



## **CORPORATE BRIEFING SESSION**

**For the Year ended**

**June 30, 2022**

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# Company Overview

One of the leading securities brokerage & investment banks in Pakistan with successful track record and solid financial advisory services experience, having strong access to a network of local and international investors

- Next Capital Limited was incorporated as a public limited company in Pakistan on 14 December 2009 under Companies Act, (previously Companies Ordinance, 1984). NCL got listed on the Pakistan Stock Exchange on 27 April 2012
- NCL is a TREC holder of Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited and is accredited broker by Financial Market Association of Pakistan
- NCL is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex, other financial instruments and corporate investment banking
- NCL is engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange
- The registered office of the Company is situated at 2nd Floor, Imperial court, Dr. Ziauddin Ahmed Road, Karachi. The branch office is situated at 63 - A Agora Eden city, Phase 8, Lahore



### Investment Banking

Lead various high-profile M&A and capital market transactions worth more than PKR 100 billion in aggregate



### Equities

Being TREC holder of PSX, we offer brokerage services to a wide network of Institutional & High Net Worth Individual investors



### Research

Comprehensive research coverage of KSE-100 with periodic research reports on industries, companies, economy, and strategy



### Fixed Income

Debt brokerage services to various clients for trading in Term Finance Certificates, Commercial Papers and Sukuks



### Portfolio Management

Manage equity portfolios on a discretionary basis for High Net Worth and Corporate investors

# Next Capital Limited

## Pattern of Shareholding



Strong shareholder base including prominent Individuals and Institutional Investors

Name	Number of Shares	Shareholding
Muhammad Najam Ali	13,605,075	27.49%
Muhammad Zulqarnain Mahmood Khan	7,831,225	15.821%
Adnan Afridi	4,949,450	9.9%
MCB Bank Limited – Treasury	4,796,550	9.69%
Maple Leaf Cement Factory Ltd	3,712,500	7.5%
Others	14,605,200	29.59%
<b>Total</b>	<b>49,500,000</b>	<b>100%</b>



**Mr. Najam Ali**



Regulatory background

Access to market intelligence

Extensive relationships with public & private decision makers

Renowned for Conflict resolution

### Experience

- Najam Ali has over 35 years of rich experience of working in different capacities in Pakistan's capital markets. Prior to forming Next Capital Limited, he served as the CEO at JS Investments Limited during which period the company achieved the highest rating of AM2 Plus in the industry and remained the largest asset management company in the private sector. During this time, he also served twice as the Chairman of Mutual Funds Association of Pakistan
- Prior to that, he served at Securities and Exchange Commission of Pakistan (SECP) in the capacity of Executive Director where he headed the Securities Market Department and Non- Banking Finance Companies (NBFC) Department
- He was also the founding CEO of the Central Depository Company (CDC), Pakistan's first and only securities depository. Prominent shareholders of CDC included Citigroup, IFC and Pakistan's stock exchanges. While at CDC, he also led the development and implementation of the National Clearing and Settlement System, which is the centralized clearing system in Pakistan for the stock exchange. The success of these projects has laid the foundation of a world class capital market infrastructure that has earned him praise and recognition at the national level
- He has also served on the Board of Directors of Pakistan Oilfields Limited, the Karachi Stock Exchange (Guarantee) Limited, the National Clearing Company of Pakistan Limited and Askari Bank Limited

### Education

- Najam Ali is a member of the Institute of Chartered Accountants in England & Wales and Institute of Chartered Accountants of Ontario – Canada. He has also qualified as a Certified Public Accountant – USA and holds a Bachelor degree in Economics from the University of Michigan, Ann Arbor, USA. He has also attended and successfully completed the 'Advanced Management Program' at the world renowned Harvard Business School, USA

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# Company Rating

# Next Capital Limited

## Broker Management Ratings



Next Capital stands amongst **top 4 full brokerage houses** of Pakistan with the **second highest Broker Management Rating** of “**BMR2++**” by VIS rating Company

