



Pakistan

KSA

USA

UAE

Qatar

AVANCEON

Tomorrow's solutions, today.

ANALYST BRIEFING 2020

Bakhtiar H. Wain, CEO | May 14th, 2020

Financial Results of FY2019

For the period ended December 31, 2019

01

Current Outlook

Pakistan & Middle East Opportunities

02

Impact of COVID -19

Challenges, Solutions, Results...Response so far

03

Financial Prospects

Active Opportunities and Pipeline

04

Octopus Digital

Objectives & Key Results

05

The Agenda for Today...

My Objectives for Today ...

Business Model
Explain our Business Model

Best in Class
Clearly establish that we are the amongst
the best managed company in Pakistan
with the best in class business KPIs..... And
proudly ethical

Projections & Numbers
We have defendable projections and
numbers



“

One has to think of a bigger
challenge the moment you meet one.
Our Mission 2022 challenge promises
to test us to the fullest We are
confident that the investment in
Octopus Digital would prove to be
the most stellar value proposition for
our investors.



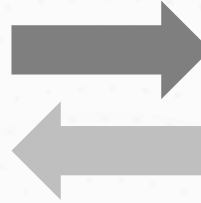
Commitments vs Delivered

Let's Get Down to Brass Tacks



Our Commitments

What I've been saying over the years



Our Delivery

What We've delivered

- ✓ **Human Resource**
Retain and Develop our Team
- ✓ **Sales Forecasting System**
Backbone of our projections
- ✓ **Pipeline**
Pipeline as per our business plan
- ✓ **Growth Engine**
Pipeline converted into PO's + Delivery of Project = Revenue Recognition.

- ✓ • Recruitment up by 10% (2019)
- Launched Resource Development Program
- No Layoffs or Furloughs due to COVID-19
- ✓ • Continuous refinement of our sales cycle
- Accurate Future Planning
- Our Major Policy Decider
- ✓ • Our Focal Point Mission 2022
- Mission 2022 First phase completed successfully
- ✓ • 100% of Projects completed on time, within budget without any delays

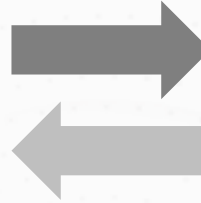
Commitments vs Delivered

Let's Get Down to Brass Tacks



Our Commitments

What I've been saying over the years



Our Delivery

What We've delivered

✓ **Business Model**

Our backlog is testament of our business model

✓ **The Avanceon Engine**

Sales Process + Building Pipeline + Backlog + Delivery

✓ **Behavioral Improvement Plan –**

The ability to learn, and then translate it into action

✓ **Organization**

Commitment to Key Results

✓ **Exceed Customer Expectations**

On Every Project

✓ • 2018 = \$38 Million (**61.7% increase**)

• 2019 = \$56 Million (**47.3% increase**)

• 2020 = \$59 Million (**5.3% increase**)

