



# DESCON OXYCHEM LIMITED

## Investor Presentation

Q-1  
FY-2024-2025

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Introduction



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- Annual revenue over half a billion USD.
- Descon has been in business for over 46 years.



## Core values



### SAFETY

We believe HSE is of utmost importance and we attach the highest value to the safety of our employees and stakeholders.



### LEADERSHIP

We believe leaders inspire others to learn and achieve more.



### ACCOUNTABILITY AND OWNERSHIP

We believe in taking responsibility for our decisions, actions and their results.



### TEAMWORK

We believe in the strength of the individual, yet we accomplish more by working together.



### OPEN COMMUNICATION

We believe open communication is the foundation of trust.



### CONTINUOUS IMPROVEMENT

We believe excellence is a commitment to improve everything we do all the time.

# Descon Oxychem Limited



YOUR SOLUTIONS,  
OUR CHEMICALS.

HYDROGEN  
PEROXIDE



**We don't sell Peroxide,  
we sell Eco-Friendly solutions**



- Since its inception in 2008, Descon Oxychem has rapidly evolved to become the market leader in an intensely competitive Hydrogen Peroxide domestic market. Further we have also established a footprint in regional export markets. Our customers value us for our consistent quality, reliability of supply and customer centric solutions.
- Descon Oxychem's role as local market leader, along with being a proud representative of Pakistan in the global market, makes it well suited to benefit from market growth opportunities at home as well as abroad. Our business model, state of the art technology, impeccable product quality, extensive customer service and mutually supportive relationships with all relevant stakeholders' outlines Descon Oxychem a bright and promising future

PAKISTAN'S LEADING PEROXIDE PRODUCER

## Vision

Winning together with our customers, our ambition is to enhance local and regional footprint while delivering sustainable value to all stakeholders.

### Ambition 2025

#### Today

We are a leading company in the Pakistan Hydrogen Peroxide market

#### Tomorrow

We are determined to:

- Strengthen our domestic market leadership position
- Establish a footprint in new segments & regional markets
- Achieve success through winning together with our customers driven by best cost propositions, motivated people and effective teamwork
- Target organic/inorganic growth

### About Descon Oxychem

|                       |  |
|-----------------------|--|
| Incorporated          | 2004   |
| Status                | Listed at PSX (2008)                           |
| Commercial production | 2009   |
| Major business        | Manufacturing of H <sub>2</sub> O <sub>2</sub> |
| Name-plate capacity   | 41,300 MT                                      |
| Paid-up capital       | PKR 1.75 billion                               |



# Goals and culture



## A Framework for our Future



### OUR GOALS

|  |                             |                      |
|--|-----------------------------|----------------------|
| Profitable/<br>sustainable<br>Sales Growth | Manufacturing<br>Excellence | Engaged<br>Employees |
|--|-----------------------------|----------------------|

### OUR PRIORITIES

- Customer Delight
- Lowest cost producer
- Energy for change
- Diversity & Inclusiveness
- Diversification
- Openness & Honesty
- Corporate Governance
- Innovation
- Performance Culture
- Sense of Urgency

### OUR FOUNDATIONS

|                           |                       |                |
|---------------------------|-----------------------|----------------|
| Continuous<br>Improvement | Leadership            | Accountability |
| Teamwork                  | Open to communication | Safety         |



# Corporate Overview

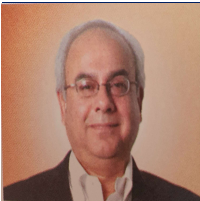


## Board of directors



**Taimur Dawood, Director**

- MD of Gray Mackenzie Engineering Services BV, the Netherlands
- >15 years of work experience in product marketing, project finance, strategy development, and implementation, turnaround mgt., and M&A
- In 2001-2011, successfully ran Descon Chemicals as CEO
- Industrial Engineering degree from Purdue University and MBA from Columbia University (both in US)



**Asif Qadir, Independent Director**

- Director of Thal and Tri-Pack Films; CEO of Engro Polymer Trading; and Chairman at Inbox Business Tech and Unicol Pvt
- Sits at the board of numerous institutions, including the SEC and PSX
- Previously worked as Director & SVP of Engro Corp.
- Undergraduate degree from Columbia University



**Farooq Nazir, Director**

- Worked with PWC and EY before his stint at Unilever, where he embarked on a management career that included executive and management roles across 3 continents
- Joined Tetley GB in London and took up board responsibility for the company's joint venture in Pakistan
- Experienced in strategic, financial and risk management



