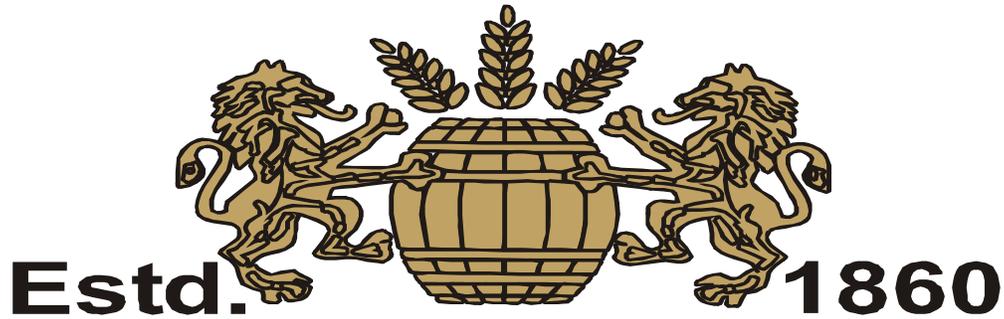




Murree Brewery Company Limited

3-National Park Road, Rawalpindi



MURREE BREWERY COMPANY LIMITED

1st Corporate Briefing Session (CBS)

For the year ended 30th June, 2019

Rawalpindi 25th October, 2019



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3-National Park Road, Rawalpindi

DISCLAIMER

During the course of this presentation we may make forward-looking statements regarding future events or the future performance of the Company. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific and risks exist that the predictions, forecasts, projections and other forward looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements. Murree Brewery does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than that as required by applicable laws, the listing rules, the Pakistani Capital Market's authority or the Pakistan Stock Exchange.

When relying on forward looking statements you should carefully consider the political, economic, social and legal environment in which the Company operates. The documents filed from time to time with the listing authorities may identify important factors that could cause actual results to differ materially from those contained in any forward-looking statements.

PRECAUTIONARY MEASURES FOR CBS DIRECTED BY PSX

- *No material non-public information is shared during the CBS prior to its dissemination to PSX and the general public through PUCARS.*
 - *No misrepresentative / unclear / confusing information is shared with the participants.*
 - *The opinion relating to the financials or strategic / operational developments of the Company are not stated as facts.*
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BRIEFING OUTLINE

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1. BRIEF HISTORY & PROFILE OF MURREE BREWERY

Murree Brewery has completed 159 years of continuous operations and is the oldest company quoted on the Pakistan Stock Exchange (PSX).

Murree Brewery Company Limited was incorporated under the repealed Indian Companies Act (now the Companies Act, 2017) in February 1861 as a public limited company. The Company is principally engaged in the manufacturing of alcoholic beer, Pakistan Made Foreign Liquor (PMFL), nonalcoholic beer, aerated water (non-alcoholic products), juices and food products, mineral water, glass bottles and jars.

The Company is presently operating the following three divisions to carry out its principal activities.

- **LIQUOR DIVISION**
- **TOPS DIVISION**
- **GLASS DIVISION**



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2. OVERALL BUSINESS ENVIRONMENT

The year 2018-19 was a difficult one for Pakistan's economy. Macro-economic imbalances for the balance of payments and the budget, necessitated a number of measures by the Government relating to the exchange rate, taxation as well as interest rates. While the economy is now stabilizing, it is anticipated that GDP growth will be low in the coming year, and that inflation will be in double digits.

In this challenging environment, the Company will continue to endeavor to keep costs low, to enhance revenues and to deliver value to its shareholders. It will provide an appropriate response to the changing dynamics in the market.

At a time when the company's profits have decreased and both foreign and local private investment has reduced in Pakistan but the company is expanding its production capacity of beer and nonalcoholic products to meet future demands.

This long term policy has contributed to the success of the company to add value to shareholders investment, provide employment (directly and indirectly) and pay substantial duties and taxes to the Government as detailed in the report.

