

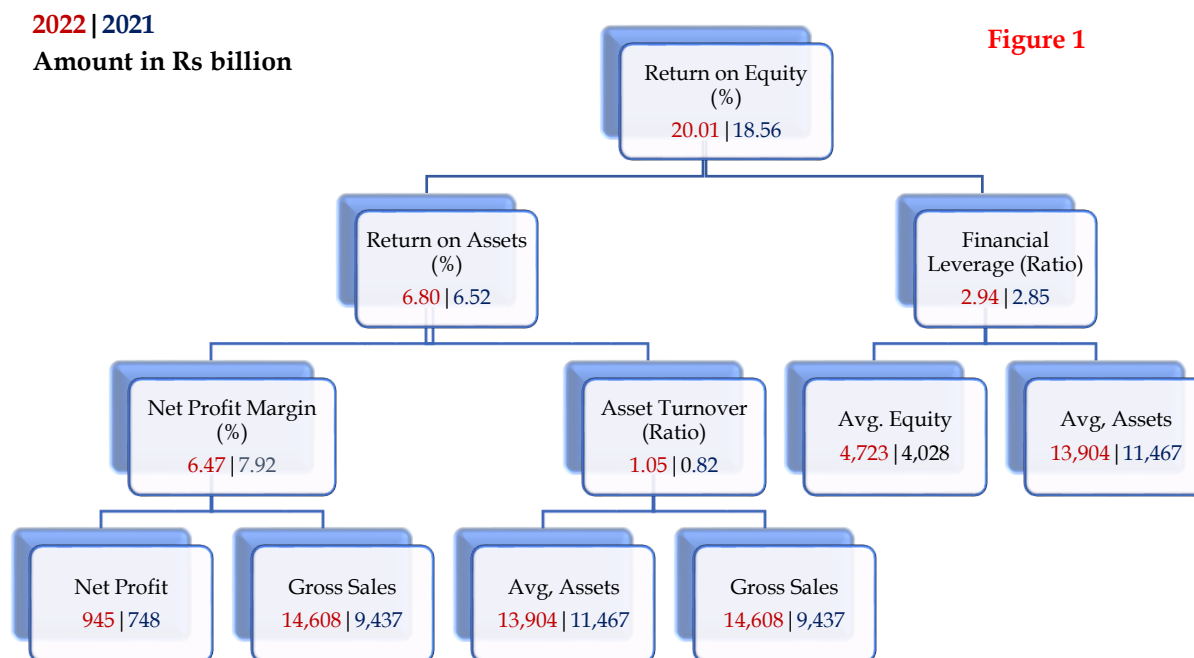
Executive Summary

The non-financial companies listed at Pakistan Stock Exchange (PSX) including in this publication showed healthy performance during 2022 like they did in 2021. Not only their operational performance showed marked improvements, but also their balance sheets registered significant rise during 2022.

The overall balance sheet size registered a healthy growth of 28.12 percent during 2022. The balance sheet footing reached to Rs 15,618 billion in 2022 from Rs 12,190 billion in 2021. While the shareholders' equity improved by 18.14 percent during 2022, the liabilities grew by 33.62 percent. The breakup of assets shows that the current assets recorded higher growth than non-current assets during 2022. Similarly, the share of current liabilities in total liabilities increased during 2022.

Operational performance of the companies improved during the period under review. Specifically, gross sales increased YoY by 54.79 percent. Encouragingly, this growth is evenly distributed in domestic and export sales. Though the cost of sales and other administrative expenses rose sharply during 2022, the EBIT posted nearly 50 percent YoY growth. Besides, profit before taxation posted a YoY growth of 44.90 percent. Tax expenses recorded a YoY increase of 97.64 percent, which subdued the profit after tax growth; posting 26.41 percent YoY.

The performance indicators such as ROA, ROE, earning per share, etc. exhibited improvement over last year. The ROA improved to 6.80 percent during 2022 from 6.52 percent whereas ROE boosted to 20.01 percent from 18.56 percent. In addition, basic earnings per share rose to PKR 8.52 during 2022 from PKR 7.07 last year. Major developments during 2022 has been presented in **Figure 1**.

