



# CORPORATE BRIEFING SESSION

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Quarter 3 – 2020



Dawood Hercules



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# DAWOOD HERCULES CORPORATION LIMITED

## CURRENT INVESTMENT PORTFOLIO AT MARKET VALUE AS AT SEP 30, 2020:



**Strategic  
Investments  
PKR 65.56 bn**



**Equity Investments  
PKR 4.90 bn**

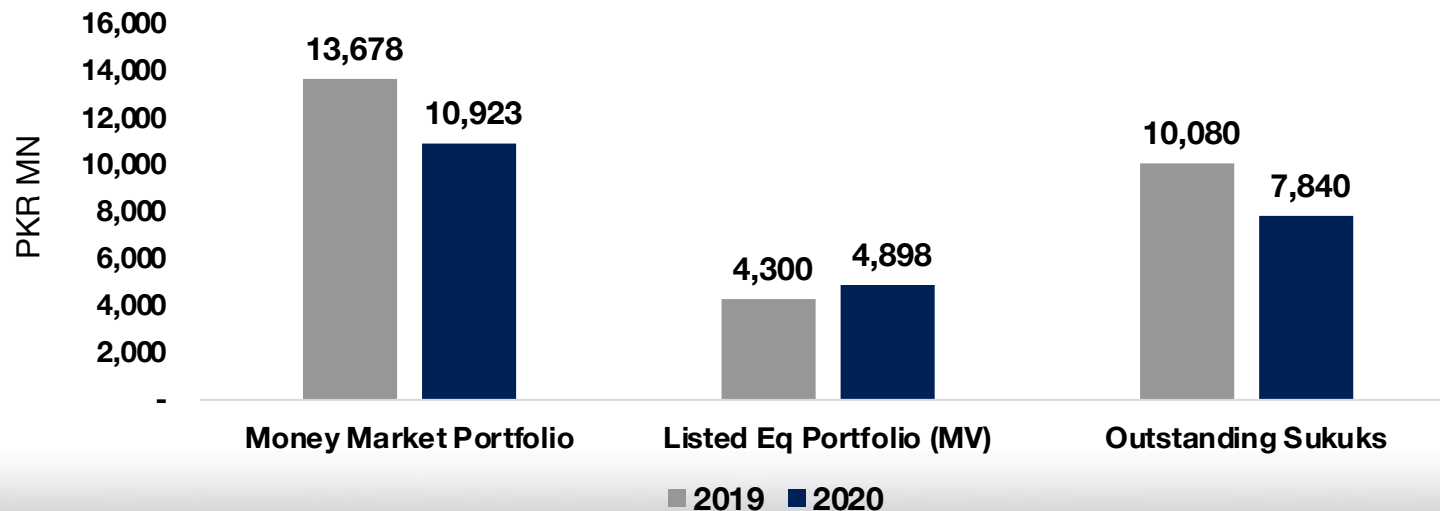


**Money Market  
Securities  
PKR 10.91 bn**

# REVENUE – NINE MONTHS ENDED SEP 30, 2020

(Amounts in PKR mn)	September 30, 2019	September 30, 2020	Variance
Dividend - Engro	3,607	3,217	↓ (10.81%)
Dividend - Others	55	60	↑ 8.27%
Interest Income	1,749	1,129	↓ (35.46%)
Realized Gain on Quoted Shares	4	125	↑ 3025.00%
Unrealized (Loss) on Quoted Shares	(209)	(331)	↓ (58.39%)
<b>Total Revenue</b>	<b>5,206</b>	<b>4,200</b>	<b>↓ (19.34%)</b>