✓ • Integrated CRM, ERP and Project Management

• Extensive country wide HR training plan launched

✓ • WFH regime implemented

• COVID-19 Safety Plan implemented

• Financial maneuvering for smooth cash flow

✓ • No delays in Project delivery

• Aggressively pursuing new opportunities

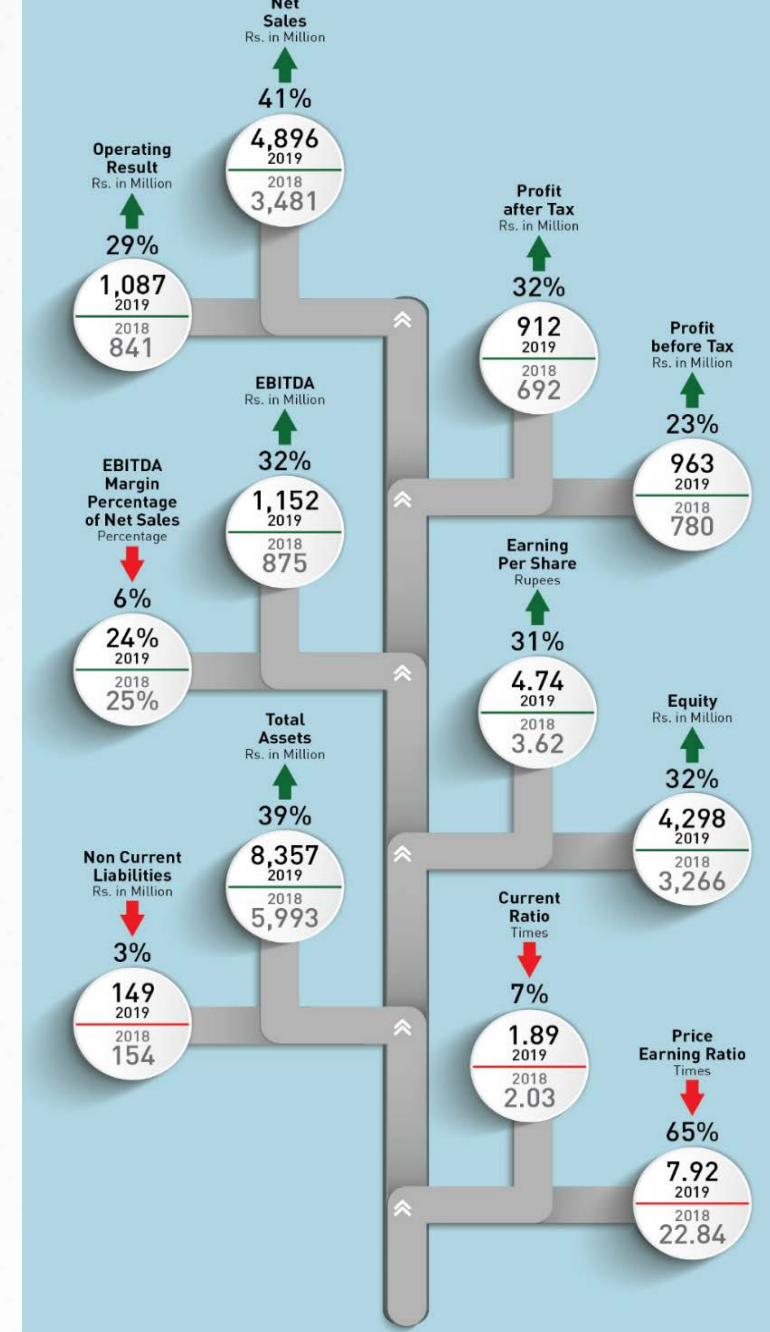
• New opportunities in post COVID-19 landscape

