

Flash Note

Friday, 26 October 2018

Automobile Assembler

Indus Motor Company Limited (INDU)

Earnings down to PKR 44.6/share as gross margins compressed by 300bpsYoY to 14.5%; Dividend at PKR 32.5/share

- Indus Motor Company Limited (INDU) announced its financial results for 1QFY19 wherein the company reported earnings of PKR 3.51bn (EPS: PKR 44.64), compared to PKR 3.63bn (EPS: PKR 46.17) in the same quarter last year, down by a mere 3%YoY.
- The company announced a cash dividend of PKR 32.5/share along with the result, compared to PKR 30.0/share in the same period last year.
- Net sales increased by +12%YoY to PKR 34.90bn primarily on the back of increase in car prices.
- Gross margins collapsed by 300bpsYoY to 14.5% owing to rising costs from PKR depreciation and low sales in high margin segment.
- Operating profit decreased by 8%YoY to PKR 4.45bn spurred by rise of 3%/4%YoY in selling and admin expenses. However, the impact was arrested by rise in other income, up by +23%YoY to PKR 1.05bn with ample liquidity tied in short term investments.

Exhibit:

INDU 1QFY19 Result Highlights

PKRmn (Period end=Jun)	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	34,992	31,220	12%	40,020	-13%
Cost Of Sales	29,932	25,777	16%	33,222	-10%
Gross Profit	5,060	5,443	-7%	6,798	-26%
Selling & Dist.	319	311	3%	374	-15%
Admin.	290	279	4%	454	-36%
Operating Profit	4,445	4,850	-8%	5,851	-24%
Other Income	1,053	856	23%	1,222	-14%
Finance Cost	101	153	-34%	171	-41%
Profit Before Tax	5,020	5,168	-3%	6,426	-22%
Taxation	1,512	1,539	-2%	2,290	-34%
Profit After Tax	3,509	3,629	-3%	4,136	-15%
EPS	44.64	46.17		52.62	-
DPS	32.5	30.0		45.0	-

Key Indicators

Unit Sold (Ths)	15.42	15.09	2.2%	16.64	-7%
Gross Profit Margins	14.5%	17.4%	(297)	17.0%	(253)
Effective Tax Rate	30.1%	29.8%	33	35.6%	(552)

Source: IGI Research, Company accounts, PSX

No of shares(mn): 78.6

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