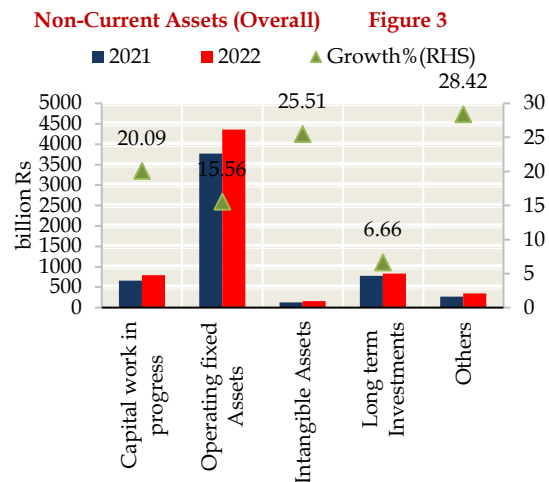
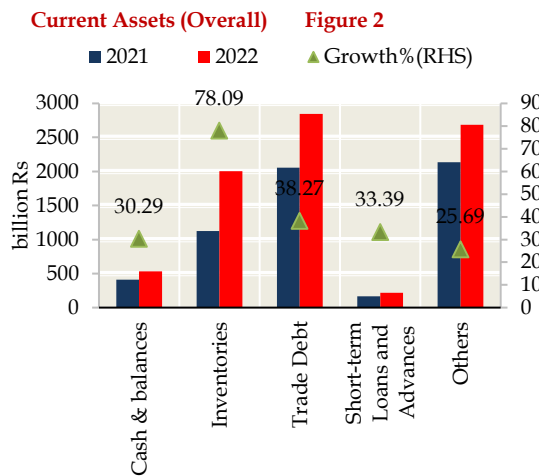


A comparison of public and private sector companies reveals that former performed better than latter in terms of financial indicators. Specifically, the total assets of the public sector and private sector companies grew during 2022 by 31.21 percent and 26.74 percent respectively. Besides, Shareholders' equity of these two groups posted a growth of 17.16 percent and 18.41 percent respectively during 2022. In terms of operational performance, sales of public sector companies posted 74.05 percent YoY growth during 2022 whereas private sector companies exhibited a YoY growth of 46.85 percent. In terms of profitability, profit before taxation of public sector companies showed a YoY growth of 130.34 percent during 2022 whereas private sector companies posted 22.51 percent YoY growth. The profit after taxation of public and private sector companies achieved a YoY growth of 101.31 percent and 9.62 percent respectively. While the ROA and ROE of public sector companies showed significant improvement during 2022, these indicators for private sector companies declined marginally in the same period.

A brief review on important indicators of non-financial listed companies during 2022 is given below:

Assets

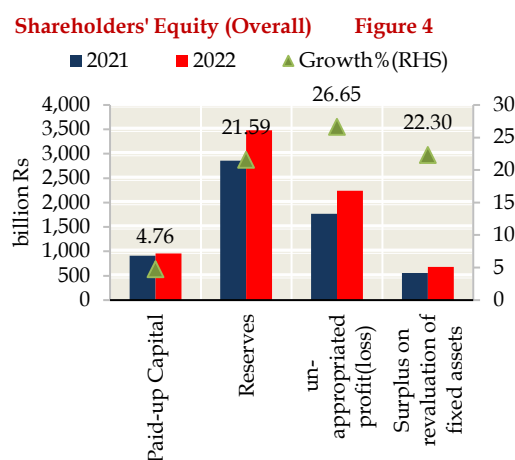
The assets of all companies reached Rs 15,618 billion in 2022, recording an increase of Rs 3,428 billion. The private sector companies contributed Rs 2,252 billion in this increase. Further details of the assets reveal that the current assets of all companies increased by Rs 2,546 billion, reaching Rs 9,122 billion in 2022, whereas non-current assets increased by a relatively lower amount of Rs 882 billion. In current assets rise, major contributors were inventories (Rs 879 billion), Trade Debt (Rs 787 billion) and short-term investments (Rs 153 billion). In non-current assets, which increased to Rs 6,497 billion in 2022, operating fixed assets after deducting accumulated depreciation (Rs 587 billion), capital work in progress (Rs 133 billion), and long-term investment (Rs 52 billion) were key factors of this rise.



In terms of ownership, private sector companies developed their assets primarily in the form of inventories (Rs 609 billion), short-term investment (Rs 178 billion), long-term investment (Rs 47 billion) and capital work in progress (Rs 144 billion). The public sector companies added their asset portfolio mainly with trade debts (Rs 536 billion), inventories (Rs 271 billion) and other current assets (Rs 237 billion).

