

Flash Note

Wednesday, 27 February 2019

Textile Composite

Nishat Chunian Limited (NCL)

Improved export retentions, stable prices and substantial other income push 2QFY19 earnings up by +99%YoY to PKR 4.85/share

- Nishat Chunian Limited (NCL) announced its financial results for 2QFY19 with unconsolidated earnings clocking in at PKR 1.17bn (EPS: PKR 4.85), up by +99%YoY, as compared to PKR 587mn (EPS: PKR 2.44) reported in the same period last year. This brings 1HFY19 unconsolidated earnings to PKR 2.02bn (EPS: PKR 8.40) as against PKR 492mn (EPS: PKR 2.05) reported in 1HFY18.
- On a consolidated basis, 1HFY19 earnings leaped up by +76%YoY to PKR 3.45bn (EPS: PKR 10.60) as against PKR 1.96bn (EPS: PKR 4.61) reported in the comparative period.
- Unconsolidated net sales of the Company grew by a substantial +19%YoY, largely owing to stable domestic sales and strong export sales in the back of comparatively weaker PKR than the previous year and incentivized export package place by the government for the sector.
- Gross profits of the Company jumped up by 29%YoY, driven by improved export retention prices and stable raw material prices during the quarter.
- Other Income of NCL leaped up by two folds, likely representing sale of entertainment business of the group.

Exhibit:

NCL Result Highlights

Period end (JUN) - PKRmn	2QFY19	2QFY18	YoY	1HFY19	1HFY18	YoY
Net Sales	10,093	8,469	19%	19,320	16,837	15%
Gross Profit	1,097	854	29%	2,585	1,385	87%
Sell. / Dist. & Admin	301	281	7%	608	536	13%
Non-Operating Income	1,120	460	143%	1,308	479	2.73x
EBIT	1,858	1,014	83%	3,178	1,304	2.44x
Financial Charges	503	330	52%	880	638	38%
Pre-tax Profits	1,355	683	98%	2,299	666	3.45x
Taxation	189	96	97%	281	174	62%
Post-tax Profits	1,166	587	99%	2,018	492	4.10x
EPS	4.85	2.44		8.40	2.05	
DPS	1.50	-		1.50	-	

Key Ratios

Gross Margin (%)	11%	10%		13%	8%	
Net Margin (%)	12%	7%		10%	3%	
Effective Tax Rate (%)	14%	14%		12%	26%	

Source: Company Accounts, IGI Research

No. of Shares : 240mn

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