

HCAR | INDU | MTL

HCAR: Company to post earnings of PKR 3.4/share during 1QMY25

HCAR is expected to announce its financial result for the period ended 1QMY25 on 24th July'24, whereby we expect net profit to arrive at PKR 483mn (EPS: PKR 3.4), depicting an increase of 3.3x YoY. The top line is expected to clock in at PKR 18.6bn, up by 5x YoY attributable to an increase in sales volumes by 5.5x YoY to 3,285 vis-à-vis 601 units as a result of higher demand due to increase in consumer purchasing power and a low base due to plant shutdowns in SPLY. Gross margins are expected to improve to 9.35% mainly due to stable exchange rate. Other income, however, is anticipated to decline by 80% YoY due to decline in cash and cash equivalents. Further, finance costs are anticipated to jump by 8x YoY amid an increase in short term borrowings and higher interest rates. On a sequential basis, the topline is expected to decrease by 25% QoQ due to a volumetric decline of 35% (4QMY24: 5,044 units).

Exhibit: Financial Highlights

(PKR mn)	1QMY25e	1QMY24a	YoY	4QMY24a	QoQ
Net Sales	18,622	3,771	394%	24,918	-25%
Gross Profit/ Loss	1,741	(148)	nm	2,103	-17%
Gross Margins	9.35%	-3.94%		8.44%	
Operating Profit/loss	1,059	(560)	nm	1,296	-18%
Other Income	178	903	-80%	165	8%
Finance Cost	367	44	740%	612	-40%
PAT/ LAT	483	145	233%	1,370	-65%
EPS / LPS (PKR)	3.4	1.0		9.6	
DPS (PKR)	-	-		6.5	

Source (s): Company Financials, AHL Research

INDU: Improvement in gross margins to boost earnings in FY24

Indus Motor Company Limited (INDU) is scheduled to announce its FY24 financial result soon, where we expect the company to post a profit after tax of PKR 14.6bn (EPS: PKR 185.4), up by 51% YoY, compared to PKR 9.7bn (EPS: PKR 123.0). Gross margins in FY24 are expected to recover substantially recording at 12.96% compared to 4.46% in FY23, mainly due to i) Stable currency, ii) Removal of import restrictions, iii) Launch of corolla cross enjoying lower custom duties and GST on hybrid vehicles. Meanwhile, during the last quarter, the company is expected to post sales of PKR 53.8bn, up by 26% YoY on the back of higher volumetric sales (+28% YoY). With this the bottom line of 4QFY24 is expected to arrive at PKR 5.2bn (EPS: PKR 65.7), up by 35% YoY. Alongside the result, we expect the company to announce a final cash dividend of PKR 39.4/share (PKR 111.2/share in FY24).

Exhibit: Financial Highlights

(PKR mn)	FY24e	FY23a	YoY	4QFY24e	4QFY23a	YoY	QoQ
Net Sales	151,979	177,711	-14%	53,747	42,678	26%	14%
Gross Profit	19,700	7,931	148%	8,024	7,734	4%	15%
Gross Margins	12.96%	4.46%		14.93%	18.12%		
Operating Profit	11,625	3,959	194%	5,229	6,533	-20%	33%
Other Income	13,632	14,179	-4%	4,211	2,526	67%	3%
PAT	14,572	9,664	51%	5,165	3,820	35%	16%
EPS (PKR)	185.4	123.0		65.7	48.6		16%
DPS (PKR)	111.2	71.8		39.0	29.0		

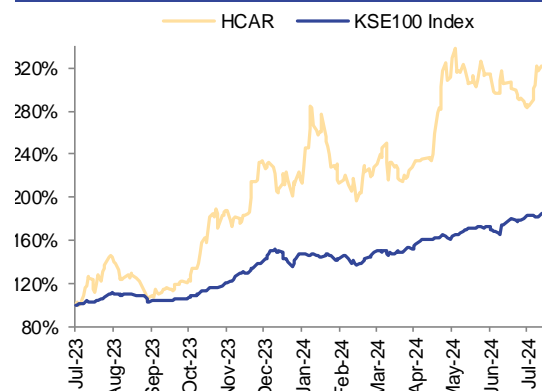
Source (s): Company Financials, AHL Research