**Mehreen Dawood, Director**

- Runs a furniture business manufacturing semi-classic designs furniture for high-end segments
- Has investments in various Descon Companies
- Philanthropist and a member of Marie Adelaide Leprosy Center, Citizen Foundation, and Family Foundation



**Faisal Dawood, Chairman**

- Vice-Chair of Descon Engineering
- Served in management roles in the engineering and chemicals divisions of Descon around the world
- Holds a Bachelor's degree in Materials Science and Engineering from Cornell University and an MBA from Columbia University



**Jehanzeb Khan, Independent Director**

- Retired as CEO of AkzoNobel.
- Has managed and overseen international and local business relationships and led the delicate demerger of AkzoNobel Pakistan from ICI Pakistan.
- Has a degree in Auto Diesel Technology from the Oregon Institute of Technology, and an MBA from the University of Virginia.
- Has also attended several management programs including INSEAD and Oxford University



**Muhammad Zahir, Independent Director**

- >38 years' experience in diverse industries and functions which includes Paints, Polyester Fiber, pharmaceutical animal health, Seeds and corporate HR., in the country's leading multinationals, ICI Pakistan, Fatima group and Mitchells Fruit Farm Ltd
- Retired as MD/CEO of Mitchell's Fruit Farms Ltd.



**Mohsin Zia, Director and CEO**

- 27 years of diverse experience in Marketing Services, Business Development, Sales Management, Supply Chain Management and Strategy development
- Previously General Manager & BU Head Pakistan- Construction Chemicals at BASF Pakistan.
- Head of Supply Chain, Business Unit Head & Deputy Head of Operations for South Asia, and Head of Corporate Strategy
- MBA Institute of Business administration, Karachi



## Management team



### **Mohsin Zia, Chief Executive Officer**

- >27 years of diverse experience in Marketing Services, Business Development, Sales Management, Supply Chain Management and Strategy development
- MBA Institute of Business administration. Karachi



### **M Rizwan Qaiser, Chief Financial Officer**

- Finance professional with diverse experience in Manufacturing, Trading, Power, FMCG and Private Equity.
- Worked as business lead for Asia, Middle East and Africa/Australia & New zeland in the last role.



### **Shehryar Jafri, Manager HR & Admin**

- Certified HR Professional with over 11 years of experience.
- Worked on greenfield projects like Kia Lucky Motors and expansion project of Haleeb Foods



### **Adil Akbar, Export Sales Manager**

- Over 11 years of experience of Sales & Marketing in Chemical Sector



### **Fawad UL Islam. National Sales Manager**

- Over 13 years of experience in Textile / Chemical Sector



### **M Bilal Hussain, Marketing Manager**

- >15 years of diverse experience in Marketing Services
- MBA Institute of Business Administration. Karachi



### **M Mushfiq Hussain, Works Manager**

- Chemical engineer with more than 17 years of experience in Process industry
- His career spanned through functions like Operations, Project Startup / Commissioning & Health, Safety & Environment in the fertilizer industry. Driving Manufacturing Excellence @ DOL.



# Key Partners



External Auditors



Internal Auditors



Credit Rating Agency



**CORPLINK ( PVT.) LTD.**  
SHARE REGISTRARS & CORPORATE CONSULTANTS

Key Financing Partner

Share Registrar



# Milestones



2004

- Incorporated as Private Company under Companies Ordinance 1984

2009

- Got listed on KSE
- Start of Commercial Production

2011

- ISO 9001 certification - SGS
- First PAT of PKR 180 Million

2016

- Continues Plant Debottlenecking
- 2<sup>nd</sup> PAT of PKR 45 Million

2017

- Highest Production achieved of 34,697 MT
- ISO 18001, ISO 14001 Certification by - SGS
- Early Complete Repayment of Syndicate Facility

2018

- Plant Capacity Expansion by 25% approved by the Board

2019

- Manufacturing Excellence Program Launched
- 7-Million Safe Man Hours & Zero TRIR
- First Ordinary dividend of 10%



## Milestones



2020

- Launch of Aseptox (Food Grade)
- Launch of SaniDol – Disinfectant and Sanitizer
- Manufacturing Excellence drive
- Highest PAT of PKR 418M.

2021

- Successfully completed expansion project within Budget.
- Cash Dividend of 10%.
- Business turnaround strategy successfully implemented.

