

Flash Note

Friday, 29 January 2021



Securities

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Engineering

International Steels Limited (ISL)

ISL Presents 2QFY21 EPS of PKR 5.09; volumes recovery post lockdown , reduced finance cost amid expansionary monetary policy and inventory gain on HRC prices drive performance

- International Steels Limited (ISL) announced its financial result for 2QFY21 wherein it reported a net profit of PKR 2,215mn (EPS: PKR 5.09), as against a profit of PKR 118mn (EPS: PKR 0.27) in 2QFY20. The Company announced an interim cash dividend of PKR 3/share along with result.
- Net Sales of the Company during 2QFY21, as against 2QFY20 improved by a notable 29%/y/y. This was largely driven by recovery in sales volumes amid higher development activities and increase in auto sales volume. In addition, local price of CRC, HDGC and CCC increased by PKR 26k/MT
- Gross margins of the Company also jacked up on a sequential basis and y/y, due to swift pass over of cost burden to consumers via price increases, better utilization of fixed costs amid improved volumes and inventory gain on HRC prices.
- Finance charge of the Company declined by 74%/y/y and 31%q/q, largely due to series of rate cuts in benchmark interest rate .

Exhibit: ISL 2QFY21 Result Highlights								
Period end (Jun) - PKRmn	2QFY21	2QFY20	Y/Y	1QFY21	Q/Q	1HFY21	1HFY20	Y/Y
Net Sales	17,849	13,819	29%	15,666	14%	33,516	25,365	32%
Gross Profit	3,564	990	260%	1,392	156%	4,956	2,224	123%
Sell. / Dist. & Admin	246	271	-9%	258	-4%	504	577	-13%
Other Operating expense	287	(26)	n/a	69	n/a	356	(2)	n/a
Other Income	258	30	763%	51	405%	310	94	228%
EBIT	3,289	775	325%	1,116	195%	4,405	1,743	153%
Financial Charges	179	679	-74%	259	-31%	438	1,346	-67%
Pre-tax Profits	3,110	96	3142%	857	263%	3,968	397	899%
Taxation	895	(22)	n/a	298	200%	1,193	(69)	n/a
Post-tax Profits	2,215	118	1778%	559	296%	2,774	466	495%
EPS	5.09	0.27		1.29		6.38	1.07	
DPS	3.00	-		-		3.00	-	
Key Ratios								
Gross Margin (%)	20%	7%		4%		8%	2%	
Net Margin (%)	12%	1%		4%		8%	2%	
Source: IGI Research, Company Accounts, PSX						No. of Shares: 435mn		

Analyst

Shumail Rauf

shumail.rauf@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 957

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

IGI Finex Securities Limited

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Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

<p>Lahore Office Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559</p>	<p>Islamabad Office Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861</p>
<p>Faisalabad Office Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road Tel: (+92-41) 2540843-45 Fax: (+92-41) 2540815</p>	<p>Rahim Yar Khan Office Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651</p>
<p>Multan Office Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183</p>	

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Research Identity Number: BRP009

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