

# Flash Note

Tuesday, 28 August 2018

## Automobile Assembler

### Indus Motor Company Limited (INDU)

#### Stable demand and better pricing helped company secure record sales during the year; Quarterly EPS up +50% to PKR 52.6 (FY18 PKR 200.7/share, up by +21%YoY)

- Indus Motor Company Limited (INDU) reported earnings of PKR 4.14bn or PKR 52.6/share for the 4QFY18, compared to PKR 2.75bn or PKR 35.0/share in the same quarter last year, a growth of +50%YoY. However, on a quarterly basis, earnings are down by a mere 3%.
- The company also announced a cash dividend of PKR 45.0/share along with the result taking total payout to PKR 145.0/share for FY18., compared to PKR 115.0 last year.
- For the 4Q alone, net sales showed an impressive growth of +43%YoY (+25%YoY in FY18) supported by healthy volumes of Hilux and Fortuner volumes along with timely product price appreciation. Resultantly, gross margins for the last quarter recovered to ~17%, which helped INDU to close secure >~17% gross margins. Moreover, during the quarter selling and distribution cost decreased by 3%YoY, while admin cost leaped up by +43%YoY.

Exhibit:

#### INDU Result Highlights

PKRmn (Period end=Mar)	4QFY18	4QFY17	YoY	FY18	FY17	YoY	3QFY18	QoQ
Net Sales	40,020	27,928	43%	140,208	112,272	25%	36,869	9%
Cost of Sales	33,222	23,314	42%	115,831	92,450	25%	30,424	9%
<b>Gross Profit</b>	<b>6,798</b>	<b>4,614</b>	<b>47%</b>	<b>24,377</b>	<b>19,822</b>	<b>23%</b>	<b>6,445</b>	<b>5%</b>
Selling & Dist.	374	384	-3%	1,284	1,228	5%	329	14%
Admin.	454	317	43%	1,524	1,053	45%	387	17%
<b>Operating Profit</b>	<b>5,851</b>	<b>3,828</b>	<b>53%</b>	<b>21,375</b>	<b>17,364</b>	<b>23%</b>	<b>5,726</b>	<b>2%</b>
Other Income	1,222	1,070	14%	3,901	3,593	9%	909	34%
Finance Cost	171	164	4%	572	398	44%	129	32%
Profit Before Tax	6,426	4,408	46%	22,999	19,141	20%	6,061	6%
Taxation	2,290	1,654	38%	7,227	6,140	18%	1,789	28%
<b>Profit After Tax</b>	<b>4,136</b>	<b>2,754</b>	<b>50%</b>	<b>15,772</b>	<b>13,001</b>	<b>21%</b>	<b>4,272</b>	<b>-3%</b>
EPS	52.6	35.0		200.7	165.4		54.3	
DPS	45.0	35.0		140.0	115.0		32.5	

#### Key Ratios

Unit Sale	16,641	14,167	17%	63,068	59,911	5%	16,293	2%
Gross Profit Margins	17.0%	16.5%	47	17.4%	17.7%	(27)	17.5%	(49)
Effective Tax Rate	35.6%	37.5%	(189)	31.4%	32.1%	(65)	29.5%	612

Source: IGI Research, Company accounts, PSX

No of shares(mn): 78.6

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