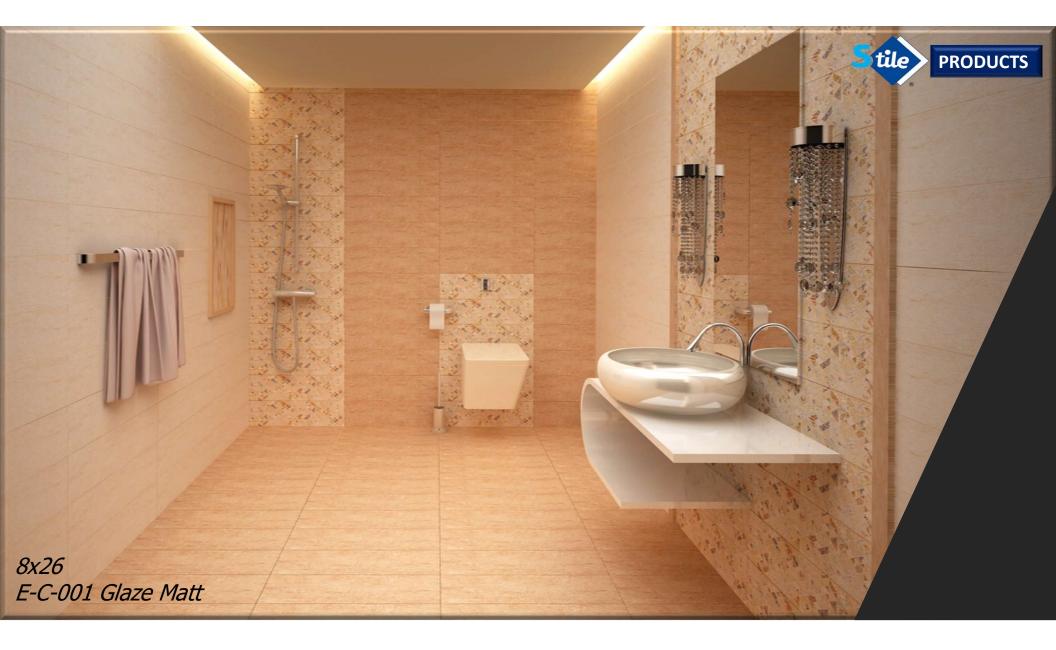




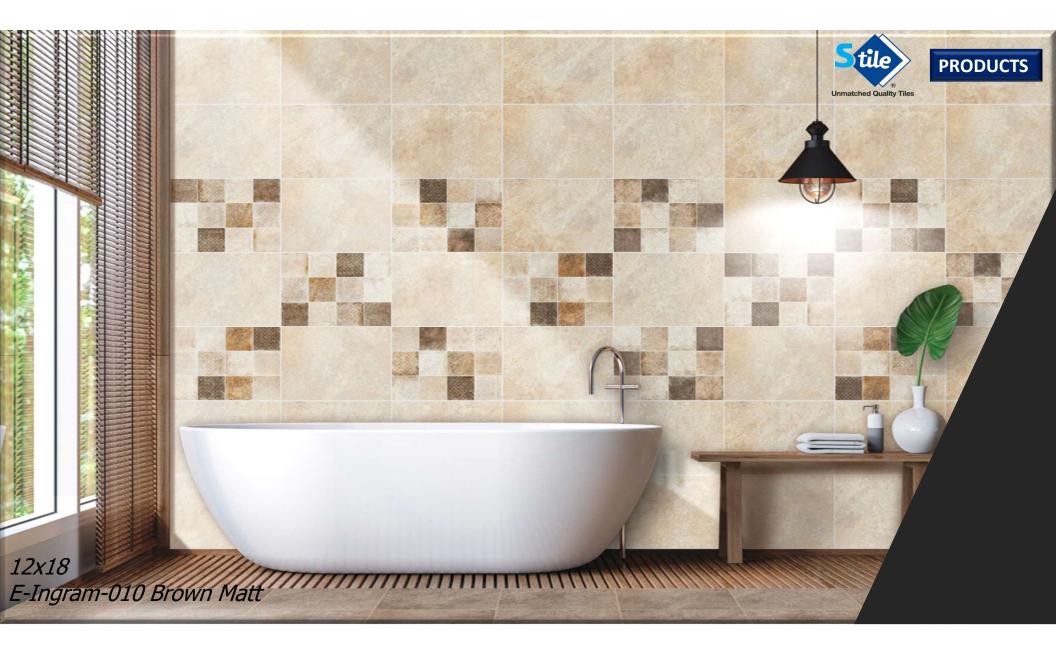
Product Portfolio

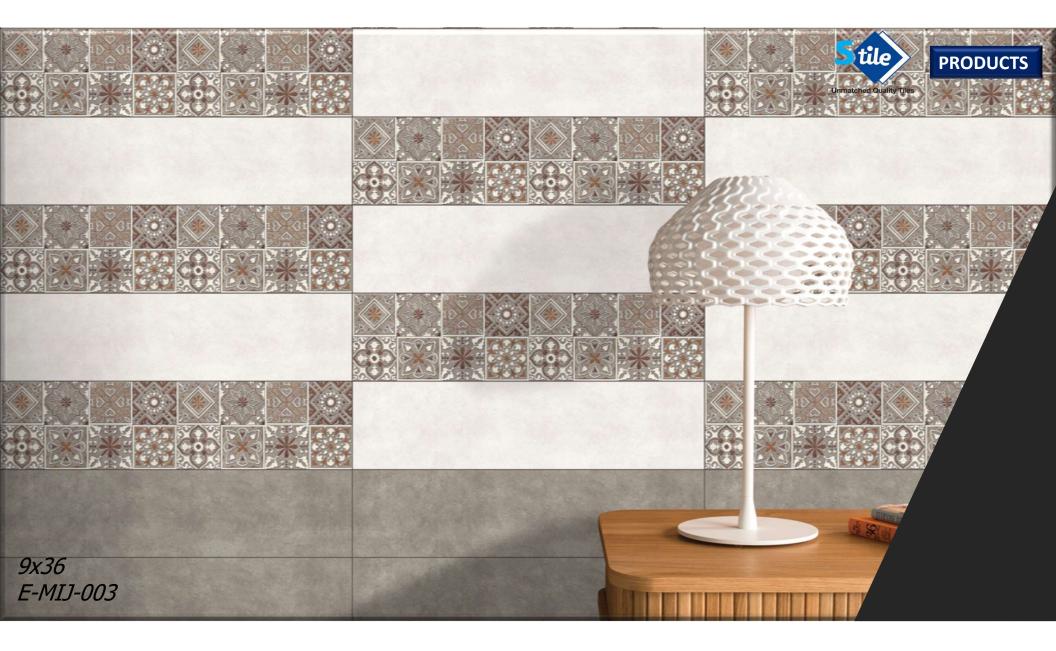


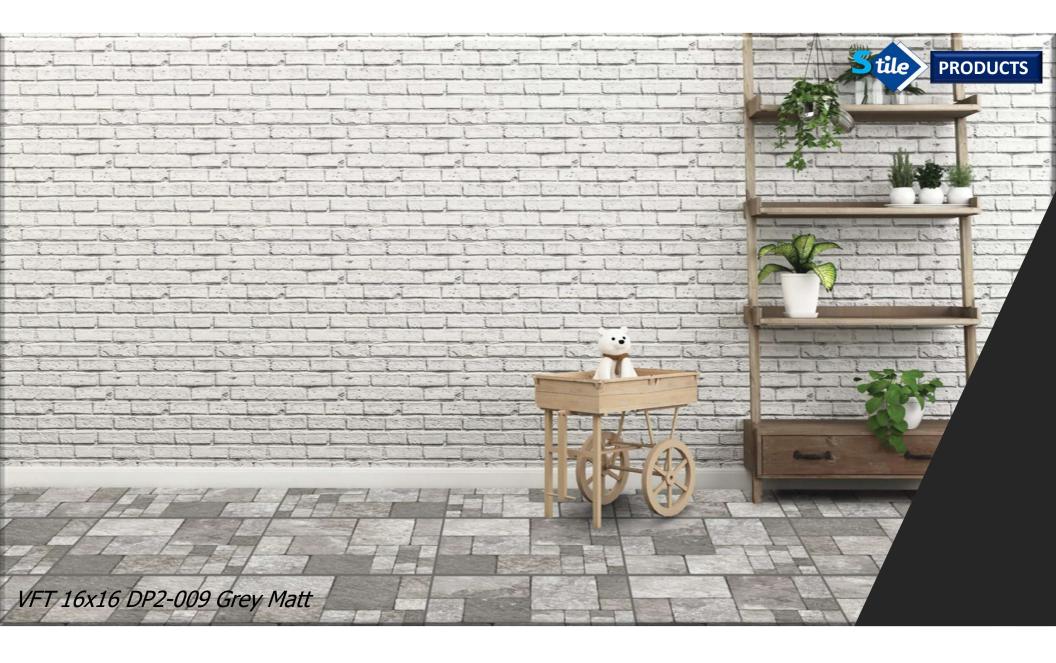














Stile Emporium & Design Studio





Stile Emporium & Design Studio DHA Bukhari – Karachi





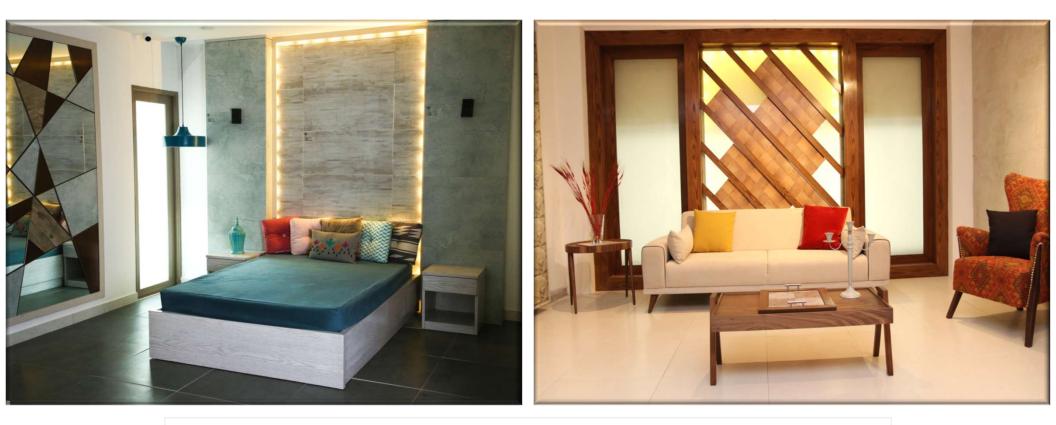