2022

- Net profit of PKR 471(m), despite impact of super tax, an increase of 69%, as compared to prior period's net profit of PKR 279(m).
- Export volume increased by 229%
- Cash dividend of 20%.
- Generated cashflow from operations of PKR 1.2(billions) as compared to PKR 678 (m).
- Entity's credit rating upgraded, long-term A+ and short-term A1.

## 2023

- Net profit of PKR. 1.4(bn), an increase of 197% as compared to prior period's net profit of PKR. 471(m) despite super tax impact of Rs.225 (m)
- EBITDA of PKR. 2.6(bn) Vs PKR. 1.2(bn) an increase of 128%
- Annual and Interim cash dividend of 40%
- Export sales volume has increased by 135% as compared to same period last year.
- Contribution to national exchequer PKR. 823(m).
- Maintained credit rating, long term A+ short term A1
- Registered subsidiary in UAE, going global
- Highest ever production 42,131 (MeT)

## 2024

- Net profit of PKR. 507(million) vs net profit of Rs.1.4 (bn)
- EBITDA of PKR. 1.2(bn) Vs PKR. 2.6(bn) SPLY
- Annual cash dividend of 20%
- Export market development
- Contribution to national exchequer Rs. 347(m)
- Go live of UAE-Sub DO FZE
- Maintained credit rating, long term A+ short-term A1
- Successful completion of planed annual turnaround.

## 2025 (Q-1)

- Net profit of PKR. 189.9(million) vs net profit of Rs.198.9(million) SPLY
- EBITDA of PKR. 403(million) Vs PKR. 423 (million) SPLY
- Contribution to national exchequer Rs. 96.6(m)



## Shareholder Structure (as at 30 June-24)



| Major Shareholders                             | No. of Shares         | %          |
|--|-----------------------|------------|
| DESCON CORPORATION (PVT.) LIMITED (CDC)        | 10,051,697.00         | 6%         |
| DEL CHEMICALS (PRIVATE) LIMITED (CDC)          | 60,358,918.00         | 34%        |
| DESCON ENGINEERING LIMITED (CDC)               | 56,711,084.00         | 32%        |
| LOCAL / JOINT STOCK COMPANIES                  | 4,726,632.00          | 3%         |
| FINANCIAL INSTITUTIONS AND INSURANCE COMPANIES | 585,800.00            | 0%         |
| MUTUAL FUNDS – CDC                             | 296,500.00            | 0%         |
| OTHERS   | 42,300,453.00         | 24%        |
|  |                       |            |
| <b>Total</b>                                   | <b>175,031,084.00</b> | <b>100</b> |

# BUSINESS OVERVIEW

100000  
10000  
1000  
100





# Business Strategy

## Sales & Marketing

- Increase share of profitable product/ market segment
- Retention & realignment of critical customer base
- **Reduce reliance on textile segment**
- Marketing of hydrogen peroxide brands of DDL.
- **Creating a natural hedge against price depression in the local market through export and improved product placement**
- Sales focus on food grade product.

## Manufacturing

- HSE – move towards system - based organization.
- **Continue to be the lowest cost producer and market leader.**
- Continuous improvement in product variety.
- Environmental sustainability.

## Human Capital

- Business partnering to deliver strategy through right talent
- **Talent factory / capability building through Talent Assessment Program / employee retention**
- Embedded code of business ethics & conduct across DDL
- Succession planning.

## Finance & Governance

- Strengthen control environment by strong oversight of risk, compliance and code of corporate governance
- Optimize the cost of capital and leveraging.
- **Business ready for growth.**
- **Enhanced control on fixed cost.**
- Maintain/ improve profitability.





# Geographic footprint



# Value chain



Suppliers

Customers



Engro Pakistan Limited





# Risk Management



The objective of the ERM is to ensure that:

- ❖ Significant risks are identified, measured, analyzed and monitored;
- ❖ Sufficient, timely and accurate information is reported to the ERMC and Board Audit Committee; and
- ❖ Responses to identified risks are appropriately formulated and implemented in an effective and efficient manner.

## RISKS



Price Depression



Market share realignment



Turnover in Critical Positions.



Plant Reliability

## RISKS RESPONSE



Hedge created through export market development, improved product placement and new product development.



Consistent Sales reviews/Customer Development/Customer realignment



Succession planning and strong retention policies.



