

Flash Note

Thursday, 19 September 2019

Textile Composite

Nishat Mills Limited (NML)

FY19 EPS clocks in at PKR 16.66 up by 43%YoY; Dividend of PKR 4.0/share announced

- Nishat Mills Limited (NML) announced its financial results for 4QFY19 with unconsolidated earnings of PKR 1.72bn (EPS: PKR 4.90), up by +29%YoY, as compared to PKR 1.33bn (EPS: PKR 3.79) reported in the same period last year. This brings FY19 unconsolidated earnings to PKR 5.90bn (EPS: PKR 16.66) as against PKR 4.10bn (EPS: PKR 11.65) reported in FY18. The Company announced a dividend of PKR 4.0/share along with the result.
- On a consolidated basis, FY19 earnings inched up by +9%YoY to PKR 9.65bn (EPS: PKR 27.45) as against PKR 8.84bn (EPS: PKR 25.14) reported in the comparative period.
- During FY19 unconsolidated net sales of the Company grew by +18%YoY largely driven by +25%YoY PKR depreciation against the greenback, improved prices of value added products and increased export sales.
- Gross margins of the Company during FY19 inclined to 12% as against previously reported figure of 10% largely due to favorable cotton prices maintained during the year.
- Other Income of NML during FY19 grew by +26%YoY, likely due to improved dividend income from associate companies and favorable impact of exchange gains due to PKR depreciation.
- Finance charges of the Company rose by +68%YoY in view of increase in short term borrowing requirements and rise in benchmark interest rates over the comparative period.
- The Board further recommends approval of increase in investment in Hyundai Nishat Private Motors Limited and establishment of towel manufacturing unit worth PKR 1.5bn.

Exhibit:

NML Result Highlights - Consolidated

Period end (JUN) - PKRmn	4QFY19	4QFY18	YoY	FY19	FY18	YoY
Net Sales	16,340	15,089	8%	63,499	53,729	18%
Gross Profit	1,618	1,763	-8%	7,657	5,550	38%
Sell. / Dist. & Admin	1,028	914	13%	3,889	3,512	11%
Non-Operating Income	2,233	1,175	90%	5,158	4,103	26%
EBIT	2,689	1,968	37%	8,565	5,951	44%
Financial Charges	480	253	90%	1,668	994	68%
Pre-tax Profits	2,209	1,715	29%	6,897	4,957	39%
Taxation	487	383	27%	1,038	860	21%
Post-tax Profits	1,722	1,332	29%	5,859	4,097	43%
EPS	4.90	3.79		16.66	11.65	
DPS	4.00	4.75		4.00	4.75	

Key Ratios

Gross Margin (%)	9.9	11.7	12.1	10.3
Net Margin (%)	10.5	8.8	9.2	7.6
Effective Tax Rate (%)	22.0	22.3	15.0	17.3

Source: Company Accounts, IGI Research

No. of Share: 351.6mn

Analyst

Muhammad Saad, ACCA

muhammad.saad@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 816