

INDU | MTL | HCAR | SAZEW

INDU: Bottom-line to arrive at PKR 60.4/share in 1QFY25

Indus Motor Company Limited (INDU) is set to announce its financial results for 1QFY25 on 26 Oct'24 and we expect the company's PAT to be PKR 4.7bn (EPS: PKR 60.4), reflecting a 48% YoY increase from PKR 3.2bn (EPS: PKR 40.9). Sales are projected to reach PKR 48.4bn, marking a 48% YoY growth, driven by higher volumetric sales; 6,160 units in 1QFY25 compared to 4,511 units in SPLY. However, Net sales are projected to decline by 11% QoQ due to lower volumetric sales (4QFY24: 7,069) amid plant shutdowns of ~16 days during the quarter. Gross margins for 1QFY25 are anticipated to be around 14.1%, up from 10.1% YoY, primarily due to a stable PKR-USD parity and better margins on the Corolla Cross. Lastly, other income is expected to increase by 48% YoY to PKR4.0bn, owing to higher cash and cash equivalents and short-term investments. Alongside the results, the company is likely to declare a cash dividend of PKR 36.2/share, compared to PKR 24.5/share in 1QFY24.

Exhibit: Financial Highlights

(PKR mn)	1QFY25	1QFY24	YoY	4QFY24	QoQ
Net Sales	48,379	32,671	48%	54,249	-11%
Gross Profit	6,842	3,300	107%	7,705	-11%
Gross Margins	14.14%	10.10%		14.20%	
Operating Profit	4,278	2,381	80%	4,801	-11%
Other Income	4,035	2,821	43%	4,235	-5%
PAT	4,748	3,216	48%	5,666	-16%
EPS (PKR)	60.4	40.9		72.1	-16%
DPS (PKR)	36.2	24.5		43.0	

Source (s): Company Financials, AHL Research

MTL: Profitability to plummet by 66% YoY in 1QFY25

The board meeting of Millat Tractors Limited (MTL) is approaching on 25th Oct'24. We expect the company to report a PAT of PKR 790mn (EPS: PKR 4.1/share), marking a significant decline of 66% YoY from PKR 2.3bn (EPS: PKR 11.95). This earnings decrease is attributed to a 64% YoY drop in sales volume, with only 2,566 units sold in 1QFY25 compared to 7,187 units in 1QFY24. The decline is primarily due to challenging agricultural conditions and higher tractor prices, which have dampened demand. Gross margins in 1QFY25 are expected to be around 22%, down from 23.1% in the same period last year. However, other income is anticipated to rise by 9% YoY, supported by an increase in cash and bank balances.

Exhibit: Financial Highlights

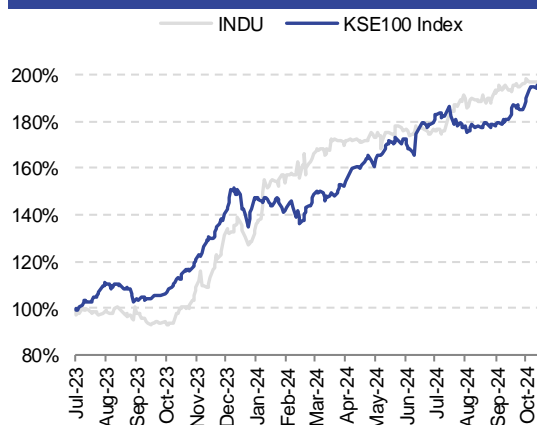
(PKR mn)	1QFY25	1QFY24	YoY	4QFY24	QoQ
Net Sales	8,966	20,761	-57%	21,928	-59%
Gross Profit	1,973	4,799	-59%	4,536	-57%
Gross Margins	22.0%	23.1%		20.7%	
Operating Profit / Loss	1,677	4,068	-59%	3,895	-57%
Other Income	164	150	9%	40	308%
PBT	1,295	3,712	-65%	3,585	-64%
Tax	505	1,420	-64%	1,528	-67%
PAT	790	2,292	-66%	2,056	-62%
EPS (PKR)*	4.1	11.95		10.7	

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

INDU BUY

Target Price	2273.45
Last Closing	1842.93
Upside	23.4%
PSX Code	INDU
Bloomberg Code	INDU PA

Relative Performance

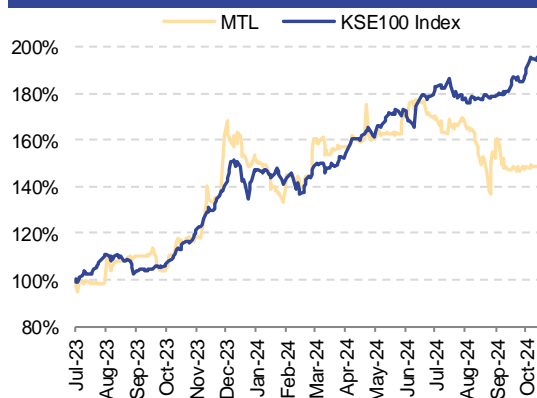


Source (s): PSX, AHL Research

MTL BUY

Target Price	668
Last Closing	563
Upside	18.6%
PSX Code	MTL
Bloomberg Code	MTL PA

Relative Performance



Source (s): PSX, AHL Research

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HCAR: Company to post earnings of PKR 3.3/share in 1HMY25