✓ • All projects serviced on priority during the COVID-19 lockdown

Financial Results of FY 2019

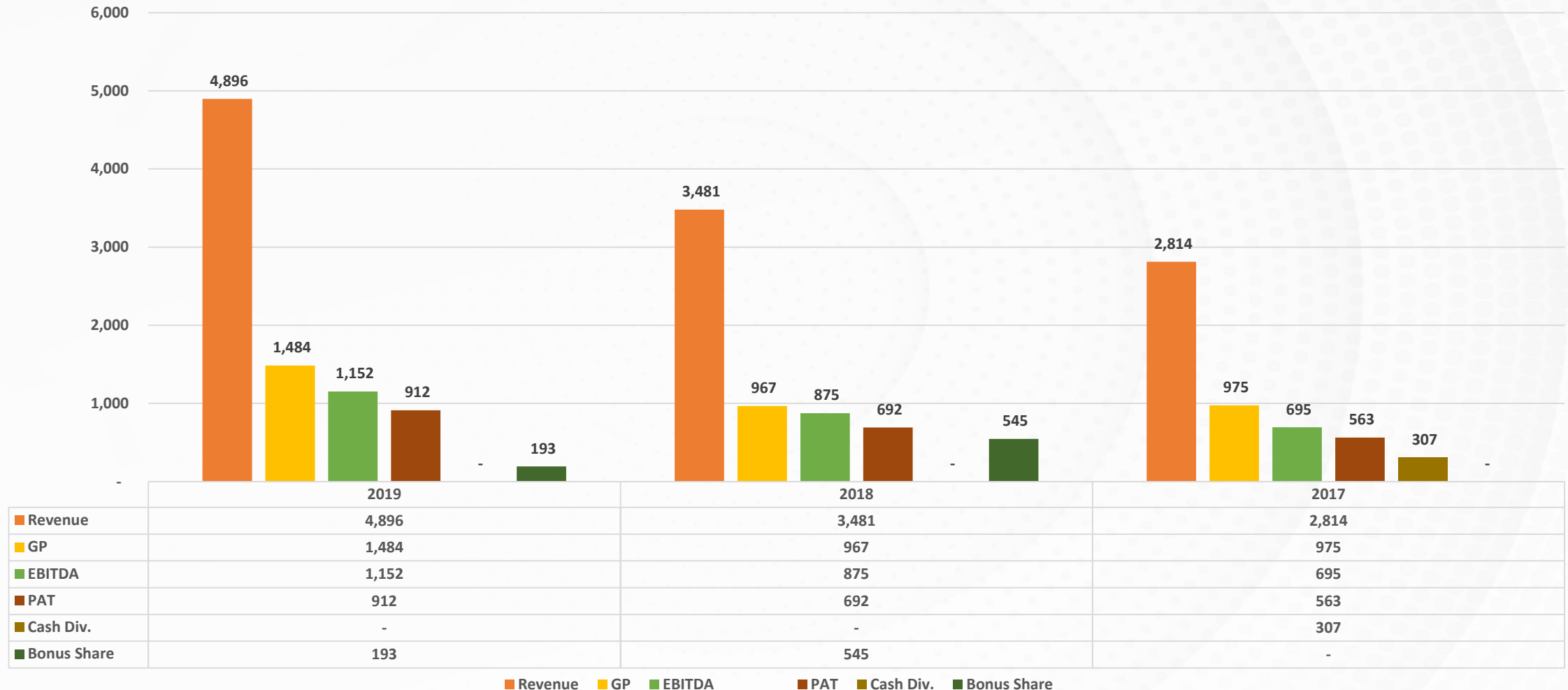
From our Annual Report 2019

Financial Highlights



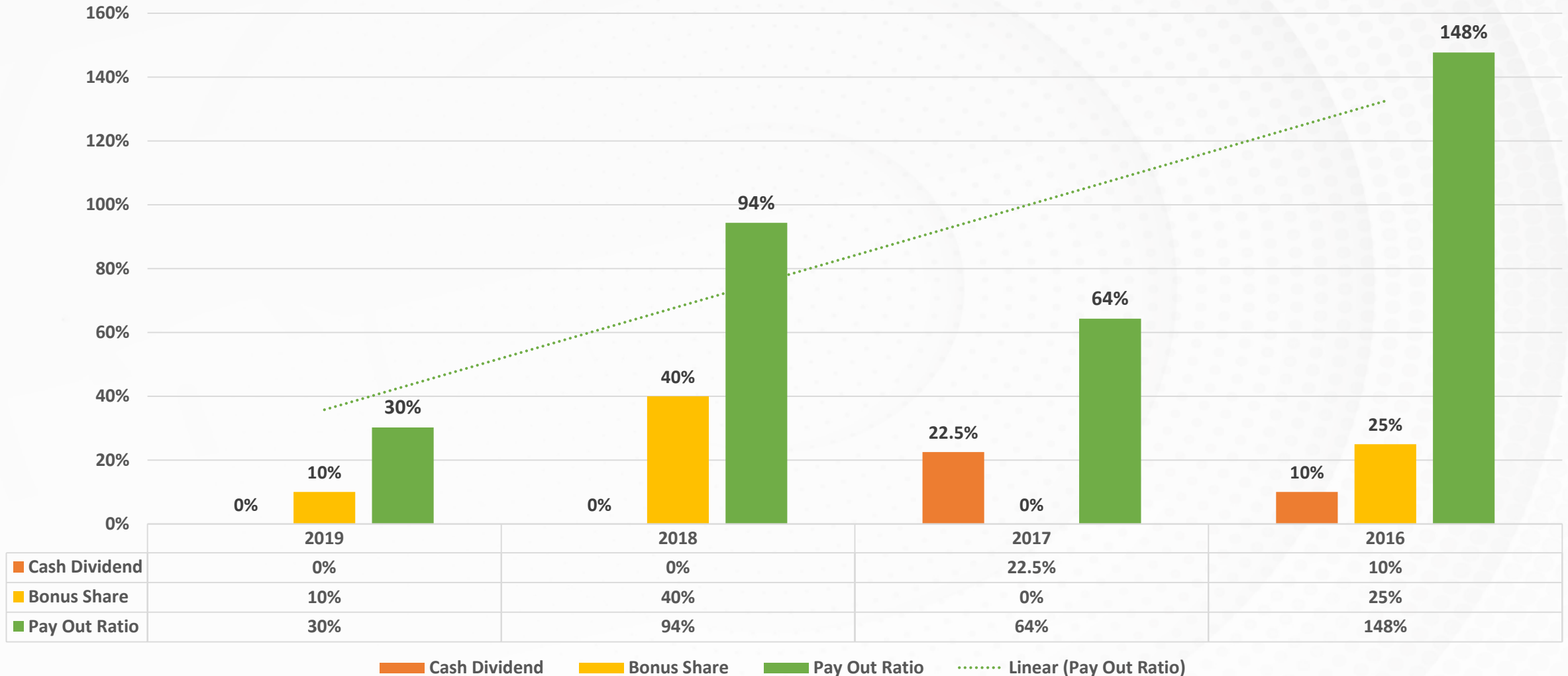
Group Profit & Loss Statement

For the period ended December 31st, 2019



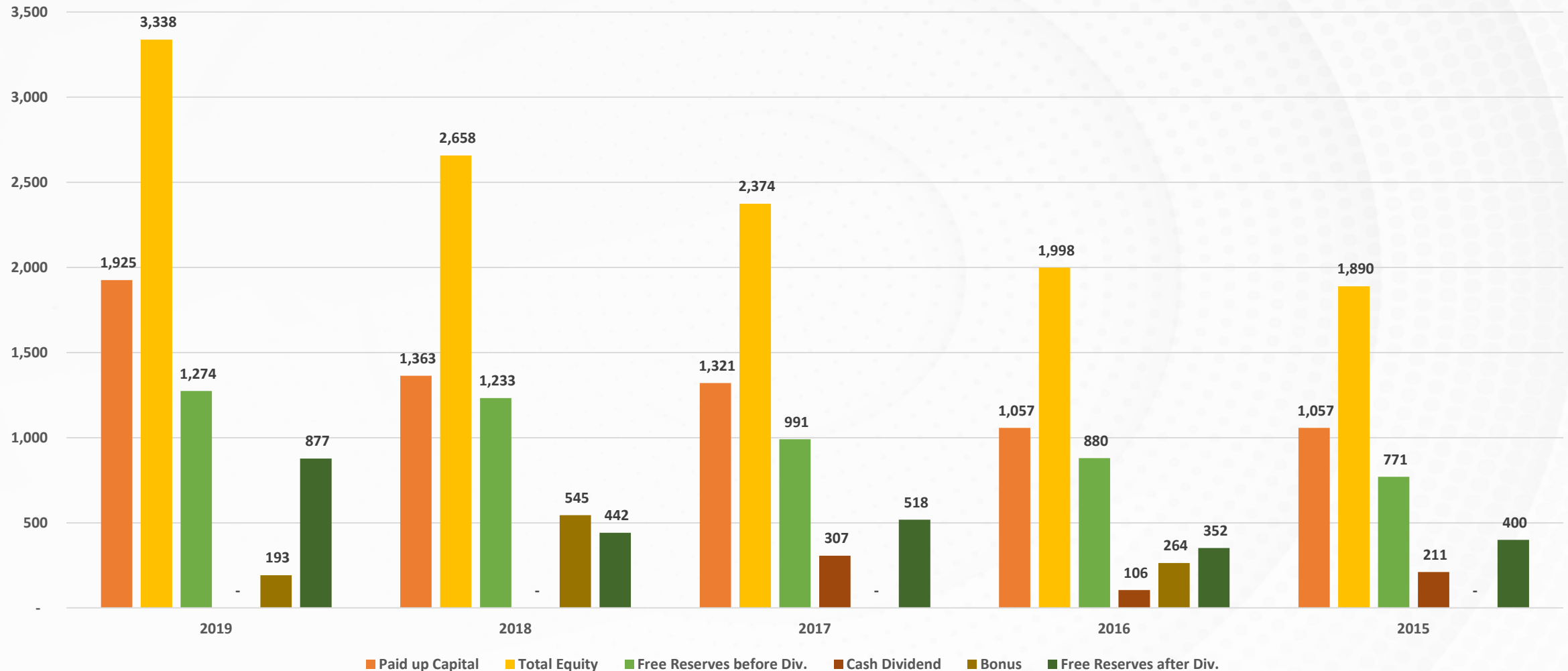
Dividends Pay-Out Ratio

For the period ended December 31st, 2019



Capital, Total Equity, Free Reserve & Dividends

Standalone for the period ended December 31st, 2019



Last 6 Years Results

YEARS	2019	2018	2017	2016	2015	2014
Profitability Ratios						
Gross Profit ratio	30%	28%	35%	36%	33%	36%
Operating Result Ratio	22%	24%	24%	22%	19%	24%
Profit Before Tax	20%	22%	21%	19%	17%	23%
Profit After Tax	19%	20%	20%	16%	15%	22%
Return On Capital Employed	23%	23%	23%	19%	14%	22%
Interest Coverage Ratio	(Times) 8.7	13.9	9.5	8.9	9.8	22.1