No.	Brokerage House	Rating	Outlook	Date	Rating Agency	No.	Brokerage House	Rating	Outlook	Date	Rating Agency
1	AKD Securities	BMR1	RW - Positive	4-Jul-22	VIS	20	Fortune Securities	BMR2	Stable	12-Oct-21	VIS
2	Arif Habib Limited	BMR1	Stable	17-Dec-21	PACRA	21	Foundation Securities	BMR2	RW - Developing	7-Jul-22	VIS
3	JS Global Capital	BMR1	Stable	14-Dec-21	PACRA	22	Habib Metro Fin. Serv.	BMR2	Stable	28-Oct-22	PACRA
<b>4</b>	<b>Next Capital Limited</b>	<b>BMR2++</b>	<b>Stable</b>	<b>21-Jun-22</b>	<b>VIS</b>	23	Insight Securities	BMR2	Stable	28-Sep-21	VIS
5	AL Habib Capital	BMR2+	Stable	19-Jul-22	PACRA	24	KTRADE Securities	BMR2	Stable	6-Sep-22	VIS
6	Alfalah CLSA Securities	BMR2+	Stable	29-Apr-22	PACRA	25	Munir Khanani Securities	BMR2	Stable	17-Aug-22	VIS
7	BIPL Securities	BMR2+	RW - Developing	3-Aug-22	VIS	26	Optimus Capital	BMR2	Stable	28-Oct-22	PACRA
8	BMA Capital	BMR2+	Stable	4-Oct-22	VIS	27	Pearl Securities	BMR2	Stable	13-Sep-22	VIS
9	EFG Hermes Pakistan	BMR2+	Stable	24-Dec-21	PACRA	28	Standard Capital	BMR2	Stable	3-Dec-21	VIS
10	IGI Finex Securities	BMR2+	Stable	26-Aug-22	PACRA	29	FDM Capital	BMR3++	Stable	29-Nov-21	VIS
11	Integrated Equities	BMR2+	Stable	11-Feb-22	VIS	30	Multiline Securities	BMR3++	Stable	25-May-22	VIS
12	Intermarket Securities	BMR2+	Stable	22-Jun-22	VIS	31	AHM Securities	BMR3+	Stable	14-Jun-22	PACRA
13	MRA Securities	BMR2+	Stable	3-Aug-22	VIS	32	Alpha Capital	BMR3+	Stable	13-Dec-21	VIS
14	Taurus Securities	BMR2+	Stable	15-Sep-21	VIS	33	DJM Securities	BMR3+	Stable	24-Sep-21	VIS
15	Topline Securities	BMR2+	Stable	12-Oct-22	VIS	34	Spectrum Securities	BMR3+	Stable	30-Nov-21	PACRA
16	Trust Securities	BMR2+	Stable	20-Sep-22	PACRA	35	AKIK Capital	BMR3	Stable	29-Sep-21	VIS
17	Aba Ali Habib Securities	BMR2	Stable	15-Mar-22	PACRA	36	Amanah Investments	BMR3	Stable	23-Nov-21	PACRA
18	Abbasi & Company	BMR2	Stable	24-Jun-22	PACRA	37	Investment Managers	BMR3	Stable	11-Feb-22	VIS
19	Darson Securities	BMR2	Stable	13-Apr-22	VIS	38	Ismail Iqbal Securities	BMR3	Stable	26-Aug-22	PACRA

RW = Rating Watch

# Next Capital Limited

## Broker Fiduciary Ratings



Next Capital was assigned initial Broker Fiduciary Rating of "**BFR2**" in May 2022, making it amongst the **top 10 strong full-service brokerage houses** of the country