## ASSTES & LIABILITIES

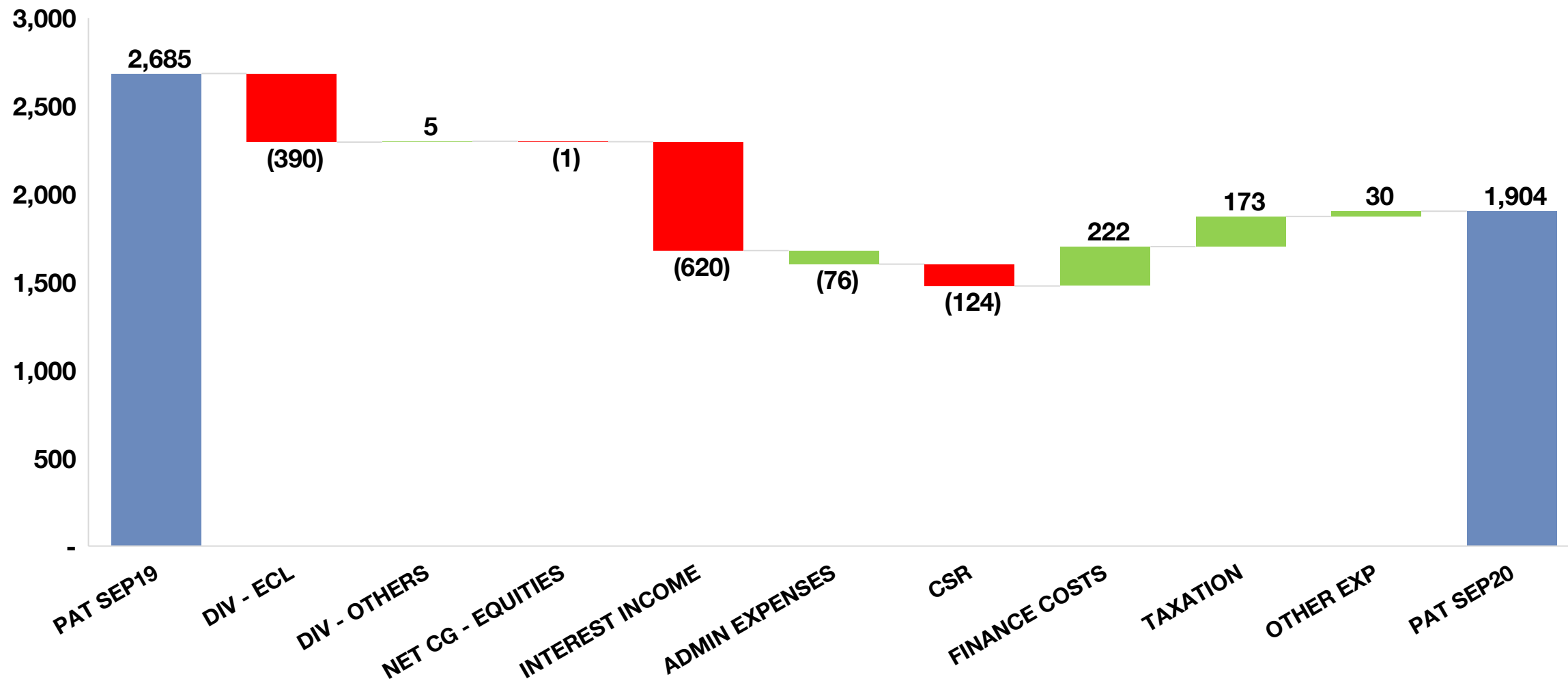


# PROFIT AND LOSS – NINE MONTHS ENDED SEP 30, 2020

(Amounts in PKR mn)	September 30, 2019	September 30, 2020	Variance
<b>Total Revenue</b>	<b>5,206</b>	<b>4,200</b> ↓	<b>(19.34%)</b>
Administrative Expenses	(484)	(560) ↓	(15.66%)
CSR	(55)	(179) ↓	(225.45%)
Finance Costs	(1,035)	(813) ↑	21.42%
<b>Profit from Operations</b>	<b>3,632</b>	<b>2,648</b> ↓	<b>(27.09%)</b>
Other (Expense) / Income - Net	(27)	3 ↑	110.84%
Taxation	(919)	(747) ↑	18.73%
<b>Profit after Taxation</b>	<b>2,685</b>	<b>1,904</b> ↓	<b>(29.09%)</b>
<b>Earning per Share (Rupees)</b>	<b>5.58</b>	<b>3.96</b> ↓	<b>(29.09%)</b>
<b>Dividend Pay-out (Rupees)</b>	<b>13.00</b>	<b>9.00</b> ↓	<b>(30.77%)</b>