EBITDA	(Rs. In million) 1,152	875	695	472	331	488
EBITDA Margin	24%	25%	25%	23%	20%	25%
Growth Ratios						
Net Sales	41%	24%	36%	26%	-15%	6%
Operating Results	29%	26%	49%	48%	-35%	-2%
EBITDA	32%	26%	47%	43%	-32%	-1%
Profit After Tax	32%	23%	69%	38%	-43%	4%
Cost Ratios						
Cost of Sales (% of Sales)	70%	72%	65%	64%	67%	64%
Administrative & selling Cost (% of Sales)	14%	17%	14%	16%	18%	12%
Financial Cost (% of Sales)	3%	2%	2%	2%	2%	1%
Return to Shareholders						
Return on Equity-Before Tax	22%	24%	23%	19%	14%	23%
Return on Equity-After Tax	21%	21%	22%	16%	12%	22%
Earning per Share (Basic)	(Rs.) 4.74	3.62	4.26	2.51	2.29	4.09
Earning per Share (Diluted)	(Rs.) 4.64	3.53	4.02	2.39	2.19	3.90
Break Up value per share without surplus on revaluation	(Rs.) 22.32	23.96	19.62	19.68	18.48	18.18
Break Up value per share with surplus on revaluation	(Rs.) 23.41	25.19	20.73	20.74	19.52	19.04