No.	Brokerage House	Rating	Outlook	Date	Rating Agency	No.	Brokerage House	Rating	Outlook	Date	Rating Agency
1	Arif Habib Limited	BFR1	Stable	17-Dec-21	PACRA	17	Optimus Capital	BFR3++	Stable	28-Oct-22	PACRA
2	JS Global Capital	BFR1	Stable	27-Apr-22	PACRA	18	ABA Ali Habib Securities	BFR3+	Stable	13-Apr-22	VIS
3	AKD Securities	BFR2++	RW - Positive	4-Jul-22	VIS	19	BMA Capital	BFR3+	Stable	13-May-22	VIS
4	AL Habib Capital	BFR2+	Stable	19-Jul-22	PACRA	20	Foundation Securities	BFR3+	RW - Developing	22-Feb-22	VIS
5	Alfalah CLSA	BFR2+	Stable	6-Jun-22	PACRA	21	Habib Metro Fin. Serv.	BFR3+	Stable	13-Jun-22	PACRA
6	EFG Hermes Pakistan	BFR2+	Stable	31-Mar-22	PACRA	22	MRA Securities	BFR3+	Stable	18-Oct-21	VIS
7	IGI Finex Securities	BFR2+	Stable	26-Aug-22	PACRA	23	Zafar Securities	BFR3+	Stable	31-Mar-22	PACRA
<b>8</b>	<b>Next Capital Limited</b>	<b>BFR2</b>	<b>Stable</b>	<b>18-May-22</b>	<b>VIS</b>	24	AHM Securities	BFR3	Stable	14-Jun-22	PACRA
9	Abbasi & Company	BFR2	Stable	24-Jun-22	PACRA	25	AKIK Capital	BFR3	Stable	18-Apr-22	VIS
10	Munir Khanani Securities	BFR2	Stable	19-Nov-21	VIS	26	Cedar Capital	BFR3	Stable	24-Jun-22	PACRA
11	Topline Securities	BFR2	Stable	27-Sep-21	VIS	27	DJM Securities	BFR3	Stable	24-Sep-21	VIS
12	Trust Securities	BFR2	Stable	20-Sep-22	PACRA	28	FDM Capital Securities	BFR3	Stable	31-Aug-22	VIS
13	Adam Securities	BFR3++	Stable	7-Nov-22	VIS	29	Ismail Iqbal Securities	BFR3	Stable	13-Jun-22	PACRA
14	BIPL Securities	BFR3++	RW - Developing	3-Aug-22	VIS	30	Spectrum Securities	BFR3	Stable	20-Dec-21	PACRA
15	Integrated Equities	BFR3++	Stable	23-Feb-22	VIS	31	Standard Capital	BFR3	Stable	29-Sep-22	VIS
16	KTRADE Securities	BFR3++	Stable	12-May-22	PACRA	32	Taurus Securities	BFR3	Stable	15-Sep-21	VIS

RW = Rating Watch



# Next Capital Limited

## Entity Ratings



Next Capital enjoys a healthy credit rating, Only five brokers have ratings higher than Next Capital