Consistent manufacturing excellence drives



# Risk Management



## RISKS



Supply chain disruption



Interest rate hike



Increased packing cost



Increased freight cost



New Entrant



Significant working capital requirement

## RISK RESPONSE



Additional working capital employed/export focused



Loan pre-payment through efficient working capital management



Push for conversion to bulk



Ex. Factory supplies



Local/export market development



Sufficient working capital available



# Production Overview





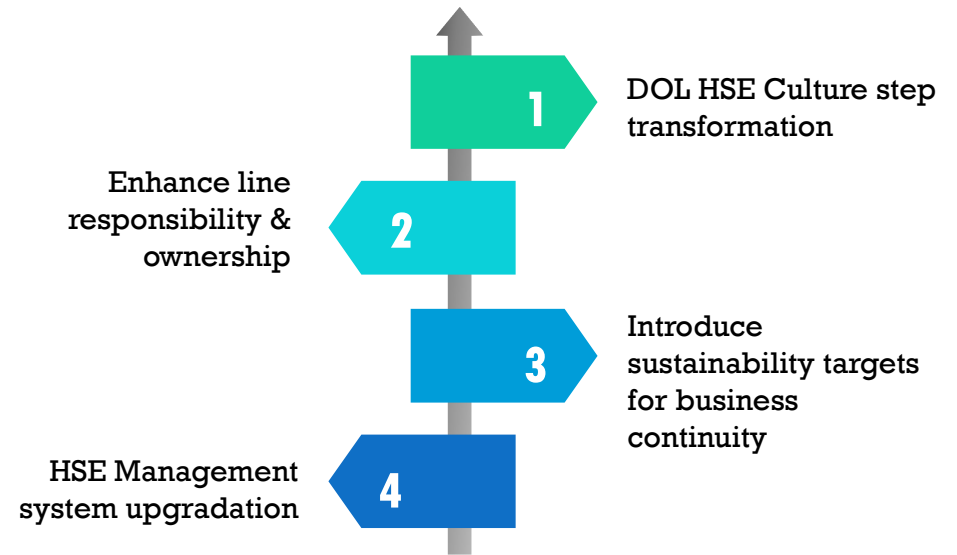
# Health & safety (HS)



## Health and safety philosophy



## HS Way Forward 2025





# UN Sustainability Goals For 2025



## SUSTAINABLE DEVELOPMENT GOALS



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Sustainable Development Goals

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Sustainable Development Targets

# Our Journey

|                  |   |                         |
|------------------|---|-------------------------|
| <b>Dec 2023</b>  | <b>Finalization of Sustainability Development Goals (SDGs)</b>          | <b><i>Completed</i></b> |
| <b>Jan 2024</b>  | <b>Target setting activity for short listed SDGs</b>                    | <b><i>Completed</i></b> |
| <b>FY 24-25</b>  | <b>Progress &amp; monitoring of targets FY 2024-25</b>                  | <b><i>On-Going</i></b>  |
| <b>Mar 2025</b>  | <b>Issuance of 1<sup>st</sup> ESG Report for Descon Oxychem Limited</b> | <b><i>Planned</i></b>   |
| <b>June 2025</b> | <b>External evaluation for ESG program &amp; action plan</b>            | <b><i>Planned</i></b>   |

# ESG Targets for 2025

**3** GOOD HEALTH  
AND WELL-BEING



**UN Goal :** By 2030, halve the number of global deaths and injuries from road traffic accidents

**DOL Target :** Ensure Zero Traffic related LTI or Fatality of any DOL or contract employee

**5** GENDER  
EQUALITY



**UN Goal :** Ensure women's full and effective participation & equal opportunities for leadership at all levels

**DOL Target :** Increase female workforce to 15% of total employee number

**6** CLEAN WATER  
AND SANITATION



**UN Goal :** By 2030, improve water quality by reducing pollution & minimizing release of hazardous chemicals and materials