# PROFIT AND LOSS – NINE MONTHS ENDED SEP 30, 2020

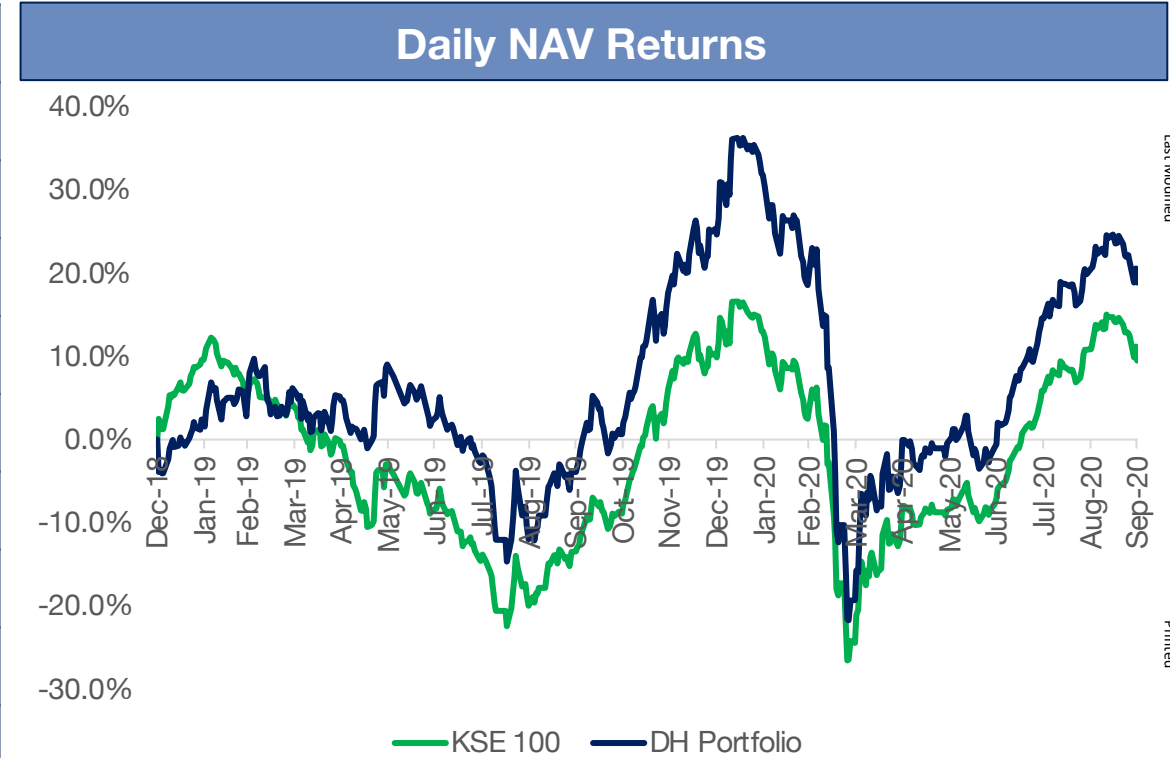
## P&L - ACTUAL VS LAST YEAR





# EQUITY MARKET PORTFOLIO PERFORMANCE

	Portfolio	KSE 100	Alpha
<b>Daily Portfolio NAV vs KSE 100:</b>			
- Inception till Sept	18.9%	9.5%	9.4%
- Current Year Till Sept	-4.6%	-0.4%	-4.2%
<b>Holding Period Return:</b>			
	15.4%	9.5%	5.9%
<b>Income from Inception to Date:</b>			
Realized Capital Gains	PKR 144 mn		
Dividend Income	PKR 176 mn		

