

Company Update

Automobile Assemblers

INDU earnings to drop during 4QFY22 due to imposition of additional taxation

- For the 4qFy22, we estimate company to report earnings of PKR 3.3bn or PKR 41.5/share; down by 26%y and 36%q. This will bring total FY22 earnings to PKR 18.6bn (EPS PKR 236.1) compared to PKR 12.8bn (EPS PKR 163.2) in the same period last year.
- For the quarter, we expect net sales to remain upbeat amid higher pricing and volumes, clocking in at PKR 77.9bn; up by +62%y. Company's gross margins are expected to expand albeit slightly to 8.3% from 7.7% in previous quarter on the back of timely price increase in March/May and higher volumes.

We preview Indus Motor Company Limited (INDU) result for the full year 2022, schedule for announcement on 29th August, 2022.

Earnings to arrive at PKR 41.5/share during 4QFY22

For the 4qFy22, we estimate company to report earnings of PKR 3.3bn or PKR 41.5/share; down by 26%y and 36%q. This will bring total FY22 earnings to PKR 18.6bn (EPS PKR 236.1) compared to PKR 12.8bn (EPS PKR 163.2) in the same period last year. In addition we expect the Company to announce cash dividend of PKR 16.5/share along with the result.

Exhibit: Financial highlights Indus Motor Company Limited (INDU)							
Latest result published for: 4q/22e							
in PKRmn -- Period End: Jun	FY22e	4q/22e	3q/22a	2q/22a	1q/22a	FY21a	4q/21a
Net Sales	281,324	77,916	68,223	69,633	65,552	179,162	48,002
Gross Profit	24,043	6,475	5,231	5,264	7,072	16,654	5,896
Selling & Distribution	1,629	383	372	418	456	1,619	653
Admin.	2,137	619	590	463	466	1,465	402
EBIT	30,118	8,850	7,082	6,474	7,712	18,333	6,412
Finance Cost	101	25	17	30	29	134	54
Taxation	11,460	5,561	1,947	1,694	2,258	5,371	1,959
Profit After Tax	18,557	3,264	5,118	4,750	5,425	12,829	4,398
EPS	236.1	41.5	65.1	60.4	69.0	163.2	56.0
DPS	107.0	16.5	26.0	30.0	34.5	103.5	36.5
Gross Profit Margins	8.5%	8.3%	7.7%	7.6%	10.8%	9.3%	12.3%
EBIT Margins	10.7%	11.4%	10.4%	9.3%	11.8%	10.2%	13.4%
Effective tax Rate	37.9%	62.7%	27.4%	26.0%	29.2%	29.1%	30.3%
Net Margins	6.6%	4.2%	7.5%	6.8%	8.3%	7.2%	9.2%

Source: IGI Research, Company Financials No of Shares (mn): 78.6

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Stable sales and hike in car price to drive record revenues

For the quarter, we expect net sales to remain upbeat amid higher pricing and volumes, clocking in at PKR 77.9bn; up by +62%y. Company's gross margins are expected to expand albeit slightly to 8.3% from 7.7% in previous quarter on the back of timely price increase in March/May and higher volumes. 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 taxes.

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