Last 6 Years Results

YEARS

2019 2018 2017 2016 2015 2014

Equity Ratios

Price Earning Ratio	7.92	22.84	8.12	13.88	17.82	8.28
Dividend Per Share	0%	0%	22.5%	10%	20%	22.5%
Dividend Payout Ratio	0%	0%	53%	40%	87%	55%
Market Value at the end of The Year	37.55	82.68	34.60	34.85	40.80	33.85
Market Value at the start of the Year	82.68	34.60	34.85	40.80	33.85	14.00
Highest Value During Year	84.61	100.37	59.44	40.03	45.23	39.24
Lowest Value During Year	29.14	35.07	32.64	28.19	30.77	14.00
Dividend Yield Ratio	0.00%	0.00%	0.65%	0.29%	0.49%	0.66%
Dividend Cover Ratio	0.00	0.00	2.67	1.57	1.14	1.02

Asset Utilization

Total Asset turnover	(Times)	0.59	0.58	0.61	0.63	0.57	0.75
Fixed Asset Turnover	(Times)	11.29	10.32	10.16	8.86	7.08	9.31
Inventory Turnover	(Times)	21.20	29.46	19.56	13.04	18.30	24.74
Trade Debts Turnover	(Times)	0.81	0.87	0.97	1.12	1.09	1.43
Trade Creditors Turnover	(Times)	1.77	1.23	1.36	1.89	2.12	2.82
Capital Employed Turnover	(Times)	1.05	0.97	0.98	0.90	0.77	0.93

Operating Cycle

Inventory Holding Period	(No. of days)	17	12	19	28	20	15
Trade Debt collection period	(No. of days)	450	418	375	325	334	256
Trade Creditors payment period	(No. of days)	206	298	269	193	172	130

Liquidity/Leverage

Current ratio	(Times)	1.89	2.03	2.12	2.49	2.81	3.62
Quick ratio	(Times)	1.84	1.99	2.07	2.39	2.72	3.52
Cash to current liabilities	(Times)	0.08	0.10	0.21	0.28	0.43	0.48
Financial leverage ratio	(Times)	0.03	0.05	0.05	0.05	0.04	0.03
Total liabilities to equity	(Times)	0.90	0.78	0.72	0.53	0.41	0.29

Current Business in Hand

BACKLOG Unrecognized Business in Hand



\$ 4,000,000

Pakistan Business Backlog
As of March 31st, 2020



Year

2018
2019
2020
2021

Back Log

\$38 Million
\$56 Million
\$63 Million
Projection



\$ 55,000,000

Middle East Business
Backlog As of March 31st,
2020

NET SALES

Highest Yearly Sales
Growth in our
Company's History

41%↑

COVID-19 Business Response Plan

Key Objectives of Avanceon COVID-19 Business Response Plan



SAFETY

Prioritize People Safety
First and Foremost



COMMUNICATION

Unfiltered
Communication
with all Stakeholders



BUSINESS CONTINUITY

Reshape Strategy to
maintain business
continuity



SEAMLESS RECOVERY

Build resilience and
prepare for recovery

COVID-19 Challenges and Our Response



Challenges

- Transfer a 200+ workforce on a remote connected platform
- Formulate Smooth Cash Flow plan to address unanticipated expenses
- Monitor the pulse of the organization. Ensure Crisis Mode Readiness



Our Response

- Launched and Implemented Work from Home in 5 Days. All Systems in 'GO Mode'
- Financial safety net created to accommodate unforeseen scenarios
- All Communication meetings via Video Conferencing.

COVID-19 Business Response

Timeline: Week 01



Official Premise Guidelines
Developed and Implemented

- Companywide Travel Guidelines Developed and Implemented
- Active Monitoring of Company Wide Corona Status Initiated

Feb 26,
2020

Feb 29,
2020

March 02,
2020

March 09,
2020

March 12,
2020

- First two cases of COVID-19 confirmed in Pakistan
- Company-wide awareness session on COVID-19 and its prevention arranged

Protocol for Active Screening of
Employees and Visitors Developed and
Implemented

Company-wide No Handshake
Policy Communicated and
Implemented

COVID-19 Business Response

Timeline: Week 02



Live Tracking of all Active
Project Sites Launched,
Maintained & Monitored

Face Masks and Hand
Sanitizers Procured for
Employees and their Families

March 17,
2020

March 19,
2020

March 20,
2020

March 21,
2020

March 24,
2020

Corporate Plan for
Prevention of COVID-19
Developed

Comprehensive Work from
Home Policy Developed
and Communicated

- Federal Government announces Countrywide lockdown
- Work from Home Regime Implemented for all Offices

COVID-19 Business Response

Timeline: Week 03



April 01,
2020



Home Safety Measures Guidebook
Developed, Circulated Presented
via Video Conferencing

Company Wide Communication
Meeting Conducted via Video
Conferencing



April 02,
2020

April 20,
2020



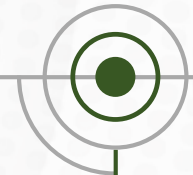
Partial Resumption of
Lahore Office

All Employees Donate One Day
Salary to Prime Ministers
COVID-19 Relief Fund



April 21,
2020

Ongoing



Daily inspection and COVID-19
status report shared with key
stakeholders

Results during the lockdown so far...