No.	Brokerage House	Long Term	Short Term	Outlook	Date	Rating Agency	No.	Brokerage House	Long Term	Short Term	Outlook	Date	Rating Agency
1	JS Global	AA	N/A	Stable	14-Dec-21	PACRA	13	EFG Hermes Pakistan	A-	N/A	Stable	24-Dec-21	PACRA
2	Arif Habib Limited	AA-	A-1	Stable	9-Mar-22	VIS	14	Foundation Securities	A-	A-2	RW - Developing	26-Oct-22	VIS
3	AKD Securities	A+	A-1	RW - Positive	4-Jul-22	VIS	15	Growth Securities	A-	A-2	Stable	10-May-22	VIS
4	Topline Securities	A	A-1	Stable	12-Apr-22	VIS	16	Intermarket Securities	A-	A-2	Positive	17-Nov-21	VIS
5	Taurus Securities	A	A-2	Stable	24-Mar-22	VIS	17	Ismail Iqbal Securities	A-	N/A	Stable	26-Aug-22	PACRA
<b>6</b>	<b>Next Capital Limited</b>	<b>A-</b>	<b>A-2</b>	<b>Stable</b>	<b>3-Aug-22</b>	<b>VIS</b>	18	KTRADE	A-	N/A	Stable	22-Nov-21	PACRA
7	Aba Ali Habib Securities	A-	N/A	Stable	31-May-22	PACRA	19	Munir Khanani Securities	A-	A-2	Stable	7-Nov-22	VIS
8	Adam Securities	A-	A-2	Stable	30-Sep-22	VIS	20	Multiline Securities	A-	A-2	Stable	14-Apr-22	VIS
9	Alfalah CLSA Securities	A-	N/A	Stable	29-Apr-22	PACRA	21	Optimus Capital	A-	N/A	Stable	8-Apr-22	PACRA
10	BIPL Securities	A-	A-2	RW - Developing	3-Aug-22	VIS	22	Trust Securities	A-	N/A	Stable	20-Sep-22	PACRA
11	BMA Capital	A-	A-2	Stable	18-Oct-22	VIS	23	Darson Securities	BBB+	A-2	Stable	1-Dec-21	VIS
12	Dawood Equities	A-	N/A	Stable	20-Sep-22	PACRA	24	Insight Securities	BBB+	A-2	Stable	16-Mar-22	VIS

