

Textiles Preview – Mar'23

Exchange gain to lift earnings



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Interloop Limited:

We preview earnings of Interloop limited for 3QFY23, where profitability of the company is expected to clock-in at PKR 4.0bn (EPS: PKR 4.4), driven by windfall exchange gain of PKR 5.1bn resulting from 20% PKR devaluation during the quarter.

The topline is also expected to be benefit from better capacity utilization across all segments. The gross margin is also expected to rise mainly due to exchange gains.

However, finance cost is expected to increase by 10% QoQ to PKR 1.5bn, mainly due to hike in EFS, LTFE and KIBOR rates.

The company skipped dividend in last quarter. Nevertheless, we expect the company to declare dividend of PKR 2/sh in this quarter.

Gul Ahmed:

We preview earnings of Gul Ahmed for 3QFY23, where profitability of the company is expected to clock in at PKR 1.2bn (EPS: PKR2/sh), reflecting a QoQ increase of 51%. Major driver behind this increase is PKR 913mn exchange gain.

However, we expect a slight decrease in topline, mainly driven by lower domestic sales owing to depressed yarn demand. The gross margin is expected to stay flat due to stable cotton prices.

On the other hand, the finance cost is likely to increase mainly due to increase in interest rates on both concessionary and non-concessionary loans.

ILP 3QFY23 earnings preview

PKR mn	3QFY23	2QFY23	QoQ	3QFY22	YoY
Sales	33,438	22,459	49%	21,259	57%
COGS	24,060	18,902	27%	15,711	53%
Gross profit	9,379	3,557	164%	5,548	69%
Finance cost	1,553	1,414	10%	719	116%
Profit before tax	4,407	-48	n.m	2,479	78%
Profit after tax	4,073	-376	n.m	2,279	79%
EPS	4.4	-0.4	n.m	2.4	79%
DPS	2.0	0.0	n.m	0.0	n.m

Source: Company Accounts, IIS Research

GATM 3QFY23 earnings preview

PKR mn	3QFY23	2QFY23	QoQ	3QFY22	YoY
Sales	30,232	30,411	-1%	26,189	15%
COGS	24,598	24,564	0%	19,068	29%
GP	5,744	5,847	-2%	7,122	-19%
Finance cost	1,603	1,585	1%	565	183%
PBT	1,569	1,569	0%	2,961	-47%
Taxation	314	739	-58%	517	-39%
PAT	1,255	831	51%	2,444	-49%
EPS	2.0	1.3	51.1%	4.0	-49%
DPS	-	-	-	-	-

Source: Company Accounts, IIS Research

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

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

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