

Company Update

Indus Motor Company Limited (INDU)

Target Price: PKR 1,795/share;

Upside: 31%

2022: Dividend yld: 10%, P/E: 6.9x

Market Price: PKR 1,370

52 weeks: 1,340.7 — 1,380

Return: (3M) 1.5%, (6M) -0.7%,
(12M) 2.2%

Outstanding Shares: 0.08bn (FF%: 17.2)

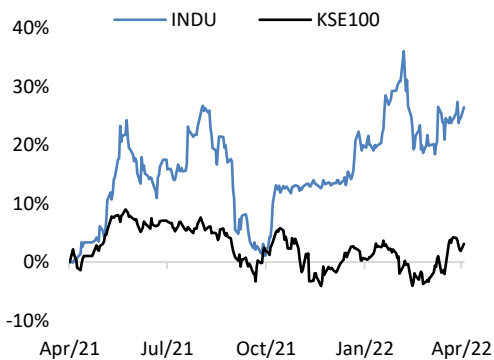
Market Capitalisation: PKR 105.4bn,
US\$ 0.57bn

Exchange: KSE100, KSEALL

Key Financial Highlights

PKR/ Share	2021a	2022e	2023f
EPS	163.2	199.0	216.0
DPS	103.5	140.0	150.0
BVPS	613.3	672.2	738.2
ROE%	27%	30%	29%
P/E	8.4x	6.9x	6.3x
DY	7.6%	10.2%	10.9%
P/B	2.2x	2.0x	1.9x

Relative Price performance



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Automobile Assembler

INDU: 3q'22 EPS Expected at PKR 56.8/share; up by +23.3%y

- Indus Motor Company Limited (INDU) is scheduled to announce its financial result for 3QFY22 on 25th Apr-22, where we expect the company to report profit of PKR 4.46bn or PKR 56.8/share; up by +23.3%y and down -6%q.
- We expect net sales to remain upbeat, clocking in at PKR 67.2bn; up by +30%y. Company's gross margins are expected to shrink to 33% from 35% in previous quarter mainly attributable to hike in commodity prices, freight and PKR devaluation during the quarter.
- Moreover, other income is likely to remain healthy owing to increase in advance deposits and higher markup income on bank deposits. However, earnings growth is likely to be restrained by higher other expense on the back of exchange losses.

Earnings to clock in at PKR 56.8/share during 3QFY22

INDU earnings expected to arrive at PKR 56.8/share for 3QFY22

Indus Motor Company Limited (INDU) is scheduled to announce its financial result for 3QFY22 on 25th Apr-22, where we expect the company to report profit of PKR 4.46bn or PKR 56.8/share; up by +23.3%y and down -6%q. This will bring total 9MFY22 earnings to PKR 14.64bn (EPS PKR 186.2) compared to PKR 8.43bn (EPS PKR 107.3) in the same period last year. We expect the Company to announce cash dividend of PKR 30/share along with the result.

Stable sales and hike in car price to drive earnings growth

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Exhibit: Financial highlights Indus Motor Company Limited (INDU)

in PKRmn						
Period End: June	3qFY22E	2qFY22	1qFY22	FY2021	3qCY21	FY2020
Net Sales	67,175	69,633	65,552	179,162	51,514	86,167
Gross Profit	5,928	5,264	7,072	16,654	4,746	7,451
Selling & Distribution	560	418	456	1,619	394	1,469
Admin.	488	463	466	1,465	418	1,385
Operating Profits	4,880	4,383	6,151	13,570	3,934	4,597
EBIT	6,316	6,474	7,712	18,333	5,062	7,373
Finance Cost	30	30	29	134	21	86
Taxation	1,823	1,694	2,258	5,371	1,422	2,205
Profit After Tax	4,463	4,750	5,425	12,829	3,619	5,082
EPS	56.8	60.4	69.0	163.2	46.0	64.7
DPS	30.0	30.0	34.5	103.5	30.0	30.0

Source: IGI Research, Company Financials

No of Shares (mn): 78.6

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