**DOL Target :** 80% rainwater to be restoration to local water table

# ESG Targets for 2024-25

**7** AFFORDABLE AND  
CLEAN ENERGY



**UN Goal : Ensure access to affordable, reliable, sustainable and modern energy for all**

**DOL Target : Convert 3% of total energy to renewable sources**

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

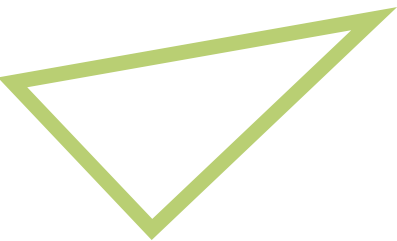


**UN Goal : By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse**

**DOL Target : Ensure 5% of total plastic waste is recycled annually by 2026.**



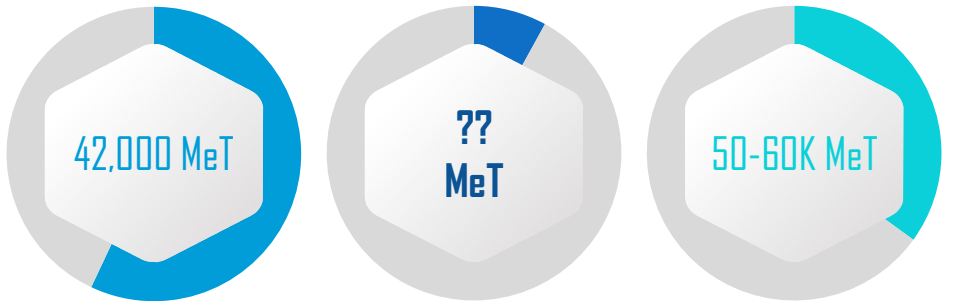
# Business Overview



# Competitive landscape and market share



## Market Outlook



Dominance in growing local market

## Unique Competitive Advantages

- Plant Technology, Chematur (European) (DOL) vs Chinese (SPL)
- Targeted Capacity utilization is @ 103% (DOL) vs ??(SPL)
- Only manufacturer with capability to produce food grade product

# Product applications



## Current Applications

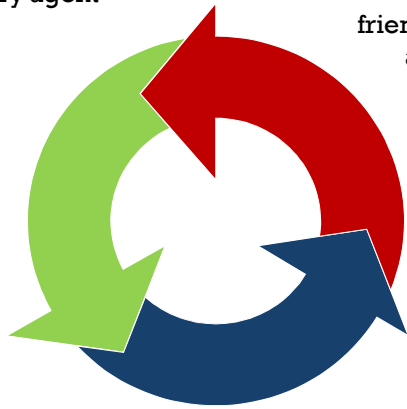
### Mining

An oxidant, recovery agent or oxygen source



### Textile

Environmentally-friendly chemical used as bleaching agent

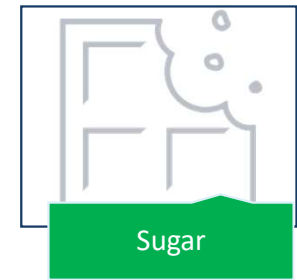
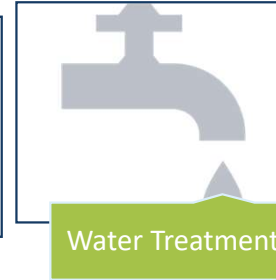
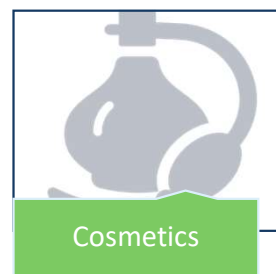
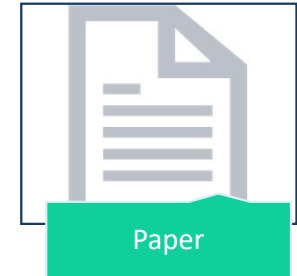
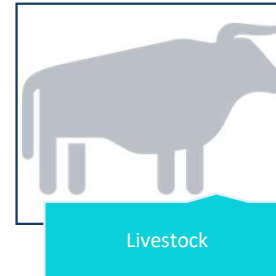
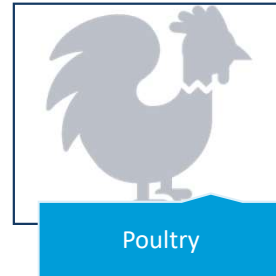


### Food and beverages

Disinfection (antimicrobial agent)



## Potential Applications





## Business outlook



- Diversification of product portfolio
- Organic/In organic Growth
- **Efficient deployment of resources minimizing Fixed cost**
- Retention of Critical resource
- **Enhance export footprint**
- **Efficient working capital Management !!! (from working capital reduction to revenue assurance model)**
- Improvement in consumption ratios
- **Move toward bulk reducing environmental footprint**
- Retain position as market leader
- Market development

