

# AHL Alert: Textile

## Interloop Limited

### Result Review: Lowest profitability since 2QFY23

#### 1QFY25: Profitability arrives at PKR 0.16/share

Interloop Limited (ILP) announced the financial result for 1QFY25 today, where the company posted a PAT of PKR 222mn (EPS: PKR 0.16) against PKR 6,042mn (EPS: PKR 4.31) in 1QFY24, down by 96% YoY.

#### Result Highlights

- The company posted net sales of PKR 41,635mn in 1QFY25, reflecting an 8% YoY growth compared to PKR 38,500mn in 1QFY24. This increase was mainly driven by enhanced production capacities at the Hosiery and Apparel plants. However, the 5% YoY appreciation of the PKR tempered growth, partially offsetting the impact of higher production.
- Gross margins for 1QFY25 dropped to 18.6% from 33.1% in SPLY, mainly due to higher depreciation from the newly commissioned Apparel plant and higher energy tariff which when up to PKR 34/unit as compared to PKR 28/unit in SPLY.
- Distribution costs surged by 33% YoY to PKR 1,831mn in 1QFY25, compared to PKR 1,416mn in 1QFY24. The rise in expenses can be attributed to higher shipping costs linked to improved sales of the Apparel and Hosiery segment.
- Other income exhibited a significant rise of 112% YoY, reaching PKR 277mn during 1QFY25 compared to PKR 131mn in the SPLY.
- Finance costs in 1QFY25 settled at PKR 2,851mn vis-à-vis PKR 2,206mn in SPLY, an increase of 29% YoY due to elevated short-term borrowings
- The company recorded an effective tax rate of 74.4% in 1QFY25, a sharp increase compared to 7.8% in the same period last year. This significant jump is primarily due to a change in the tax regime, effective from July 1, 2024, which shifted the company from the final tax regime to a normal tax regime (29% corporate tax + 10% super tax).

#### Exhibit: Financial Highlights

(PKR mn)	1QFY25a	1QFY24a	YoY	4QFY24a	QoQ
Net Revenue	41,635	38,500	8%	43,273	-4%
Gross Profit	7,758	12,746	-39%	9,704	-20%
Admin Expense	2,253	2,020	12%	1,985	14%
Distribution Expense	1,831	1,372	33%	1,789	2%
Other Expenses	230	727	-68%	342	-33%
Other Income	277	131	112%	211	31%
Finance Cost	2,851	2,206	29%	2,715	5%
PBT	870	6,552	-87%	3,085	-72%
Taxation	648	510	27%	469	38%
PAT	222	6,042	-96%	2,616	-92%
EPS (PKR)	0.16	4.31		1.87	
DPS (PKR)	-	-		2.50	

Source (s): Company Financials, AHL Research

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