

Interloop Result Review – 3QFY23

Earnings beat on higher gross margin



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ILP: Earnings beat on higher gross margin

Interloop Limited (ILP) has announced 3QFY23 result, where the company has posted eps of PKR 10.3/sh. These earnings are significantly above our estimate of PKR 4.4/sh. Major deviation came from higher-than-expected gross profit. Against our expectations, the company did not announce any dividend.

The gross margin increased to 46.5% vs 15.8% in last quarter, mainly due to PKR 5.4bn (our expectation PKR 5.1bn) exchange gains, better capacity utilization and inventory gains.

Against our expectations, finance cost decreased by 16% on QoQ basis which can be due to decrease in borrowing.

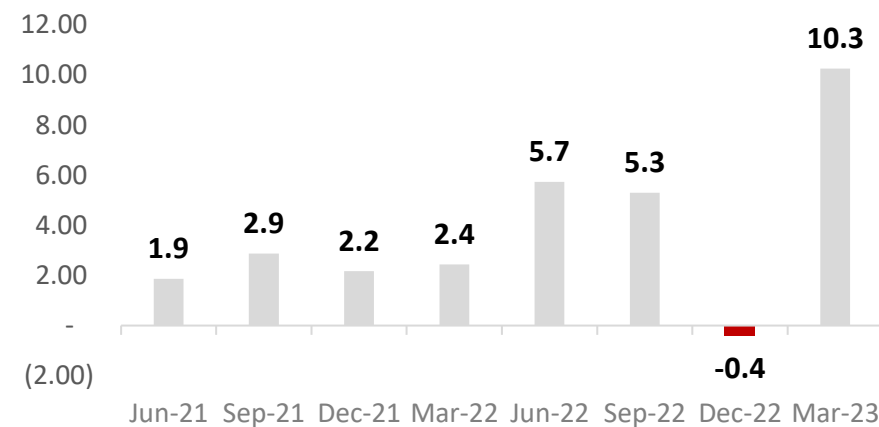
In 9MFY23, the earnings are up by 103% YoY, mainly due to higher gross profit (+76% YoY).

ILP 3QFY23 earnings review

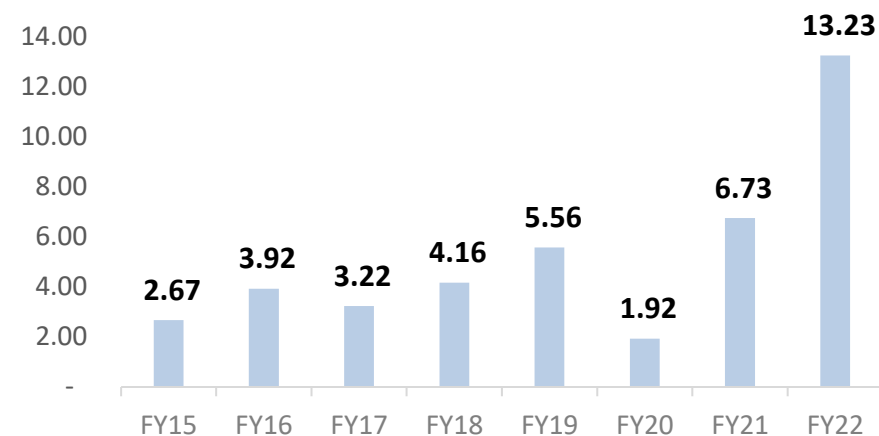
PKR mn	3QFY23	2QFY23	QoQ	YoY	9MFY23	YoY
Sales	31,206	22,459	39%	47%	84,128	39%
COGS	16,686	18,902	-12%	6%	55,935	25%
Gross profit	14,520	3,557	308%	162%	28,192	76%
Dist exp	908	774	17%	10%	2,828	16%
Admin exp	1,574	1,454	8%	27%	4,599	44%
Other opex	916	1	n.m	201%	1,765	38%
Other income	93	39	140%	483%	154	274%
Operating Profit	11,216	1,366	721%	251%	19,155	110%
Finance cost	1,339	1,414	-5%	86%	3,970	150%
Profit before tax	9,876	-48	n.m	298%	15,133	101%
Taxation	293	328	-11%	47%	964	76%
Profit after tax	9,583	-376	n.m	321%	14,169	103%
EPS	10.3	-0.4	n.m	321%	15.2	103%
DPS	0.0	0.0	n.m	n.m	0.0	-100%
Gross margin	46.5%	15.8%			33.5%	

Source: Company Accounts, IIS Research

Quarterly EPS trend



Annual EPS trend



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Valuation Methodology

To arrive at our period end target prices, IISPL uses different valuation methodologies including:

Discounted cash flow (DCF, DDM)

Relative Valuation (P/E, P/B, P/S etc.)

Equity & Asset return based methodologies (EVA, Residual Income etc.)

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