HCAR

HOLD

Target Price	281.90
Last Closing	281.20
Upside	0.2%
PSX Code	HCAR
Bloomberg Code	HCAR PA

Relative Performance



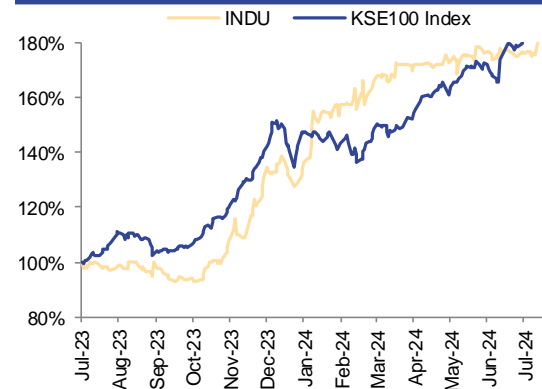
Source (s): PSX, AHL Research

INDU

BUY

Target Price	2,273
Last Closing	1,665
Upside	36.5%
PSX Code	INDU
Bloomberg Code	INDU PA

Relative Performance



Source (s): PSX, AHL Research

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MTL: Profitability to arrive at PKR 52.1/share in FY24

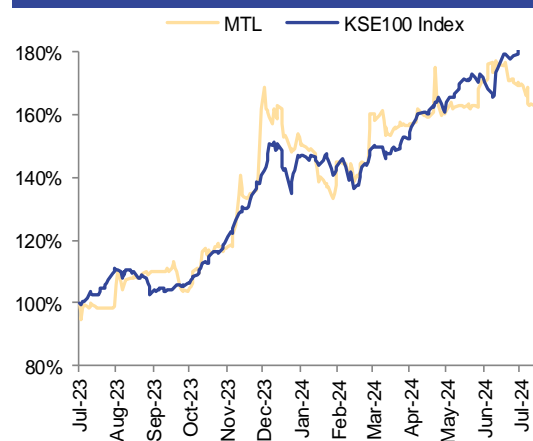
Millat Tractors Limited (MTL) is scheduled to announce its FY24 financial result soon. During FY24, we expect the company to post a profit after tax of PKR 10bn (EPS: PKR 52.1), a surge of 3x YoY compared to PKR 3.4bn (EPS: PKR 17.6). The growth in earnings is primarily expected due to better volumetric sales which are up by 62% YoY. Gross margins are anticipated to improve to 23.1% in FY24 amid PKR-USD stability. On a quarterly basis, earnings are projected to clock-in at PKR 2.1bn (EPS: PKR 11.2), up by 71% YoY compared to PKR 1.3bn (EPS: PKR 6.5). Alongside the result, we expect the company to pay a final cash dividend of PKR 20.0/share in 4QFY24 (PKR 40.0/share in FY24).

Exhibit: Financial Highlights

(PKR mn)	FY24e	FY23a	YoY	4QFY24e	4QFY23a	YoY	QoQ
Net Sales	91,716	44,191	108%	22,136	13,893	59%	-11%
Gross Profit	21,199	8,842	140%	5,091	3,533	44%	-10%
Gross Margins	23.1%	20.0%		23.0%	25.4%		
Other Income	1,312	471	178%	316	102	211%	0%
PBT	16,349	5,350	206%	3,629	2,531	43%	0%
Tax	6,357	1,973	222%	1,488	1,280	16%	0%
PAT	9,992	3,378	196%	2,141	1,251	71%	-18%
EPS (PKR)*	52.1	17.6		11.2	6.5		
DPS (PKR)	40.0	25.0		20.0	15.0		

Source (s): Company Financials, AHL Research, *current no. of shares

MTL	Hold
Target Price	667.60
Last Closing	613.88
Upside	8.8%
PSX Code	MTL
Bloomberg Code	MTL PA

Relative Performance

Source (s): PSX, AHL Research

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Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun 2025 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -15% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks

The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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