3. FINANCIAL DETAILS
For the year ended 30th June, 2019

➤ **Overall Financial Overview & Highlights**

		Rs. in million	
		FY-2018	FY-2019
Sales revenue (Net)	increased by 10.2 %	from 9,059	to 9,983
Gross Profit	decreased by 4.3 %	from 2,869	to 2,747
Profit before Taxation	decreased by 9.0 %	from 1,828	to 1,663
Profit after Taxation	decreased by 5.7 %	from 1,296	to 1,223
Earnings per share <i>(Adjusted for increase in Capital)</i>	decreased by 5.7 %	from Rs.46.86	to Rs.44.21

The profit before and after tax has decreased due to increase in raw material costs mainly due to devaluation of Pakistan rupee against US dollar.

- **Balance Sheet:** Page No. 45 of the Annual Report-2019
- **Profit & Loss Account:** Page No. 46 of the Annual Report-2019
- **Cash Flow Statement:** Page No. 50 of the Annual Report-2019
- **Notes to the financial statements:** Page No. 51 to 107 of the Annual Report-2019
- **Final Cash Dividend:** Shareholders approved a final cash dividend of Rs. 10 per share for the year ended 30th June 2019 bringing the full year payout to Rs.30 per share (300% - previous year 300%).

4. IMPORTANT ISSUES OF MURREE BREWERY

➤ **Ban on Liquor Sale in Sindh:**

Sindh Wine Association got a stay from the Supreme Court against the Sindh High Court order and their appeal is pending before the Supreme Court.

➤ **Still Head Duty:**

Sindh Wine Association has won the case which was filed by the Punjab Government in the Lahore High Court, Lahore. Punjab Excise is still taking extra duty from non-Punjab wine dealers, as Punjab Excise filed an appeal and got a stay from the Supreme Court.

➤ **Gas Infrastructure Development Cess (GIDC):**

The Company and Industry challenged the GIDC Act, 2015 and filed a Writ Petition in the Lahore High Court including retrospective application of the provision of the GIDC Act.

There are periods subsequent to January, 2014 when stay has been granted to the Company and the total amount unpaid due to stay is Rs.217 million up to 30th June, 2019 (30th June, 2018: Rs.167 million).

The Government is reviewing the entire GIDC position and the Company will take appropriate action after a decision is announced by the Government.

➤ **Tax on water consumption for commercial use:**

The Supreme Court of Pakistan taking suo motu action announced his intention to tax the beverage industry Re.1 per liter of surface and underground water which would not be passed on to the consumers. The order issued effective from December 2018 applies to all industries consuming water in Pakistan the rules for which have not yet been issued.

The company has installed meters to calculate the water consumption and like the beverage industry has lodged a review petition, which is pending in the Supreme Court.

5. CONTRIBUTION TO NATIONAL EXCHEQUER

- Murree Brewery contributed a sum of Rs. 5,602 million during FY-2018-19 (previous year FY-2017-18: Rs. 5,212 million) to the Government exchequer on account of duties and taxes.

6. CORPORATE SOCIAL RESPONSIBILITY

- The Company continues to give the use of its property to Association for special persons (DARAKHSHAN). Presently 75 disabled women are getting training in this vocational school for helping destitute handicapped women located in the Rawalpindi area to be self-reliant, computer literate and contributing members of the society. The above property has been provided free of charge by the company with furniture and fittings and also bears the cost of utilities and maintenance.
- The Company also donated Rs. 4.9 million towards various charities and hospitals.
- Country wide tree plantation is encouraged by the Government. The Company has planted many trees on its property.
- Eco-friendly re-usable shopping bags were distributed by Murree Brewery to support the initiative of the government in doing away with the plastic bags.

7. SELECTION IN TOP 25 COMPANIES OF PSX

- Murree Brewery selected in the top 25 companies of Pakistan Stock Exchange (PSX).
- The Company has consistently been established corporate governance standards and is therefore selected in top 25 companies of PSX.
- The award is testament to company's exemplary performance, compliance with code of corporate governance and efficient management.
- The company has been in this category in past years.

8. FUTURE PROSPECTS

- The company is expanding its production capacity of beer and nonalcoholic products to meet future demands.
- The Company is well-prepared to respond vigilantly to sudden changes in macroeconomic factors by realigning its business strategies to keep the Company growing.



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QUESTIONS & ANSWERS

Corporate Briefing Session



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THANK YOU

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