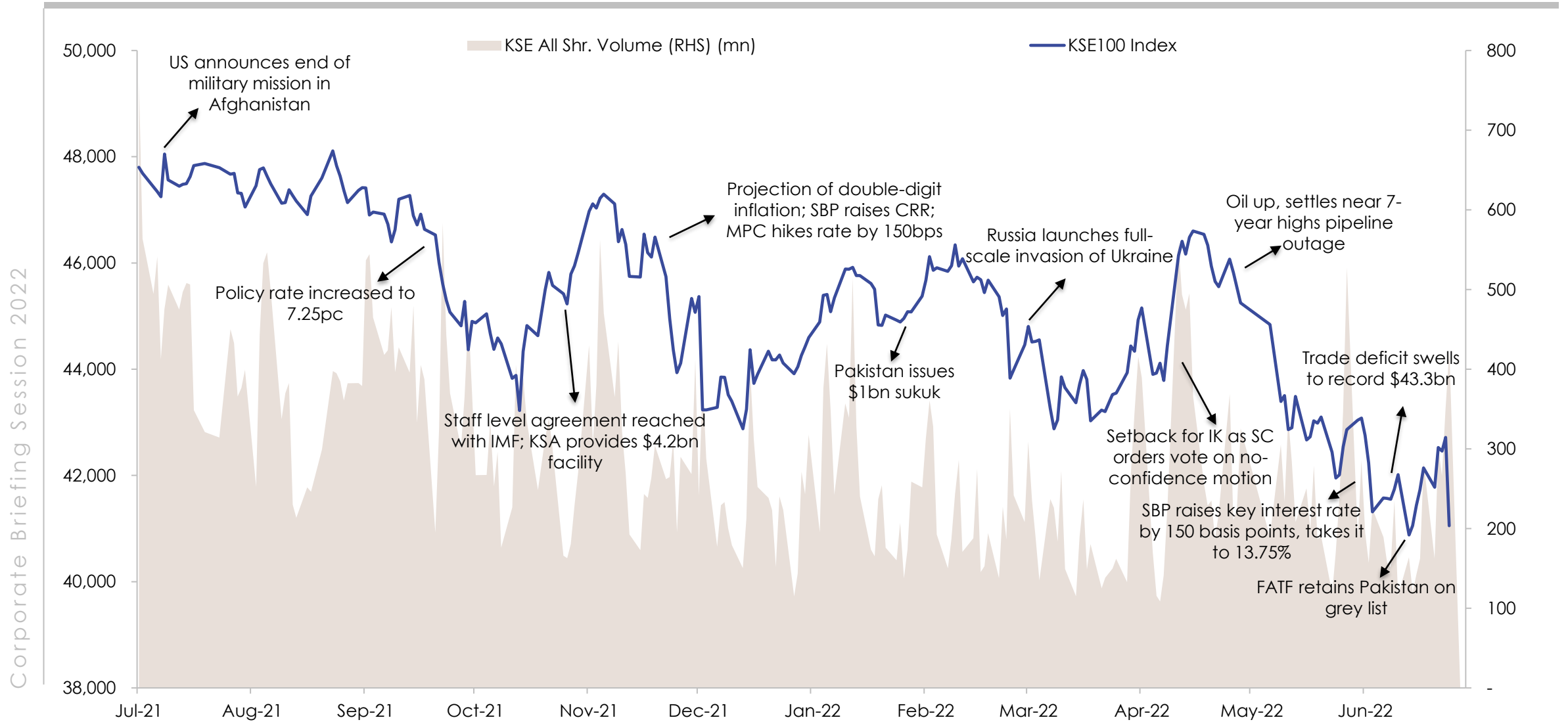
RW = Rating Watch



**Performance of PSX and market liquidity during the year ended June 30, 2022**

# Market Performance

## Market responses to key events during the year



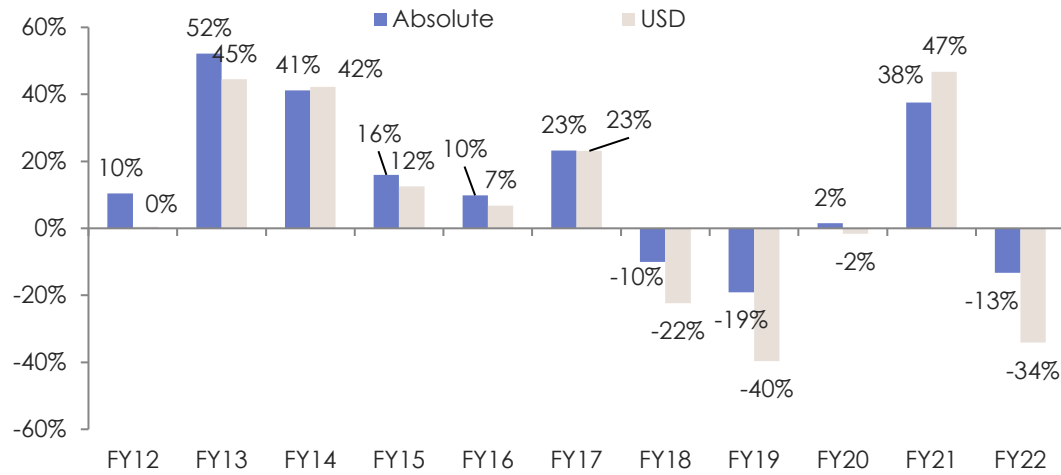
