

Flash Note

Monday, 08 February 2021

Engineering

Amreli Steels Limited (ASTL)

ASTL Presents 2QFY21 EPS of PKR 1.05; volumes recovery post lockdown and reduced finance cost amid expansionary monetary policy drive performance

- Amreli Steels Limited (ASTL) announced its financial result for 2QFY21 wherein it reported a net profit of PKR 312mn (EPS: PKR 1.05), as against a net loss of PKR 232mn (LPS: PKR 0.78) in 2QFY20. This takes total 1HFY21 earnings to PKR 423mn (EPS: PKR 1.42) as against net loss of PKR 313mn (EPS: PKR 1.06). The Company did not announce any cash dividend along with the result.
- Net Sales of the Company during 2QFY21, as against 2QFY20 improved by a notable 26% y/y. This was largely driven by recovery in sales volumes amid higher development activities and higher prices of rebars.
- Gross margins of the Company also jacked up on a sequential and y/y basis, due to swift pass over of cost burden to consumers via price increases, better utilization of fixed costs amid improved volumes. In addition, the company had an inventory of around PKR 6.4bn as per 1QFY21, which translates in to effective cost of USD 256/MT
- Finance charge of the Company declined by 43% y/y and 17% q/q, largely due to series of rate cuts in benchmark interest rate .

Exhibit: ASTL 2QFY21 Result Highlights								
Period end (Jun) - PKRmn	2QFY21	2QFY20	Y/Y	1QFY21	Q/Q	1HFY21	1HFY20	Y/Y
Net Sales	9,538	7,555	26%	7,914	21%	17,452	13,642	28%
Gross Profit	1,028	595	73%	863	19%	1,891	1,264	50%
Sell. / Dist. & Admin	386	288	34%	317	22%	703	569	24%
Other Operating expense	26	7	298%	11	n/a	37	10	260%
Other Income	8	1	476%	6	51%	14	9	63%
Reversal/allowance of Credit loss	(58)	48	n/a	34	n/a	(25)	69	n/a
EBIT	683	254	169%	507	35%	1,189	625	90%
Financial Charges	381	667	-43%	456	-17%	837	1,214	-31%
Pre-tax Profits	302	(413)	n/a	50	499%	353	(589)	n/a
Taxation	(10)	(181)	n/a	(60)	n/a	(70)	(276)	n/a
Post-tax Profits	312	(232)	n/a	111	182%	423	(313)	n/a
EPS	1.05	(0.78)		0.37		1.42	(1.06)	
DPS	-	-		-		-	-	
Key Ratios								
Gross Margin (%)	11%	8%		1%		2%	-2%	
Net Margin (%)	3%	-3%		1%		2%	-2%	
Source: IGI Research, Company Accounts, PSX						No. of Shares: 297mn		

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