

# Flash Note

Tuesday, 29 October 2019



Securities

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## Automobile Assembler

### Indus Motor Company Limited (INDU)

#### A dismal start to FY20; EPS declines by 62%YoY to PKR 16.78 as volumes fall during 1QFY20; DPS: PKR 7.00

- Indus Motor Company (INDU) announced its financial results for 1QFY20 wherein the company reported earnings of PKR 1.32bn (EPS: PKR 16.78), compared to PKR 3.51bn (EPS: PKR 44.6) in the same quarter last year, down by 62%YoY.
- The company announced a cash dividend of PKR 7.00/share compared to PKR 32.5/share in the same period last year.
- Net sales decreased by 41%YoY to PKR 20.72bn primarily on the back of ~60%YoY drop in volumes, while 33% (avg.) increase in prices partially negates the impact.
- Gross margins collapsed by ~500bpsYoY to 9.7% attributed to rising costs from PKR depreciation and lower sales in high margin segment.
- Other income failed to support profitability, witnessing 34%YoY drop owing to decrease in short term investments.
- Effective tax rate for the 1QFY20 stood at 26% as against 30% in the corresponding period last year.

Exhibit:

#### INDU 1QFY20 Result Highlights

PKRmn (Period end =Jun)	1QFY20	1QFY19	YoY	4QFY19	QoQ
Net Sales	20,716	34,991	-41%	39,925	-85%
Cost Of Sales	18,708	29,932	-37%	35,749	-84%
<b>Gross Profit</b>	<b>2,008</b>	<b>5,060</b>	<b>-60%</b>	<b>4,176</b>	<b>-92%</b>
Selling & Dist.	400	319	25%	376	-69%
Admin.	324	290	12%	439	-79%
<b>Operating Profit</b>	<b>1,236</b>	<b>4,444</b>	<b>-72%</b>	<b>3,247</b>	<b>-94%</b>
Other Income	695	1,053	-34%	1,150	-82%
Finance Cost	19	101	-81%	(65)	-76%
Profit Before Tax	1,779	5,020	-65%	4,154	-92%
Taxation	461	1,512	-70%	697	-94%
<b>Profit After Tax</b>	<b>1,319</b>	<b>3,508</b>	<b>-62%</b>	<b>3,458</b>	<b>-92%</b>
EPS	16.8	44.6		44.0	
DPS	7.0	32.5		27.5	

#### Key Indicators

Unit Sold (Ths)	6.71	15.42	-56.5%	15.8	-89%
Gross Profit Margins	9.7%	14.5%		10.5%	
Effective Tax Rate	25.9%	30.1%		16.8%	

Source: IGI Research, Company accounts, PSX

No of shares(mn): 78.6

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