

Flash Note

Friday, 27 April 2018

Automobile Assembler

INDU: Earnings crept by +2%YoY to PKR 4.3bn (EPS: PKR 54.3); dividend announced at PKR 32.5/share

- Indus Motor Company Limited (INDU) announced its financial result for 3QFY18 with earnings clocking in at PKR 4.27bn (EPS: PKR 54.3) up by a mere +2%YoY as compared to PKR 4.17bn (EPS: PKR 53.1) in the same period last year. This takes cumulative earnings for 9MFY18 to PKR 11.64bn (EPS: PKR 148.0) up by +14%YoY.
- The company also announced a cash dividend of PKR 32.50/share along with the result taking total dividend to PKR 95.0/share for 9MFY18.
- Net sales jumped by +12%YoY to PKR 36.9bn during the period supported by growth in the high margin segment, in particular Hilux and Fortuner volumes.
- Gross margins for the quarter stood at 17.5%, down by 175bps YoY which we believe is attributed to combine effect of PKR depreciation against USD, increase in steel prices (despite Company increasing prices across all variants) and decrease in Corolla sales volume.
- Selling and distribution cost decreased by 6%YoY to PKR 329mn while admin cost leaped up by +35%YoY to PKR 387mn during the quarter.

Exhibit:

INDU 3QFY18 Result Highlights

PKRmn (Period end=Jun)	3QFY18	3QFY17	YoY	9MFY18	9MFY17	YoY
Net Sales	36,869	32,944	12%	100,188	84,343	19%
Cost Of Sales	30,424	26,611	14%	82,609	69,136	19%
Gross Profit	6,445	6,333	2%	17,579	15,208	16%
Selling & Dist.	329	349	-6%	910	843	8%
Admin.	387	285	35%	1,070	736	45%
Operating Profit	5,726	5,639	2%	15,525	13,535	15%
Other Income	909	899	1%	2,679	2,524	6%
EBIT	6,190	6,096	2%	16,975	14,967	13%
Finance Cost	129	116	11%	402	234	72%
Profit Before Tax	6,061	5,980	1%	16,574	14,733	12%
Taxation	1,789	1,806	-1%	4,938	4,485	10%
Profit After Tax	4,272	4,173	2%	11,636	10,248	14%
EPS (PKR)	54.3	53.1		148.0	130.4	
DPS (PKR)	32.5	30.0		95.0	80.0	

KEY INDICATORS

Units sold (kUnits)	16	17	-5%	46	46	1%
Gross Profit Margins	17%	19%		18%	18%	
Effective Tax Rate	30%	30%		30%	30%	

SOURCE: IGI Research, Company accounts, PSX notifications

No of shares(mn):78.6

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