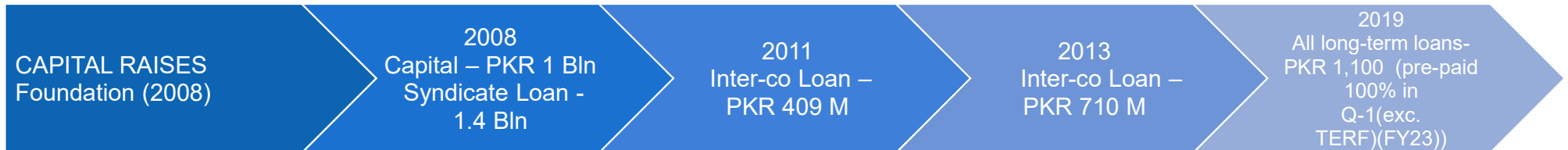


# Financial Overview





# Dividend policy, history and capital raising



| DIVIDEND HISTORY |                 |                        |              |
|------------------|-----------------|------------------------|--------------|
| Year             | Preference      | Ordinary               | Bonus Shares |
| 2024             |                 | <b>PKR 350 Million</b> |              |
| 2023             |                 | <b>PKR 700 Million</b> |              |
| 2022             |                 | <b>PKR 350 Million</b> |              |
| 2021             |                 | <b>PKR 175 Million</b> |              |
| 2020             |                 | <b>PKR 150 Million</b> | 16%          |
| 2019             | PKR 184 Million | <b>PKR 102 Million</b> |              |

## Dividend Policy Statement

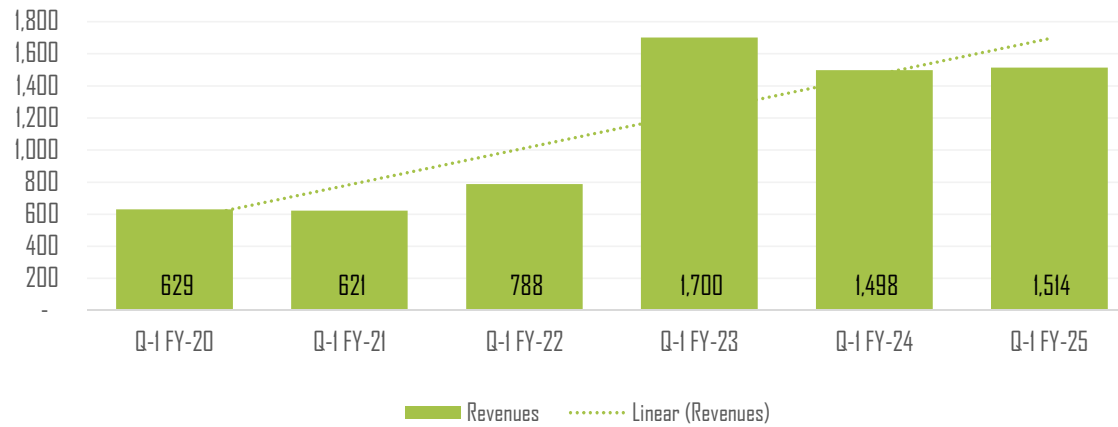
Company’s fundamental policy for allocating profits for dividend distribution purposes is to generate appropriate returns for shareholders while enhancing its financial position and operational foundations. Specifically, the Company aims to pay stable dividends in consideration of the balance of unappropriated profits. In deciding whether to propose a dividend and determining the dividend amount, the Board will comply with the legal requirements, take into account the Company’s financial position, its operational needs, its capital expenditure requirements, its liquidity position, general business conditions and any restrictions pursuant to its contractual arrangements within its key contracts and financing documents.