Stile Emporium & Design Studio DHA 26th Street Karachi





Stile Emporium & Design Studio Main Susan Road, Faisalabad





Stile Emporium & Design Studio Auto Bhaan Tower, Latifabad, Hyderabad





Stile Emporium & Design Studio Murree Road, Rawalpindi





Stile Emporium & Design Studio DHA, Lahore





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Stile is proud to be a part of the Historical Gurdwara Darbar Sahib Kartarpur.

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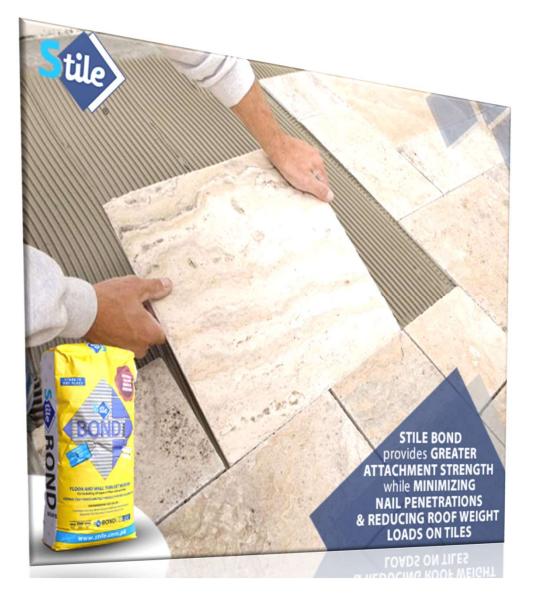
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E-GP-001 Grey White Porcelain Floor Tile

