

Millat Tractors Ltd. (MTL)

Notified Research Entity
www.JamaPunji.pk

Result Review

KEY DATA

PSX Ticker	MTL
Sector	Auto Assemblers
Current Price PkR	1,187.70
Market Cap (PkR mn)	52,603
Market Cap (US\$ mn)	424
52 weeks High	1,390.67
52 weeks Low	1,041.38
Shares Outstanding (mn)	44.29
Free Float (mn)	50%

Source: PSX/Darson Research

+72%YoY increase in Other Income helped NPAT to grow by +25%YoY

Millat Tractor Limited (MTL) declared its financial result for FY18, in which the bottom-line of the company inclined to PKR 5,334mn against PKR 4,258mn SPLY, translating into an EPS of PKR 120.43, when compared with the previous period in which EPS was PKR 96.12. Beside the announced financial result the company also announced financial cash dividend of PKR 60/share i.e. 600%, taking cumulative dividend to PKR 120/share.

Net sales of the company soared by +28%YoY in FY18 to PKR 38,517mn, according to the data released by PAMA which showed enormous volumetric growth of +24%YoY in MTL's sales to 42,707 units in FY18, this is mainly attributable to increase in tractor volumes. Gross profit of the company clocked in at PKR 8,435mn, a surge of +19%YoY against same period last year. Whereas, enormous increase is witnessed in CoGS due to higher raw material prices on the back of recently depreciation in PKR.

As far as other income is concerned it also witnessed an upsurge of +72%YoY to PKR 1,046mn against preceding period, in which it was PKR 610mn due to dividend income from the group companies as well as return on deposits which company parked in commercial banks. Eventually, the NPAT was recorded at PKR 5,334mn, an increase of +25%YoY.

RELATIVE PERFORMANCE



PKR MN - Unconsolidated	FY'18	FY'17	YoY%
Sales - Net	38,517	30,014	28%
Cost of Sales	30,082	22,917	31%
Gross Profit	8,435	7,097	19%
Distributive and Marketing Expenses	630	537	17%
Administrative Expenses	492	472	4%
Other Operating Expenses	577	455	27%
Other Income	1,046	610	72%
Operating Profit	7,782	6,244	25%
Financial Cost	2.5	2.2	14%
Profit Before Taxation	7,780	6,242	25%
Taxation	2,446	1,985	23%
Profit After Taxation	5,334	4,258	25%
EPS	120.43	96.12	25%

Source: Darson Research, Company Accounts

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Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices.

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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