- No Delays in Project Delivery
- 95% of resources working offline.



- Critical ESD Upgradation completed for a customer in Pakistan
- Migration activity launched for Ashghal



New opportunities for a post COVID-19 landscape being developed with our partners



All Avanceoners keeping safe with zero infections reported



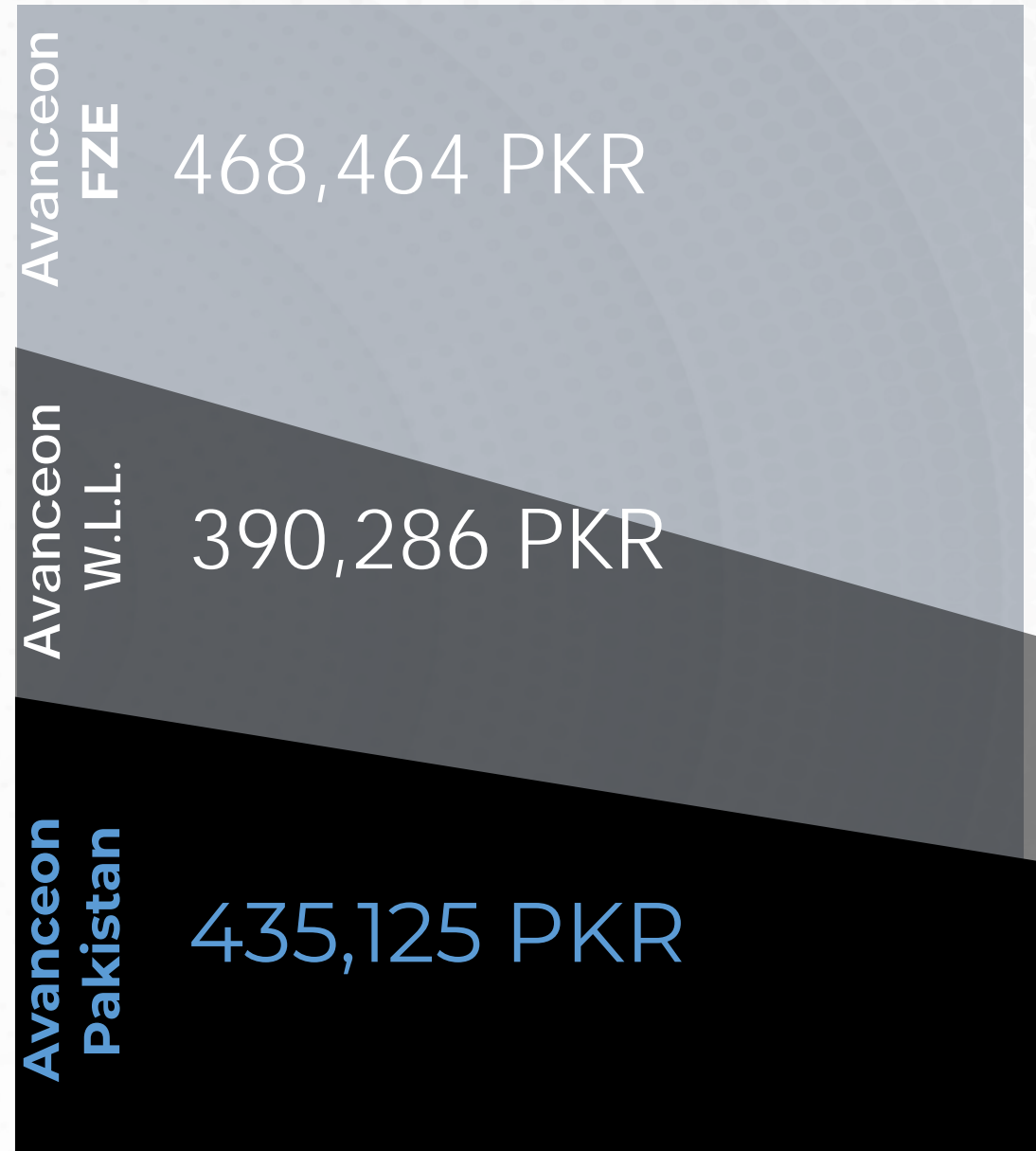
No Layoffs or Furloughs



Our Total Contribution to Prime Minister's COVID-19 Relief Fund

2.6 Million PKR

The Avanceon Group matched 100%
of the Employee Contributions



Future Goals



Invest in the Latest Technology

Invest and leverage on technology that COVID forced us to use. Task force has been formed to take remote working a new normal which will result in:

- Substantial reduction in cost
- Added Scalability
- Improved quality and delivery



AI & VI powered by Octopus

Embed Digital, AI and VI in every business stream



Customer Centricity a Priority

Customer experience center like no one has seen

Octopus Digital Ltd.

