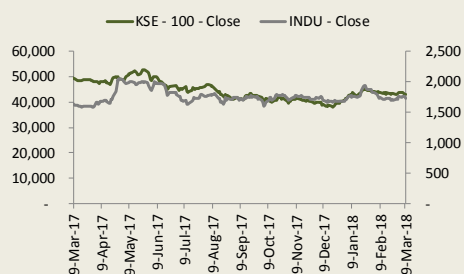


Indus Motors Limited - INDU

INDU Analysts' Briefing Highlights

QUICK STATS	
PSX Code	INDU
Bloomberg Code	INDU.PA
Reuters Code	INDU.KA
Current Price (PKR/sh)	1,727
Year High - Low (PKR/sh)	2,044 - 1,580
Market Cap (PKR mn)	135,769
Market Cap (US\$ mn)	1,234
P/E (ttm)	9.68
Free Float (%)	17%
Free Float Market Cap (PKR mn)	23,095

Source: PSX | Darson Research



The security analyst briefing of Indus Motor Company (INDU) was held on 9th March 2018 to discuss its financial result for second quarter'17-18. The earning of the company for 1HFY17-18 improved +21%YoY to PKR 7,364mn translating into an EPS of PKR 93.7 as compared with the earning in 1HFY16-17 which was PKR 6,075mn (EPS: PKR 77.3) posted same period last year (SPLY).

The increase in revenue can be attributed to surge in company's off-takes including volumetric sales of Hilux & Fortuner and also the increased average prices which also positively impacted INDU's gross margin. The key takeaways from the briefing are as follows:

- The management showed their concerns about the currency devaluation and that any further devaluation will be passed onto the end user in order for the company to survive.
- Indus Motor Company's on-going debottlenecking project of the paint shop is expected to be fully operational in 1QFY19, nevertheless, slight progress will be witnessed as some stages shall complete from April this year.
- INDU also shared their views about the slight fall in Corolla's volumetric sales, which was due to capacity and production restrictions and also the management seemed confident about the Corolla's sales in future.
- As the fleet orders come with the ending of fiscal year, the management is expecting improvements in volumetric sales of Hilux, Fortuner and CBUs.
- INDU's management also expects that the new auto players, which the company thinks are going to be Renault and KIA, might start entering the market in the end of CY19 till the start of CY20.

INDU's Financials

PKR MN	2QFY17-18	2QFY16-17	YoY%	1HFY17-18	1HFY16-17	YoY%
Net Sales	32,099	25,648	25%	63,318	51,400	23%
CoGS	26,408	20,951	26%	52,185	42,525	23%
Gross Profit	5,690	4,697	21%	11,133	8,875	25%
Other Income	913	750	22%	1,770	1,624	9%
Finance Cost	120	107	13%	273	118	131%
PBT	5,345	4,457	20%	10,513	8,754	20%
Taxation	1,609	1,430	13%	3,149	2,679	18%
NPAT	3,735	3,027	23%	7,364	6,075	21%
EPS	47.5	38.5	23%	93.7	77.3	21%

Source: Company Accounts