

# Flash Note

Wednesday, 15 August 2018

## Engineering

### International Steels Limited (ISL)

#### FY18 earnings close at PKR 10.03/share, up by +43%YoY; 30% dividend along with the result

- The Company announced its FY18 annual financial results with earnings clocking in at PKR 4.37bn (EPS: PKR 10.03) up by +43%YoY as compared to PKR 3.04bn (EPS: PKR 7.00) in the same period last year. On a quarterly basis, the Company reported 4QFY18 earnings at PKR 1.13bn (EPS: PKR 2.60) up by 10%YoY as against PKR 1.01bn (EPS: PKR 2.36) in the corresponding period last year.
- The Company announced a cash dividend of PKR 3.00/share along with the result in addition to the interim dividend of PKR 1.50/share already paid, taking total dividend to PKR 4.50/share for FY18.
- Net Sales of the Company during the year increased by +41%YoY, reflecting positive demand witnessed during the year.
- The impact of economies of scales was also reflected in gross profits of the Company which rose by +28%YoY to PKR 7.57bn as against PKR 5.91bn reported in similar period of the preceding year.
- The effective tax rate of the Company fell by 900bps to 25% likely on account of application of tax credits available on recently inaugurated cold rolling mill facility of the Company.

Exhibit:

#### ISL Result Highlights

Period end (JUN) - PKRmn	4QFY18	4QFY17	YoY	FY18	FY17	YoY
Net Sales	12,803	8,951	43%	47,621	33,733	41%
Gross Profit	1,804	1,348	34%	7,573	5,906	28%
Sell. / Dist. & Admin	235	153	54%	720	549	31%
Non-Operating Income	42	39	9%	151	132	14%
EBIT	1,465	1,130	30%	6,342	5,064	25%
Financial Charges	181	113	60%	539	456	18%
Pre-tax Profits	1,284	1,017	26%	5,803	4,609	26%
Taxation	153	(11)	n/m	1,438	1,565	-8%
Post-tax Profits	1,131	1,027	10%	4,365	3,044	43%
EPS	2.60	2.36	10%	10.03	7.00	
DPS	3.00	1.00		4.50	1.00	
<b>Key Ratios</b>						
Gross Margin (%)	14.1	15.1		15.9	17.5	
Net Margin (%)	8.8	11.5		9.2	9.0	
Effective Tax Rate (%)	11.9	(1.1)		24.8	34.0	

Source: Company Accounts, IGI Research

No. of Shares : 435mn

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