# Market Performance

Market remained dull with thin activity

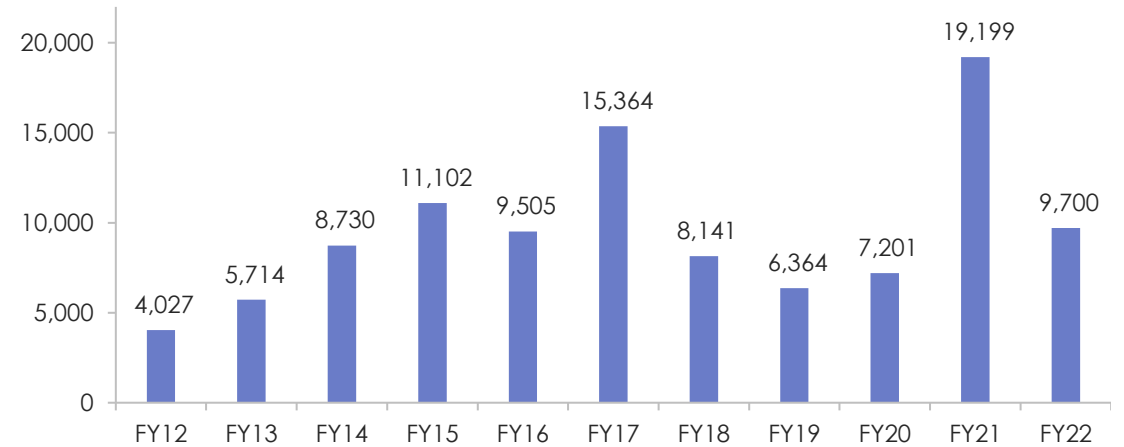


Corporate Briefing Session 2022

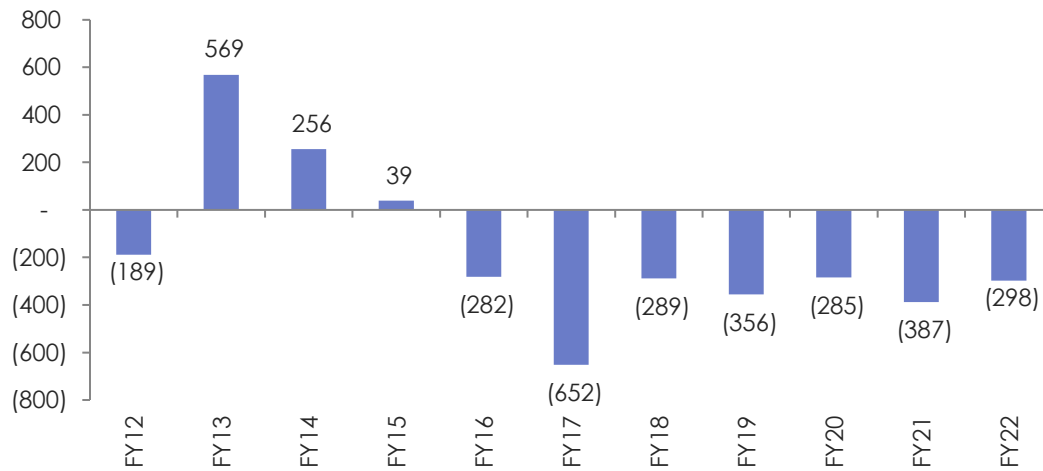
### KSE100 Index Performance – Absolute & USD return



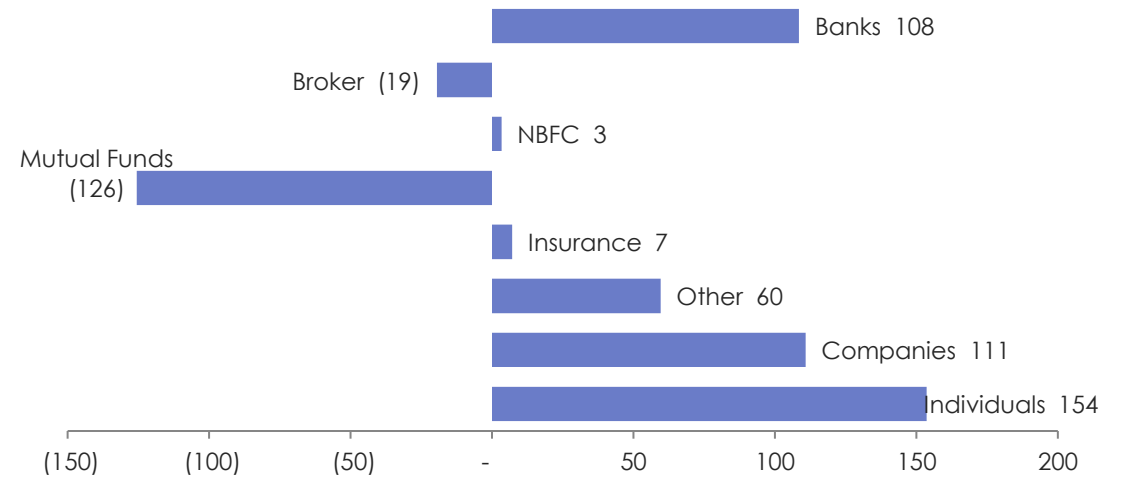
### Average Daily Value Traded (PKRmn)