Virtual Investor Briefing

Objectives and Key Results 2019-20

Five-Dimensional Business Update



Market

Demand generation and impact on our existing business has been unexpected & unprecedented...



Spinoff

After Market Support business is demerged to leverage; complete rekindling of services to double revenue...



Ground Zero

Achieved breakthrough launching our product; natively open-source and indigenous...



Proof of Success

Fantastic results; successfully live. For the first time, we are actually very selective in letting customers in...



Scale

We are receiving extraordinary demand from the markets; MENA and Pakistan...



Market

Demand generation and impact on our existing business has been unexpected & unprecedented...

Cross-SBU impacts & market demand...

External Internal

Market

Response

Entrepreneurial
Prefer independence
Financially focused
Outcome oriented

Contribution margin
risen to 90%

Proposal asking rate
crosses 60%

Doing projects
digital ready cost
20% less

1:3 new
cross selling
opportunities

Pandemic helped
bypass red-tape

Brownfield projects,
proposal asking rate
is 30% +

Sales cycle
shortened by 1/3

Gain depth by
dislodging
competition

Digitalized AMS:
Revenue 25% +
Liquidity 15% +



Spinoff

After Market Support business is demerged to leverage; complete rekindling of services to double revenue...



Spinoff

Demerger

Indigenous AMS
revenue to double
with additional digital
upselling

AMS providing go-to market & sale advantages...

- 40 Maintenance contracts with 10 shortlisted sell
- All AMS services will be AR, VR, remote connectivity capable
- Upselling AI-powered Dashboard and data analytics
- Brand building of Octopus Digital incl. digital presence achieved

“

Sometimes the best types of problems to solve are the ones users don't really know are problems until you fix them.”

Laura Klain



Ground Zero

Achieved breakthrough launching our product;
natively open-source and indigenous...



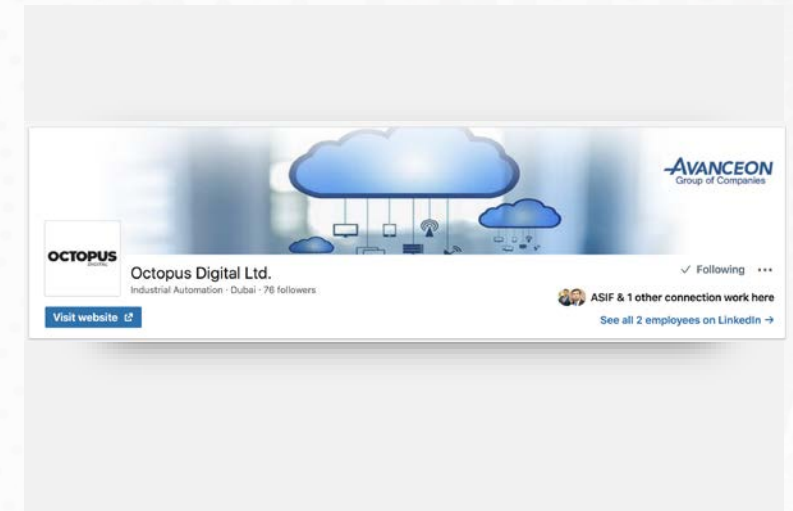
Ground Zero

Topware™

R&D has achieved a historic breakthrough, first of its kind in the automation industry

Imagine building a house in a week?

- Breakneck speed & accuracy
- Traditional project time reduced from 6-8 months to 2-4 weeks
- Totally agnostic to connect any technology, industry or business
- HR policies at Octopus keeping Gen Z in mind
- Career path and training plan we offer is world class.





Proof of Success

Fantastic results; successfully live. For the first time,
we are actually very selective in letting customers in...

We're LIVE !!!

Virtual conference on
on May 19, 1:00pm PST
for a Topware™ sneak
peek

Imagine building that house without cement?

- "No hard disk & Computer" required for Storing & computing data
- No need of traditional databases, Oracle or SQL
- Industrial historian made thing of the past
- Receives analytics on any device, anywhere



OCTOPUS DIGITAL

Home About Us Blog Webinar Registration

Topware™ as a service

Topware™ collects data, transform it for analysis, runs analytical algorithms, and prepare visualizations.

[Read More](#) [Talk With Our Expert](#)

Analytics Presented	Customers	Industries
12680+	650+	12+

Open Innovation & Design Forum

Storytelling with Data

Global and Local Replication

Data Observatory & Documentation

LIVE !





Scale

We are receiving extraordinary demand from the markets; MENA and Pakistan...