HCAR is expected to announce its financial result for the period ended 1HMY25 soon, whereby we expect net profit to arrive at PKR 469mn (EPS: PKR 3.3), depicting a decrease of 43% YoY. On a quarterly basis, the profitability is projected at PKR 267mn (EPS: PKR 1.87) compared to PKR 675mn (EPS: PKR 4.7) in SPLY, depicting a decline of 61% YoY. The top line is expected to clock in at PKR 29.9bn, up by 69% YoY attributable to an increase in sales volumes by 2.1x YoY to 6,633 vis-à-vis 3,111 units as a result of higher demand and a low base due to plant shutdowns in SPLY. On a sequential basis, net sales are projected at PKR 13.9bn, down by 12% QoQ due to shift in sales mix. Gross margins are expected to be around 7.07% vs 7.78 in SPLY. Other income, however, is anticipated to decline by 77% YoY due to decline in cash and cash equivalents. Further, finance costs are anticipated to jump by 2.2x YoY amid an increase in short term borrowings.

Exhibit: Financial Highlights

(PKR mn)	1HMY25	1HMY24	YoY	2QMY25	2QMY24	YoY	QoQ
Net Sales	29,960	17,727	69%	13,990	13,956	0%	-12%
Gross Profit	2,117	1,378	54%	1,105	1,527	-28%	9%
Gross Margins	7.07%	7.78%		7.90%	10.94%		
Operating Profit	892	372	140%	532	932	-43%	48%
Other Income	414	1,799	-77%	70	897	-92%	-80%
Finance Cost	362	164	121%	74	120	-38%	-74%
PAT	469	820	-43%	267	675	-61%	32%
EPS (PKR)	3.3	5.7		1.87	4.7		
DPS (PKR)	-	-		-	-		

Source (s): Company Financials, AHL Research

SAZEW: Profitability to arrive at PKR 65.6/share in 1QFY25

Sazgar Engineering Works Limited (SAZEW) is scheduled to release its 1QFY25 results on 26 Oct'24, with expectations of a PAT of PKR 3.9bn (EPS: PKR 65.6), an increase of 6x YoY from PKR 659mn (EPS: PKR 10.9) in the same period last year. Sales are projected at PKR 26.6bn, reflecting a 3.3x YoY growth, driven by higher volumetric sales, 2,593 units in 1QFY25 compared to 735 units in the prior year. Gross margins for 1QFY25 are expected to be around 28.50%, up from 18.78% in the previous year, primarily due to a stable currency and lower custom duties on Haval vehicles. Additionally, other income is anticipated to rise by 5.8x YoY, supported by an increase in cash and cash equivalents. Alongside the result, the company is expected to declare a cash dividend of PKR 7.0/share.

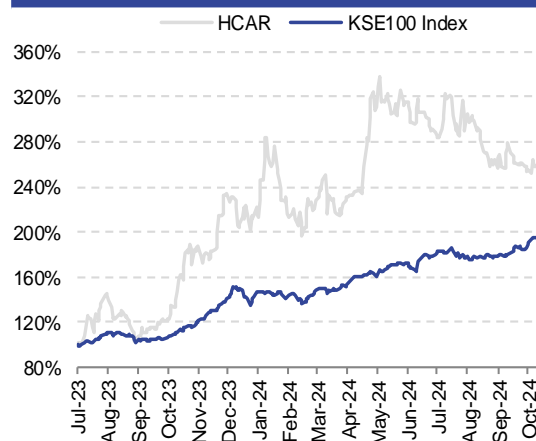
Exhibit: Financial Highlights

(PKR mn)	1QFY25	1QFY24	YoY	4QFY24	QoQ
Net Sales	26,603	8,044	231%	23,058	15%
Gross Profit	7,582	1,511	402%	6,718	13%
Gross Margins	28.50%	18.78%		29.13%	
Operating Profit	6,573	1,145	474%	5,845	12%
Other Income	466	80	485%	481	-3%
PAT	3,966	659	502%	3,487	14%
EPS (PKR)	65.6	10.9		57.7	14%
DPS (PKR)	7.0	-		12.0	

Source (s): Company Financials, AHL Research

HCAR**HOLD**

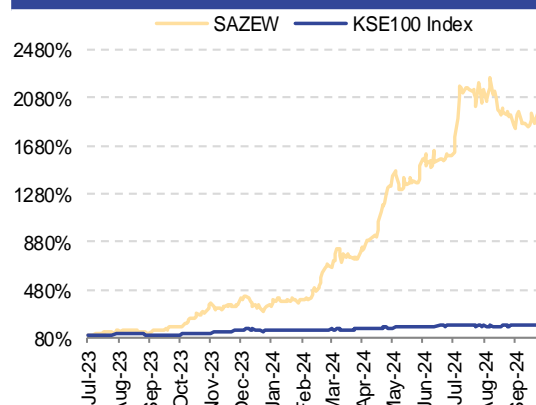
Target Price	281.85
Last Closing	263.01
Upside	7.2%
PSX Code	HCAR
Bloomberg Code	HCAR PA

Relative Performance

Source (s): PSX, AHL Research

SAZEW**HOLD**

Target Price	935
Last Closing	992
Upside	-5.8%
PSX Code	SAZEW
Bloomberg Code	SAZEW PA

Relative Performance

Source (s): PSX, AHL Research

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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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