

Thal Limited (THALL)

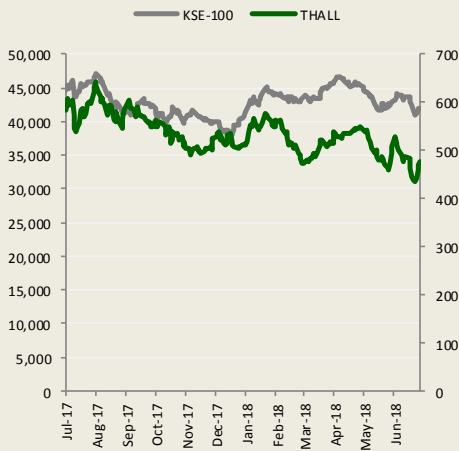
Result Review

KEY DATA

PSX Ticker	THALL
Sector	AUTO PARTS
Current Price PkR	427.69
Market Cap (PkR mn)	34,656
Market Cap (US\$ mn)	279
52 weeks High	590.98
52 weeks Low	388.05
Shares Outstanding (mn)	81.03
Free Float (mn)	40%

Source: PSX/Darson Research

RELATIVE PERFORMANCE



EPS in FY18 declined -38%YoY as other income came down -50%YoY

Thal Limited (THALL) announced its financial result for FY18, wherein the company recorded NPAT of PKR 3,552mn (EPS: PKR 39.14) combined with the result the company also declared a final cash dividend of PKR 8.50/share i.e. 170% taking full year dividend to PKR 13.5/share.

Sales revenue in FY18 raised by +12%YoY to PKR 20,308mn and the possible reason behind surge in top-line is that the company has introduced carrier bags i.e. shopping bags which has become operationalized from 1HCY18, moreover, the company has also entered into Polypropylene bags (PP) industry. Resultantly gross profit in FY18 up meagerly by +1%YoY as CoGS registered a growth of +15%YoY.

On the expense front, distribution cost of the company hiked to PKR 225mn by +17%YoY on the back of augmented distribution activities.

In addition, other income plummeted by -50%YoY to PKR 2,257mn whereas, a paltry growth witnessed in the finance cost by +11%YoY to PKR 10mn in FY18 from PKR 9mn in FY17.

PKR MN - Consolidated	FY'18	FY'17	YoY%
Revenue - Net	20,308	18,137	12%
Cost of Sales	16,283	14,167	15%
Gross Profit	4,025	3,970	1%
Distribution Cost	226	193	17%
Administrative Expenses	1,617	1,539	5%
Other Charges	271	361	-25%
Other Income	2,257	4,504	-50%
Operating Profit	4,169	6,381	-35%
Financial Cost	10	9	9%
Share of net profit of associates - after tax	941	871	8%
Profit Before Taxation	5,100	7,243	-30%
Tax	1,548	1,740	-11%
Profit After Taxation	3,552	5,503	-35%
EPS	39.14	63.52	-38%

Source: Darson Research, Company Accounts



Notified Research Entity

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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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