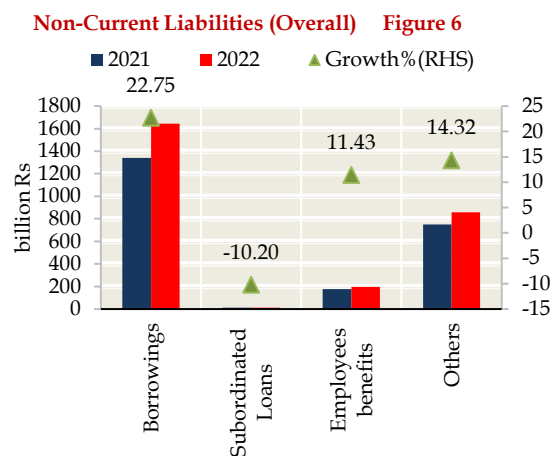
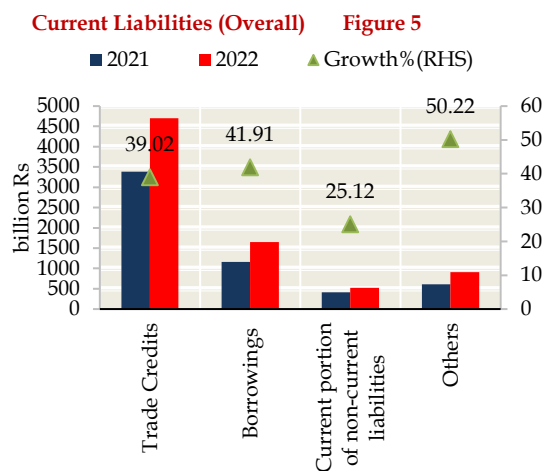
Shareholders' Equity

While shareholders' equity posted an increase of Rs 786 billion during 2022, the liabilities increased by Rs 2,643 billion (in which non-current liabilities increased by Rs 427 billion). Private sector companies contributed Rs 624 billion in this increase. The total capital employed (comprising of shareholders' equity and non-current liabilities) increased by 18.30 percent during 2022, reaching Rs 7,836 billion from Rs 6,624 billion in the preceding year. Both private sector and public sector companies exhibited a growth in shareholders' equity as well as non-current liabilities during 2022. The addition in shareholders' equity was largely parked in un-appropriated profit by both public and private sector companies.



Liabilities

The liabilities of all companies surged to Rs 10,502 billion in 2022, posted an increase of Rs 2,643 billion. The contribution of private sector companies was Rs 1,628 billion in this rise. It may be pertinent to mention that the composition of current/non-current liabilities skewed towards current liabilities during 2022, in both public and private sector companies.



Operating Efficiency and Profitability

The sales of all companies surged to Rs 14,608 billion, posting an increase of Rs 5,170 billion during 2022. Notably, both local sales and export sales grew evenly during 2022. Specifically, the local sales increased by Rs 4,737 billion during 2022, posting a YoY growth of 55.21 percent whereas export sales registered a YoY growth of 50.53 percent, reaching Rs 1,292 billion. The gross profit posted a YoY growth of 52.03 percent (Rs 828 billion), which stood at Rs 2,418 billion in 2022. Private sector companies earned Rs 1,740 billion in gross profit during 2022, whereas public sector companies earned Rs 678 billion.

The earnings before interest & tax (EBIT) of all companies posted an increase of Rs 608 billion (48.32 percent YoY growth) during 2022. The interest expenses increased to Rs 343 billion in 2022 from Rs 228 billion in 2021. While the profit before taxation witnessed a YoY increase of Rs 453 billion during 2022, the profit after taxation rose by Rs 198 billion, posting a YoY growth of 26.41 percent during 2022 for all companies.

Looking further into profitability shows that the public sector companies' gross profit posted an increase of Rs 354 billion (108.90 percent YoY growth) during 2022. EBIT of public sector companies increased to Rs 308 billion, posting a YoY growth of 103.83 percent during 2022. Profit before and after taxation witnessed an increase of 130.34 percent and 101.31 percent respectively in the year 2022 for public sector companies.

Net profit margin of all companies decreased to 6.47 in 2022 from 7.92 in 2021, primarily because of a decline in private sector companies' net profit margin. Return on assets (ROA) and return on equity (ROE) of all companies rose to 6.80 percent and 20.01 percent in 2022 as compare to 6.52 percent and 18.56 percent in the preceding year. While the public sector companies posted an improvement in both ROA and ROE, the private sector companies witnessed a deterioration in both indicators during 2022.