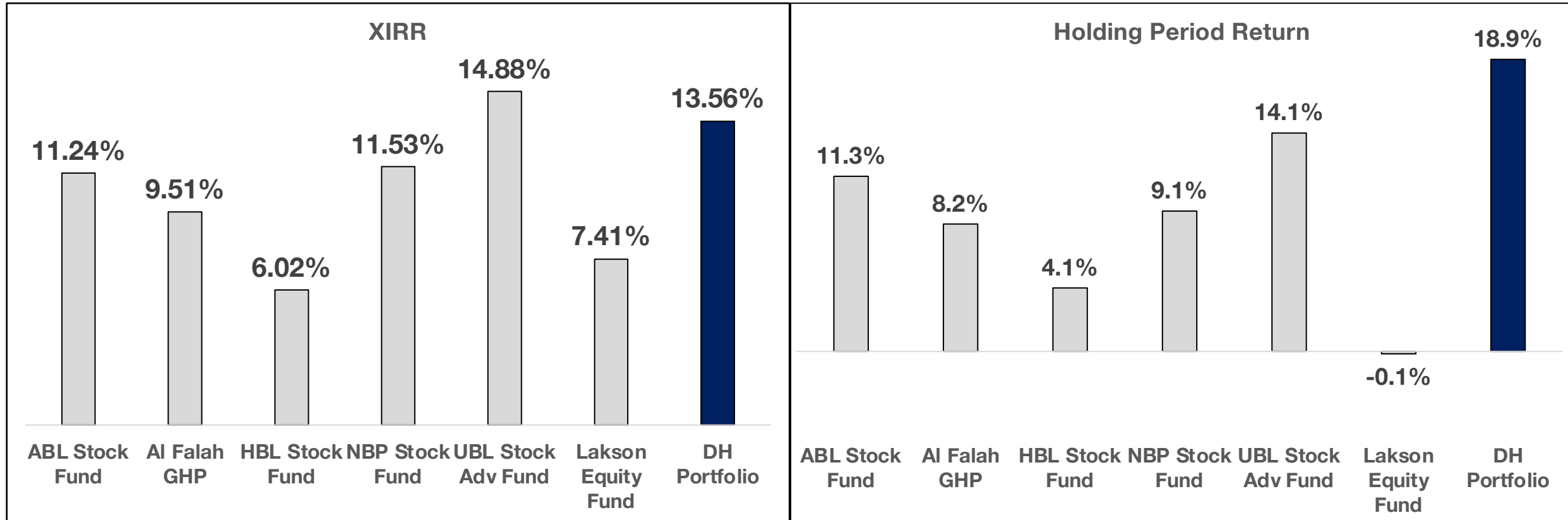


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## Relative Performance with Mutual Funds (Q3 2020)



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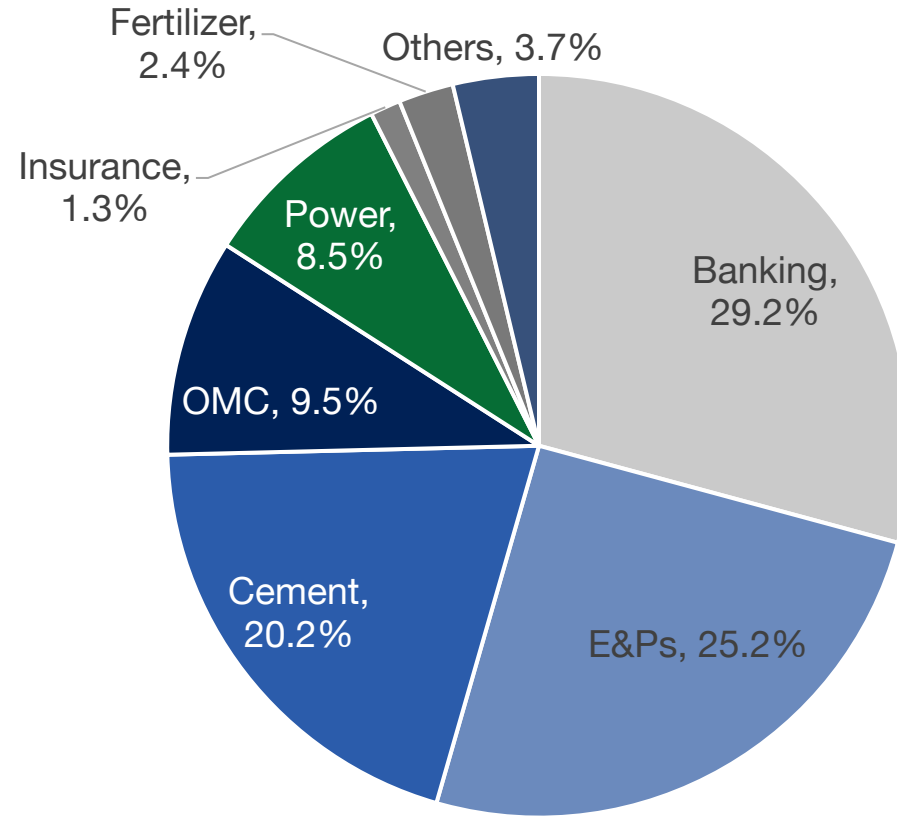
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- Despite mostly passive in nature, DH investments continues to outperform its peers
- Timely rebalancing of portfolio has majorly covered losses in Oil & Other sectors