### FIPI Yearly Flow (USDmn)



### LIPI Investor wise (USDmn)





**Performance of Next Capital Limited during the year ended June 30, 2022**

- The performance of Pakistan's equities market was marred by the overall deterioration in the macroeconomic environment along with heightened political uncertainties.
- Investor activity have greatly reduced due to these concerns in the equities market.
- Economic woes include slowdown in growth, inflationary pressures, high interest rates, fast depleting foreign exchange reserves, a weak currency caused by Pakistan's external vulnerabilities to high international commodities prices amidst Russia-Ukraine war.
- The Company recorded an EPS of PKR0.62 for the year ended June 30, 2022. Compared to PKR1.66 for the previous year.
- Operating revenues of the company stood at PKR417mn compared to PKR368mn of the previous year, reflecting a growth of 13.3% over the previous year.
- This growth in operating revenues has come despite a significant plunge in market volumes and a shrinkage of 47% in the equities brokerage income of the company to PKR159mn this year.
- A healthy contribution came from the advisory / consultancy business that earned PKR246mn compared to PKR53mn last year. This include advisory fee from the landmark achievement of the company of closing the TPL REIT fund.
- Commodities brokerage, although having very small contribution, posted a health growth during the year of 55% as the operations are improving.
- The company booked PKR38mn as net loss on investments.
- Other income also showed a healthy improvement posting a growth of 19% over the previous year.
- Total revenues in such stressful times have managed to report an improvement of 1.3% over the previous year.
- The Company's operating and administrative expenses also increased by 17% in response to the increase in its operating revenues, general inflation, and as the company is investing in business and its resources for future growth.

### FY 2022

- The Investment Banking Division of Next Capital Limited had been involved in numerous capital raising and advisory deals during the year including a couple of landmark deals
- NCL was the Financial Advisor and Arranger of **TPL REIT Fund I** of PKR 18.75 Billion – the largest Developmental REIT of Pakistan
- NCL also successfully conducted the Initial Public Offering of **Adamjee Life Assurance Company Limited** – the only Main Board Listing on Pakistan Stock Exchange during FY 2022
- The Investment Banking Revenue for FY 2022 was **PKR 277 Million** which was **340%** more than FY 2021 (PKR 60 Million)

### FY 2023

- There is significant deal flow pipeline for FY 2023 that would further augment the revenue for the Company
- Some of the deals expected to be closed during FY 2023 include:

<b>Steel Industry</b>	<b>Financial Institution</b>	<b>Product Packaging Manufacturer</b>	<b>Developmental REIT</b>
<b>Deal Size: PKR 35 Billion</b>	<b>Deal Size: PKR 2 Billion</b>	<b>Deal Size: PKR 10 Billion</b>	<b>Deal Size: PKR 5 Billion</b>
<b>Capital Raising</b>	<b>Capital Raising</b>	<b>Project Financing</b>	<b>Fund Raising for REIT</b>
Lead Arranger	Lead Advisor & Arranger	Financial Advisor & Arranger	Financial Advisor & Arranger