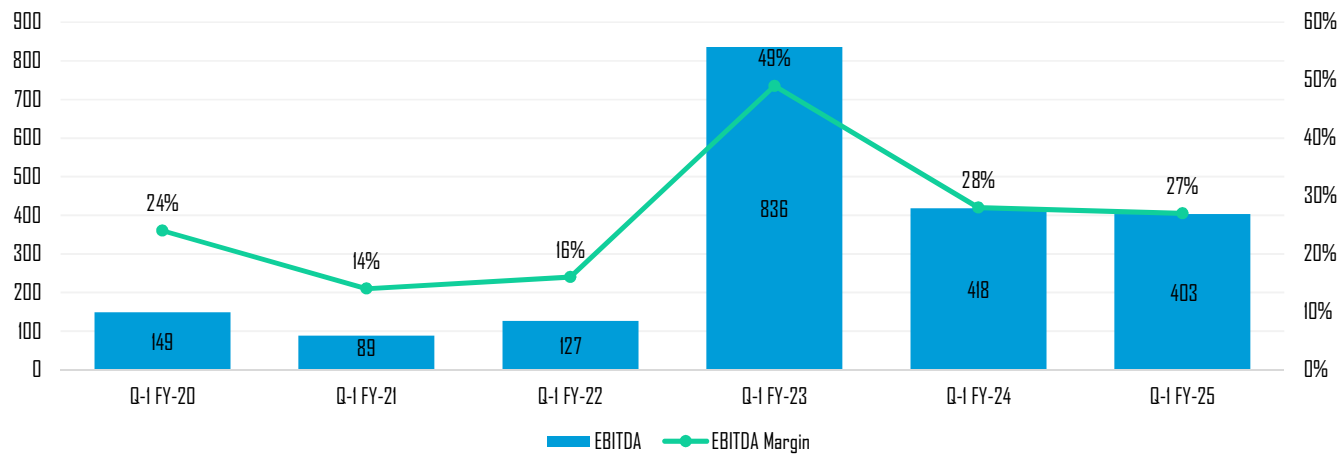
# Financial highlights



Revenues (PKR m)

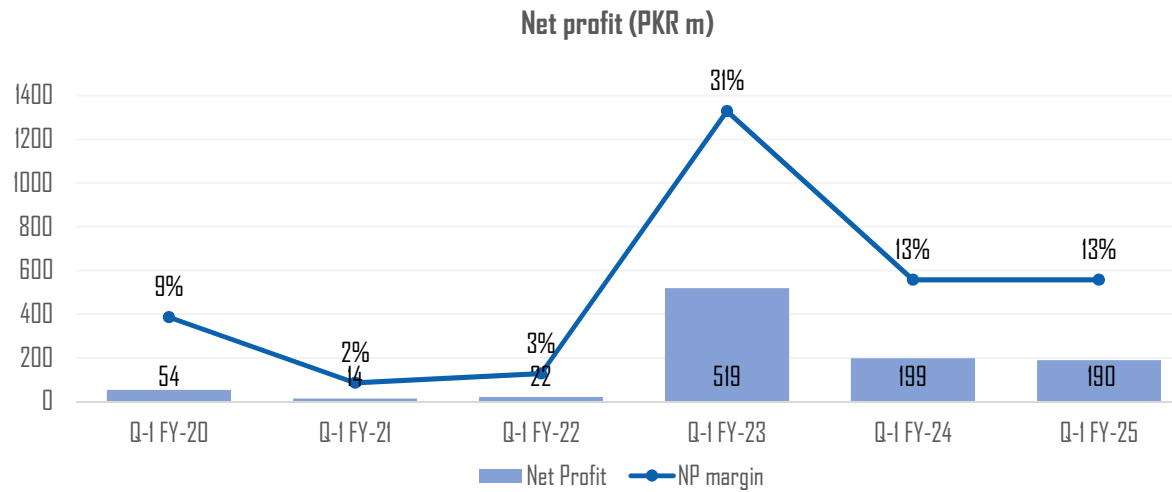
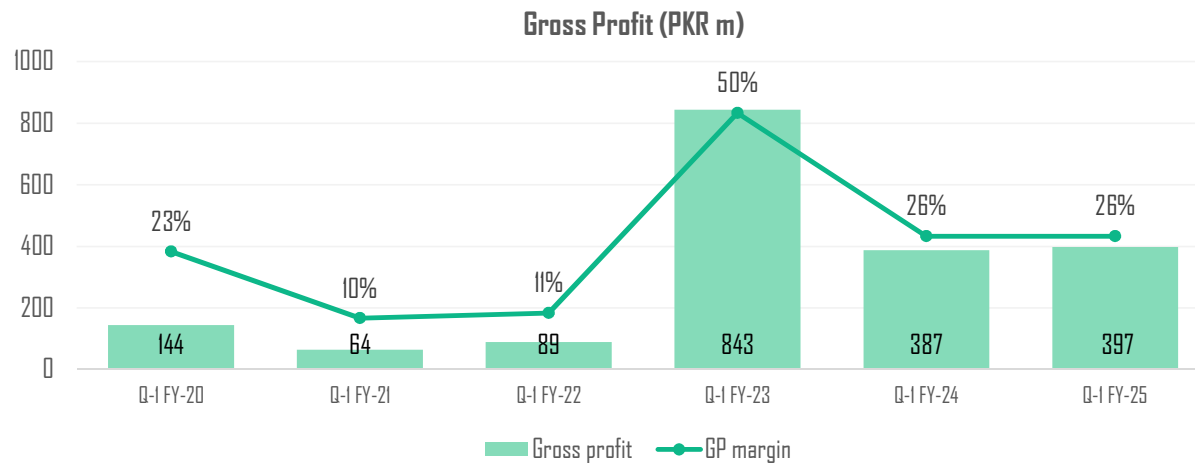