# EQUITY MARKET PORTFOLIO – SECTORAL MIX



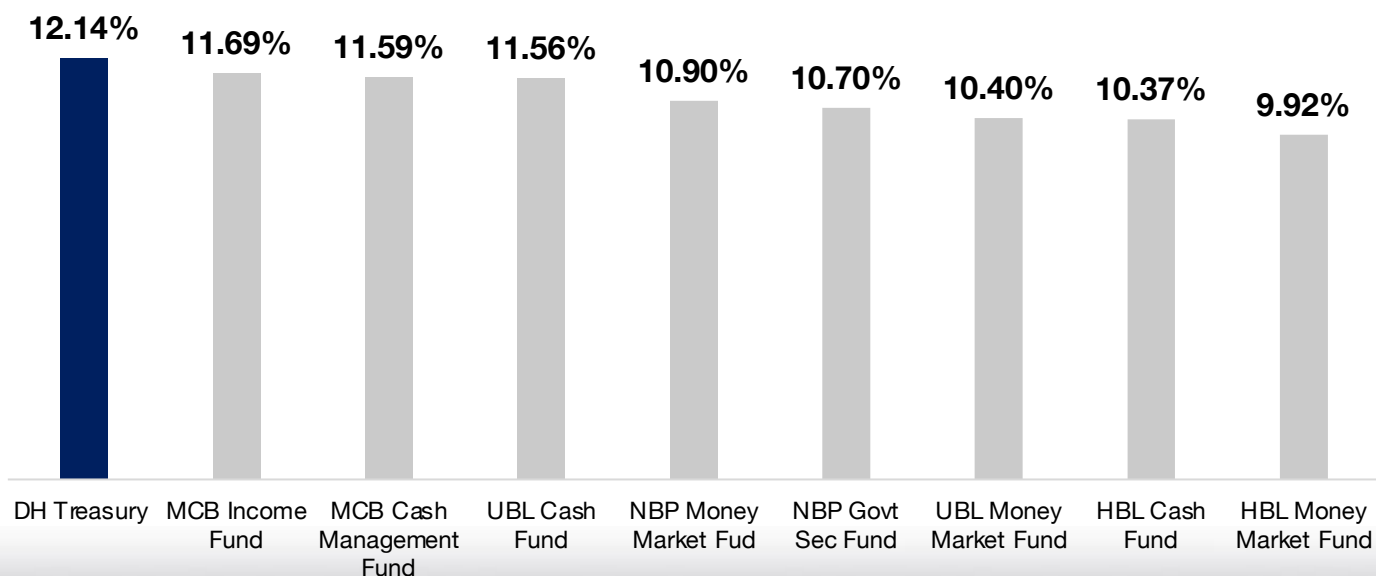


# TREASURY PERFORMANCE – JAN-SEP 2020

## Placements as at September 30, 2020

Investment Type	Investment Amount (PKR mn)	Rate of Return
3Y PIB (Floater)	1,506	8.27%
Term Deposits	6,900	8.53%
1 Month COI	2,000	7.20%
3 Month COI	500	7.10%
<b>Total</b>	<b>10,906</b>	

Arbitrage Period Jan-Sep 2020	PKR mn
Average Return on Sukuks	799
Total cost on Sukuk (Jan-Sep)	807
Arbitrage (Amount)	(8)
<b>Arbitrage (%)</b>	<b>-0.12%</b>



Period – Jan-Sep 2020	PKR mn
Average Funds	12,393
Return on Funds	1,129
<b>Return %</b>	<b>12.14%</b>

## DAWOOD HERCULES CORPORATION LIMITED – TECH INITIATIVE

- DHCL has a renewed focus on investment in technology sector, primarily investing in IT services sector
  - The focus is to grow export-led IT service businesses, in line with government's policy to enhance exports
- Board approved formation of a wholly owned local subsidiary, to undertake technology led business
  - Empiric AI (Private) Limited was established and operationalized in June 2020
- DHCL has engaged a California based company, Versona Systyems International LLC (VSi), to assist and advise in this regard
- To aggressively grow, both organic and inorganic options are being evaluated

# DAWOOD HERCULES CORPORATION LIMITED – SUKUK ANNOUNCEMENT

- DHCL Board, on 18<sup>th</sup> Dec 2020, approved early repayment of Company's Sukuk
- The current outstanding for Sukuk 1 & 2 stands at PKR 3,120 mn and PKR 4,200 mn respectively and expected to be repaid by end of Q1 2021
- Even though the Company's Treasury Function was managing the funds effectively with a minimal negative arbitrage, however, with the increasing yield curve the arbitrage is expected to rise
- We expect to save c. PKR 75 mn in arbitrage and PKR 50 mn as other Sukuk costs
- Additionally, with the pivot in investment strategy towards the Technology sector the capital considerations and efficiencies can now be achieved at subsidiary/project level

**THANK YOU**