BUILDING MATERIAL PRODUCTS

Stile Bond Grout Latex 73 and Epoxy Flooring





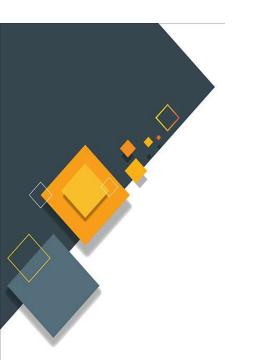
KEY HIGHLIGHTS FOR THE YEAR 2019

Overview/Highlights YTD 2018-19

Profi	tability: Despite significant cost increases, achieved Profit before tax of Rs. 372 million against last year of Rs. 247 million.
	Gross Margins: Rise in gross margin despite increased gas tariff and rupee devaluation. Gross margin achieved at 16% as against 13% in last year.
Stile	Debtors: Sales maintained on cash despite credit from competitors. Gross debtors reduced by Rs. 96 million as compared to June 2018, Outstanding number of days are now 13 vs 20 in June 2018 (June-19: Rs. 289 million; June 18: Rs. 385 million)
EVEN HIGHEST VOLUME	Value & Volume Growth : Sales value is achieved higher by 20% as compared to last year while production volume is higher than last year by 25%.
BMR	BMR project is complete as per the committed timelines. Launched new vitrified floor tiles.

PERFORMANCE – QTR WISE

	2018-19 Q-1	2017-18 Q-1	2018-19 Q-2	2017-18 Q-2	2018-19 Q-3	2017-18 Q-3	2018-19 Q-4	2017-18 Q-4	2018-19 Total	2017-18 Total
<u>Rs in '000</u>										
Revenue	1,560,541	1,217,946	1,613,374	1,314,859	2,051,514	1,742,098	1,707,648	1,492,179	6,933,077	5,767,082
Gross Profit	397,420	169,065	390,163	272,360	498,520	495,281	325,764	320,511	1,611,867	1,257,217
Profit/ (loss) before tax	93,390	(19,352)	79,235	45,191	180,773	177,854	19,106	43,490	372,504	247,183
Profit/(loss) after tax	50,702	(19,178)	60,283	30,294	132,322	102,515	(8,966)	80,775	234,341	194,406
EBITDA	252,162	96,086	248,395	165,709	356,129	302,492	196,319	176,027	1,053,005	740,314
EPS	0.21			0.13	0.55		(0.04)	0.34		0.81





KEY CHALLENGES

KEY CHALLENGES – 2019-20

<u>1. MARKET CHALLENGES</u>

- MARKET SHRINKAGE DUE TO CONSTRUCTION SLOW DOWN
- COMPLETE HALT OF GOVERNMENT PROJECTS
- REQUIREMENT OF GETTING DEALERS TO BE REGISTERED UNDER SALES TAX ACT 1990
- CNIC REQUIREMENT ON SALES TO UNREGISTERED PERSONS
- IMPOSITION OF TOO MANY CHANGES AT ONCE

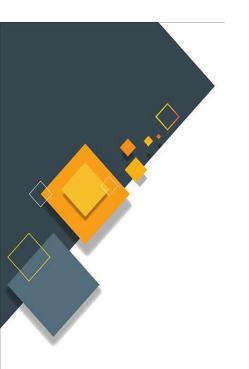
2. COST IMPACTS:

- INCREASE IN GAS PRICE BY 70% AS COMPARED TO 2018-19
- AXLE LOAD RESTRICTIONS FREIGHT COST INCREASE
- VULNERABLE EXCHANGE RATE PARITY HIGH INPUT COSTS

<u>3. COMPETITION</u>

- SMUGGLING FROM NEIGHBOURING COUNTRIES
- LOW ITPs OF TILES IMPORTED FROM ALL ORIGINS
- NEW LOCAL ENTRANTS (CHINESE COMPANIES)
- NO LEVEL PLAYING FIELD FOR ALREADY ESTABLISHED TILES MANUFACTURERS
- UNETHICAL BUSINESS PRACTICES OF LOCAL COMPETITION (i.e. Encouraging the intermediaries not to comply with the recent changes in tax regime etc.)









THANK YOU!