Scale

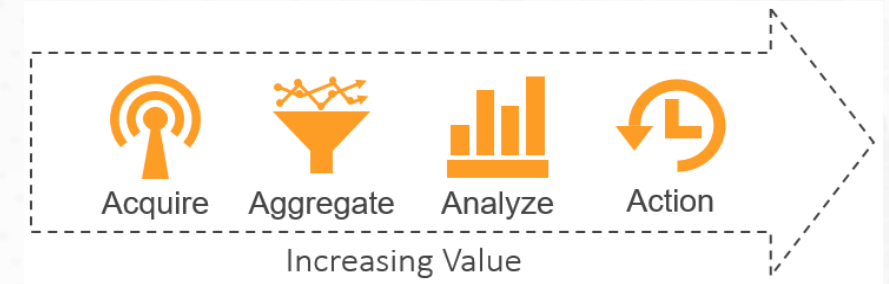
In the Future

From banks to hospitals, shoemakers to retailers, insurance to tech

Every company will be an AI company

OmniConnect™ @ Scale 2020-21

- Exhaust our SLA market both in Pakistan and MENA
- Launch OmniConnect™ in the US
- Innovation making our competition our clients
- 10 use cases to target across industries & markets



<<WFH>> | <<MFH>>

MENA Reorientation for Digital

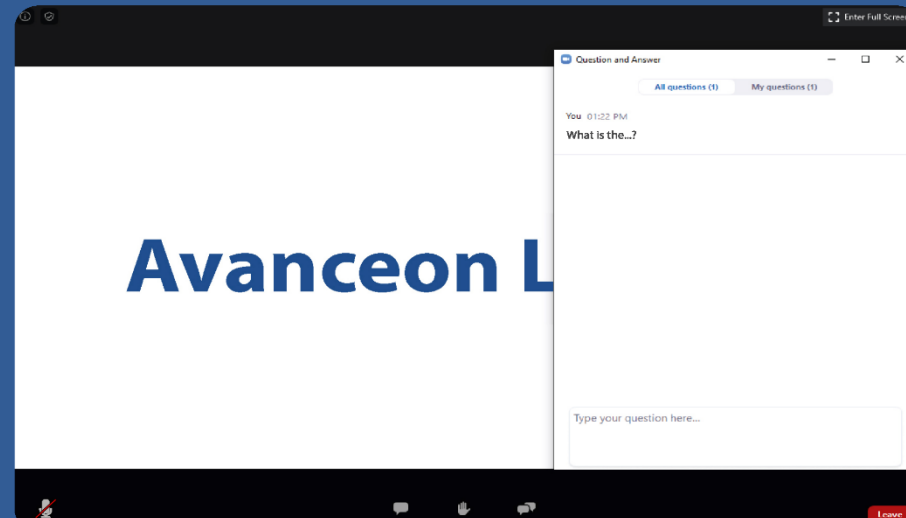
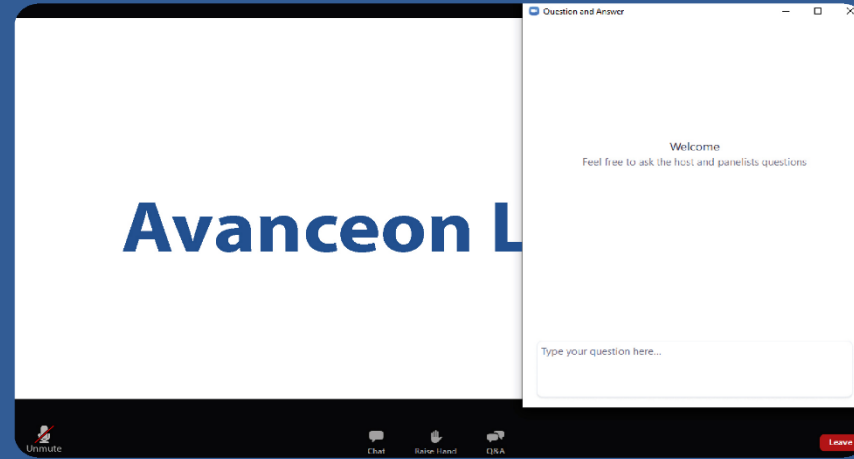
Pipeline Exhaustion Pakistan

Direction2030 #Topware

Thank You!

ASK A
QUESTION

Click the 'Ask a Question' button if you have a query.
A pop up box will appear where you can type your question.



All the mics will be muted by the presenter,
If you need to ask a question, please press 'Raise Hand' and the
presenter will unmute your mic.



✓ Useful Tips.

- Need to Ask a Question? Get the Presenter's attention by typing your question and then raising your hand for a quick response.
- To achieve a smooth flow of the webinar and ensure all questions are addressed in a timely manner, the presenters will reserve the right to mute/unmute the audience's mic.
- Please keep your questions relevant to the subject of the webinar

The Zoom Meeting ID for the briefing will be shared with respective shareholders and analysts via email seven days prior to the event.

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For technical queries, please contact network@avanceon.ae
Thank you –
Department of Marketing
Avanceon Limited