EBITDA (PKR m)



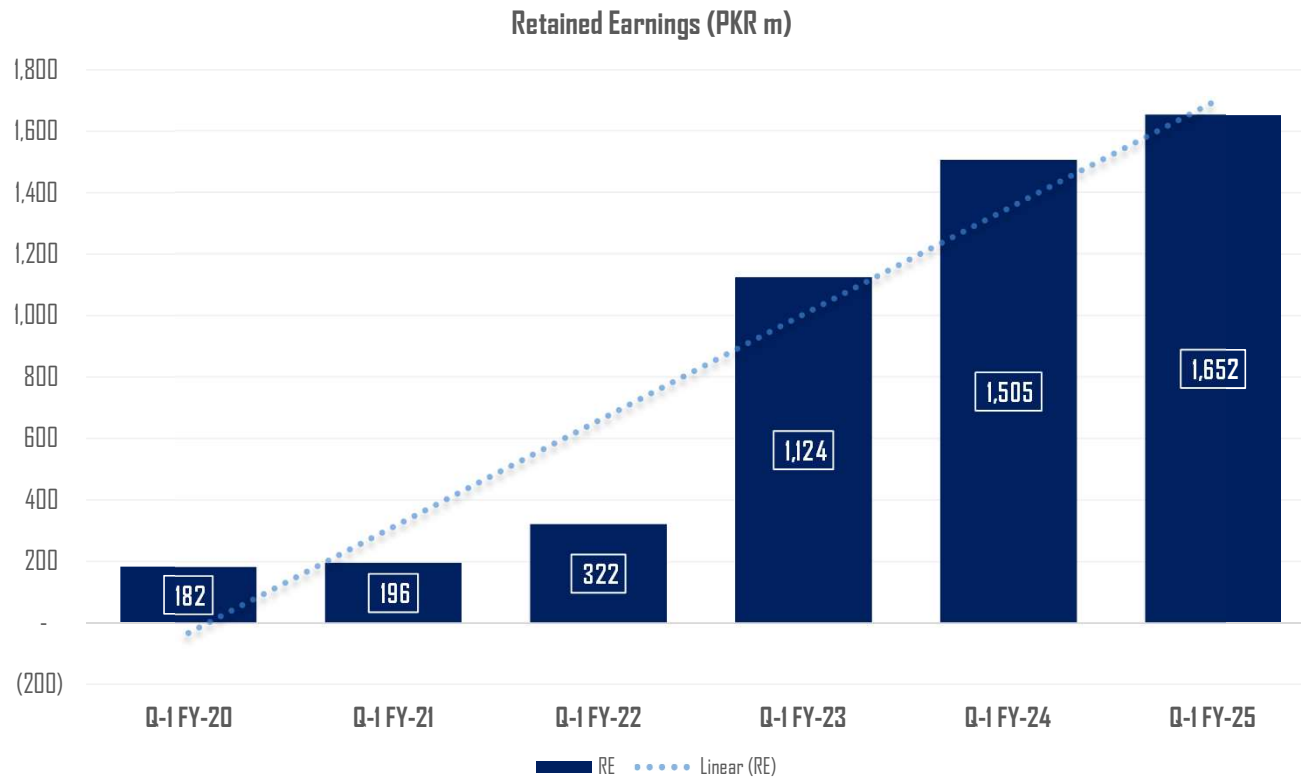


# Financial highlights- YTD





## Financial highlights- YTD





## Key Ratios



| FY-19-20 Q-1                   | FY-20-21 Q-1                   | FY-21-22 Q-1                   | FY-22-23 Q-1                   | FY-23-24 Q-1                   | FY-24-25 Q-1                  |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|
| EPS<br>0.53                    | EPS<br>0.10                    | EPS<br>0.13                    | EPS<br>2.96                    | EPS<br>1.14                    | EPS<br>1.04                   |
| D/E<br>105%                    | D/E<br>21%                     | D/E<br>31%                     | D/E<br>7%                      | D/E<br>5%                      | D/E<br>3%                     |
| Current ratio<br>1.76          | Current ratio<br>0.98          | Current ratio<br>1.84          | Current ratio<br>1.65          | Current ratio<br>1.88          | Current ratio<br>3.10         |
| Share Price<br>Rs. 14.01/share | Share price<br>Rs. 46.20/share | Share price<br>Rs. 21.82/share | Share price<br>Rs. 21.53/share | Share Price<br>Rs. 23.84/share | Share price<br>Rs.20.33/share |



**THANK YOU**

**Q&A**