

Indus Motor Company Ltd.

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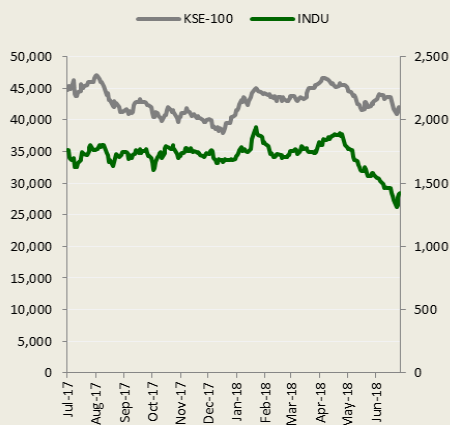
Analyst Briefing Takeaways

KEY DATA

PSX Ticker	INDU
Sector	Auto Assembler
Current Price Pkr	1,510
Market Cap (Pkr mn)	118,686
Market Cap (US\$ mn)	976.66
52 weeks High	1,941.95
52 weeks Low	1,251.61
Shares Outstanding (mn)	78.60
Free Float (%)	17%

Source: PSX/Darson Research

RELATIVE PERFORMANCE



Restriction on non-filers has a meager impact on INDU's topline

INDU organized an analyst briefing to discuss its financial result for FY18 in which the company posted an EPS of PKR 200.66 as compared to an EPS of PKR 165.41 in corresponding period last year, surge by +21%YoY. Alongside, the company announced final cash dividend of PKR 45/share, taking the total dividend for FY18 to PKR 140/share. The main highlights of the briefing are:

Key Takeaways:

- ❖ INDU has a target for the newly launched Toyota Rush (CBU – mini SUV) to be sold around 200 to 300 units p.a., whereas, the company also aims to sell 250 units/month of Fortuner in FY19.
- ❖ INDU's production capacity will be increased to 76,000 units (double shift basis) by FY21, especially in the paint shop and at a cost of PKR 3.3bn (internally financed) which is already announced by the Board.
- ❖ The management also shared their concerns that restriction on non-filer has little to no impact on INDU's top-line, while they have plans to keep the GM at around 17% in the future.

PKR '000	FY'18	FY'17	YoY%
Sales	140,208	112,272	25%
Cost of Sales	115,831	92,450	25%
Gross Profit	24,377	19,822	23%
Dist. Expenses	1,284	1,228	5%
Admin. Expenses	1,524	1,053	45%
Other Opr. Expenses	194	177	9%
	21,375	17,364	23%
Workers' Profit Part & Wlfr Fund	1,705	1,418	20%
	19,671	15,945	23%
Other Income	3,901	3,593	9%
Finance Cost	572	398	44%
Profit Before Tax	22,999	19,141	20%
Taxation	7,227	6,140	18%
Profit After Tax	15,772	13,001	21%
EPS	200.66	165.41	21%

Source: Darson Research, Company Accounts

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Rating System:

- | | |
|---|---------------------|
| If; | |
| • Expected return >15% | - Buy Call |
| • Expected Return is in between 0% to 15% | - Neutral/Hold Call |
| • Expected Return <0% | - Sell Call |

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

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