

Flash Note

Tuesday, 23 January 2018

Engineering

ISL: Earnings Clocked in at PKR 2.71/share in 2QFY18, up by +17.4%QoQ

- International Steels Limited (ISL) announced its financial result for 2QFY18, where earnings clocked in at PKR 1.2bn (EPS PKR 2.71), up by +17.4%QoQ, as compared to PKR 1.0bn (EPS PKR 2.31) in 1QFY18, which brings 1HFY18 earnings to PKR 22.2bn (EPS PKR 5.0), up by +45.8%YoY. The company also announced interim cash dividend of PKR 1.5/share along with the result.
- Similarly revenue increased by +45.8%YoY (up by 7.2%QoQ) to PKR 22.1bn in 1HFY18 as compared to PKR 15.2bn posted in the 1HFY17.
- On quarterly basis, gross margins increased by 930bps to 17.5% as compared to 16.52% posted in 1QFY18, where increase in margins is mainly attributed to better prices in said period.
- Effective tax rate stood at 28.3% in 1HFY18 as compared to 42.8% in same period last year.

Exhibit

Financial Highlights

PKR' mn	2QFY18	QoQ	1HFY18	1HFY17	YoY
Net Sales	11,482	7.2%	22,190	15,221	45.8%
Gross Profit	2,004	13.3%	3,772	2,834	33.1%
Admin Expense	63	16.5%	117	89	31.7%
Distribution. Expense	103	-1.1%	206	152	35.6%
Other Income	59	127.9%	85	53	60.1%
Finance Cost	119	5.8%	232	237	-1.9%
Pre-tax Profits	1,643	17.6%	3,040	2,206	37.8%
Post-tax Profits	1,178	17.4%	2,182	1,160	88.1%
EPS	2.71		5.02	2.67	
DPS	1.50		1.50	-	
Key Ratios					
Gross Margins (%)	17.45%		17.00%	18.62%	
Net Margins (%)	10.26%		9.83%	7.62%	
Tax Rate (%)	28.29%		28.24%	42.78%	

SOURCE: Company Accounts, IGI Research

No Shares : 435

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Time Horizon: Dec – 2018

Valuation Methodology: The analyst(s) has used following valuation methodology to arrive at the target price of the said security (ies):

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