Assemblers I INDU I SAZEW I 1QFY25 I Previews

ADAM SECURITIES LIMITED

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INDUS MOTOR COMPANY LTD.

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INDU: Earnings to rise QoQ by c.2% during 1QFY25

REP # 048

- Toyota Indus Motor Company Ltd. (INDU) to announce financial result for the 1QFY25. We believe the EPS of the company to rise during 1QFY25 by c.2% to Rs.62.9/sh. The rise in EPS will likely be the resultant effect of COGS which is to improve by c.6%QoQ during 1QFY25, in the wake of i) stability in USDPKR along with ii) lower int'l steel prices, that notably declined by c.4.2%QoQ to USD718MT during 1QFY25.
- The gross margins, however, to remain slumped mainly on the appreciation in JPYPKR by c.8.2%QoQ during 1QFY25, in the midst of recovey in the int'l market, improving by c.7.4%QoQ.
- On YoY basis, we believe the earnings to rise c.51%YoY mainly on the:
  - Remarkable rise in other income by c.21%YoY, in the midst of higher income from TDRs, Capital Gains on sales of Fixed Income and Money Market securities, and higher capital gains on sale of securities.
  - Additionally, Gross Margins to rise on YoY basis by c.3.6ppts mainly on the robust rise in sales volume of c.57%YoY to 6,160 units compared to 4,511 units during 1QFY24.
  - However, COGS to remain elevated by c.58.5%YoY on the notable rise in production and reviving aggregate demand, significantly rising by c.48%YoY during 1QFY25, though Steel prices and JPYPKR improved by c.5%YoY and c.6%YoY respectively.
  - On the revenue side, we believe sales revenue to rise by c.66%YoY during 1QFY25 mainly on the improving sales volume.
- We also believe INDU to pay DPS of Rs.39.5/sh. during 1QFY25.

INDU (PKRmn)	1QFY25F	4QFY24	QoQ	1QFY24	YoY
Sales	50,818	54,249	-6.3%	32,671	66.0%
COGS	43,876	46,543	-5.7%	29,371	58.5%
Gross Profit	**6,942**	**7,705**	**-9.9%**	**3,300**	**133.5%**
Financial Charges	46	79	-41.2%	31	153.7%
Other Income	3,304	3,414	-3.2%	2,821	21.0%
Tax	2,195	2,700	-18.7%	1,710	57.9%
PAT	**4,942**	**4,845**	**2.0%**	**3,216**	**50.7%**
EBIT	**7,183**	**7,624**	**-5.8%**	**4,957**	**53.8%**
EPS	**62.9**	**61.6**	**2.0%**	**40.9**	**50.7%**
DPS	**39.5**	**43.0**		**25.5**	
Sales Volume	**6,160**	**7,069**	**-12.9%**	**4,511**	**56.7%**
Margins %	**1QFY25F**	**4QFY24**	**QoQ**	**1QFY24**	**YoY**
Payout	62.8%	69.8%	-6.9%	62.3%	0.5%
Gross	13.7%	14.2%	-0.5%	10.1%	3.6%
Profit	9.7%	8.9%	0.8%	9.8%	-0.1%

Source: Financials, ASL Research

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SAZEW: Revenues to boost earnings during 1QFY25

REP # 048

- SAZGAR Engineering Limited (SAZEW) to announce its financial result for the 1QFY24. We believe the EPS to rise during 1QFY25 by c.8%/c.471% QoQ/YoY mainly on the production mix that the company has launched- TANK-500, and ORA EV during FY24. We also believe the revenue to rise remarkably during 1QFY25 by c.9%QoQ mainly on the robust rise in sales volume to 8,040 units compared to 4QFY24 units.
- Even the sales volume to boost revenue during 1QFY25, Gross Margin of the company to decline by c.1pptQoQ mainly on the higher COGS which is to rise by c.11%QoQ when comparing the 4QFY24. We believe the revival of the interest rates to 17.5% from 22%, has thus, boosted up revenue stream of SAZEW during 1QFY25.
- As of Sept'24, SAZEW has recorded remarkable rise in sales volume of c.123%YoY, which may likely keep the revenue streams on the higher side, robustly rising by c.214%YoY. Additionally, the revenue stream on YoY basis, will also be improved during 1QFY24, on the outstanding rise in volume along with the lower taxation on EV & HEV segments imposed by the GoP which may likely improve gross margins to c.28% during 1QFY25, although, COGS will likely be boosted up mainly on the higher production activities.
- We believe operating margins to remain improved on YoY basis by c.11ppts during 1QFY25, mainly on the likely rise in other income.
- We don't believe SAZEW to pay DPS in 1QFY25.

SAZEW (PKRmn)	1QFY25F	4QFY24	QoQ	1QFY24	YoY
Sales	25,248	23,058	9.5%	8,044	213.9%
COGS	18,139	16,340	11.0%	6,534	177.6%
Gross Profit	**7,109**	**6,718**	**5.8%**	**1,511**	**370.6%**
Financial Charges	33	68	-52.0%	36	-8.5%
Other Income	225	481	-53.3%	80	182.3%
Other Expenses	93	456	-79.5%	81	15.6%
PAT	**3,757**	**3,487**	**7.7%**	**659**	**470.5%**
EPS	**62.15**	**57.69**		**10.89**	
Sales Volume	**8,040**	**7,192**	**11.8%**	**3,611**	**122.7%**
Margins %	**1QFY25F**	**4QFY24**	**QoQ**	**1QFY24**	**YoY**
Gross	28.2%	29.1%	-1.0%	18.8%	9.4%
Net	14.9%	15.1%	-0.2%	8.2%	6.7%

Source: Financials, ASL Research

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