# Next Capital Limited

## Financial Highlights



Income Statement	2022	2021	2020	2019	2018
<b>PKR 000's</b>					
Operating revenue	417,290	368,170	195,817	174,309	241,117
Investment gains – net	(37,831)	13,362	(1,676)	5,250	2,318
Other income	47,568	39,980	52,465	40,107	20,467
<b>Total Turnover</b>	<b>427,027</b>	<b>421,512</b>	<b>246,606</b>	<b>219,666</b>	<b>263,902</b>
Operating & administrative expenses	337,662	287,488	197,121	197,622	240,135
Financial cost	26,069	22,970	13,008	6,319	16,497
Profit/(loss) before taxation	63,295	111,054	36,477	15,725	4,769
<b>Profit/(loss) after taxation</b>	<b>30,779</b>	<b>81,998</b>	<b>17,794</b>	<b>5,307</b>	<b>(25,336)</b>
<b>Balance Sheet</b>					
<b>PKR 000's</b>					
Share capital	495,000	495,000	450,000	450,000	450,000
Reserves	80,260	49,482	(43,023)	(54,945)	(39,655)
<b>Share holders' equity</b>	<b>525,260</b>	<b>494,482</b>	<b>406,977</b>	<b>395,055</b>	<b>410,345</b>
Long term liabilities	22,796	31,322	32,614	-	-
Current assets	965,156	1,044,111	659,265	735,762	635,536
Current liabilities	602,491	673,698	344,509	430,867	286,958
<b>Total Assets</b>	<b>1,150,57</b>	<b>1,199,501</b>	<b>784,099</b>	<b>825,922</b>	<b>697,302</b>
<b>Total Liabilities</b>	<b>625,287</b>	<b>705,020</b>	<b>377,122</b>	<b>430,867</b>	<b>286,958</b>

Key Ratios	2022	2021	2020	2019	2018
<b>Performance</b>					
Net Profit/(loss) Margin	7.4%	22.3%	9.1%	3.0%	-10.5%
Profit/(loss) before tax	15.2%	30.2%	18.6%	9.0%	2.0%
Expense/income	80.9%	78.1%	100.7%	113.4%	99.6%
Return on equity	5.9%	16.6%	4.4%	1.3%	-6.2%
Price Earning	8.0%	11.3%	4.8%	2.0%	-5.4%
<b>Leverage</b>					
Debt to equity (%)	28.6%	38.8%	46.7%	50.6%	15%
Interest cover (x)	3.43	5.11	1.35	(1.36)	(0.44)
<b>Liquidity</b>					
Current (x)	1.60	1.55	1.91	1.71	2.21
<b>Earning Per Share (EPS) - values before 2021 restated</b>	<b>0.62</b>	<b>1.66</b>	<b>0.36</b>	<b>0.11</b>	<b>(0.51)</b>
<b>Breakup Value/Net Assets per share - values before 2021 restated</b>	<b>10.61</b>	<b>9.99</b>	<b>8.22</b>	<b>7.98</b>	<b>8.29</b>
<b>Market Value Per Share</b>	<b>7.77</b>	<b>14.72</b>	<b>7.48</b>	<b>5.30</b>	<b>9.50</b>



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# Business Outlook

- The overall direction of Pakistan's macroeconomic indicators, is largely dependent on the social and economic impacts of the floods, trends in the international commodities prices including food and energy, policy actions of the government and the SBP in order to continue with the IMF program, and the political landscape of the country.
- The recent declining trends in international commodities prices, along with import restricting policies of the government, are impacting positively on the current account of the country.
- The sustained pressure on local currency is not expected to ease until a healthy build-up of foreign exchange reserves, where current SBP reserves are enough to cover only 1.5 months of average monthly imports.
- Materialization of the planned and committed inflows for meeting the external financing requirements for the ongoing year and beyond, along with continuation of the IMF program are critical.
- The domestic bourse is trading at attractive valuations and offers healthy dividend yields.
- However, political and economic uncertainties are likely to keep investors at bay in the near term.
- Considering the long-term fundamentals of the country and growth potential of the economy with the current challenges being largely manageable, the outlook for the domestic equities market remains positive with improved investor confidence and participation.
- In the long term, we are confident that the economy is heading on a path of long term growth with the stipulated structural reforms resulting in strengthened institutions and increased documentation of economy resulting in more business activity
- Next Capital Limited aims at achieving a long-term sustainable growth through optimization of business strategies across its business lines in equities brokerage, and advisory and consultancy.
- Next Capital Limited with a strong brand, both in brokerage and advisory, and with capable personnel, is poised to ride the rough tide transpiring into a long-term sustainable growth and value addition for the shareholders.



Q&A