

Indus Motor Company Limited (INDU)

Corporate Briefing Takeaways

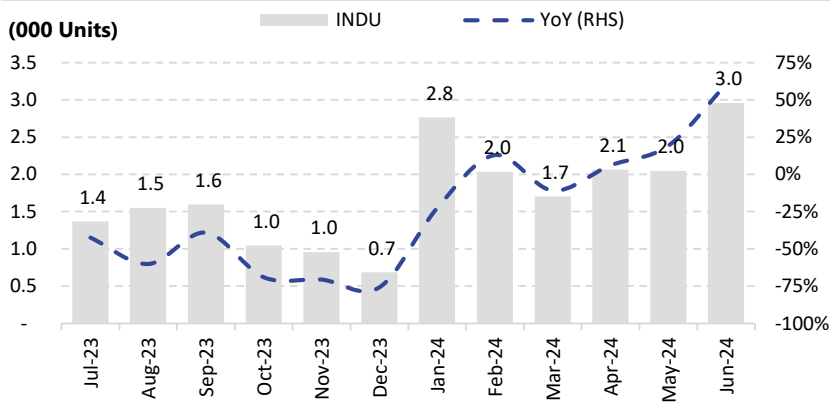
Management Conference Call

The management of Indus Motors Company Limited (INDU) held a corporate briefing session on September 11th, 2024 to discuss the 1HFY24 financial result and future outlook.

Brief Takeaways

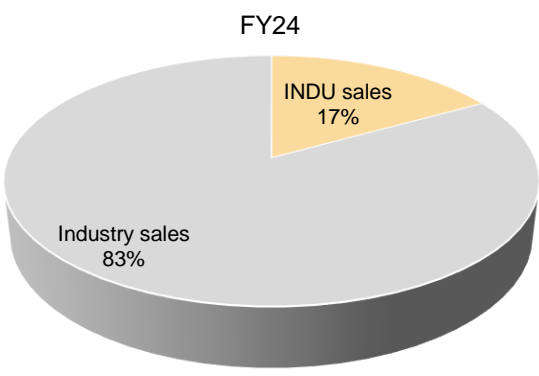
- To recall, INDU announced earnings (PAT) for 4QFY24 at PKR 5.7bn (EPS: PKR 72.09), depicting an increase of 48% YoY (4QFY23 EPS: PKR 48.61). With this, FY24's PAT settles at PKR 15.1bn (EPS: 191.76), up by 56% YoY (FY23: PKR 122.96). Alongside this, the company announced a final cash dividend of PKR 43.0/share (PKR 114.7/share in FY24).
- In FY24, the company experienced a decline in net sales turnover, contracting by 14% YoY to PKR 152.5bn. The decline in sales was attributed to lower sales volumes of CKD units (down by 33% YoY).
- In Dec'23, the company introduced the highly anticipated Toyota Corolla Cross, featuring the highest level of localized level for hybrid vehicles across the entire automotive market.
- It is pertinent to note that the company is not encountering any Letter of Credit (LC) import issues. Any potential future plant shutdowns are anticipated to be a result of diminished demand and cost saving measures.
- The recent price reduction for the Corolla Cross is a limited-time promotion, offered as part of a one-year anniversary deal, valid only while stock lasts. Management anticipates this offer will hit its target booking numbers within the next 15 to 20 days.

Exhibit: INDU volumetric monthly sales (FY24)



Source (s): PAMA, AHL Research

Exhibit: INDU market share



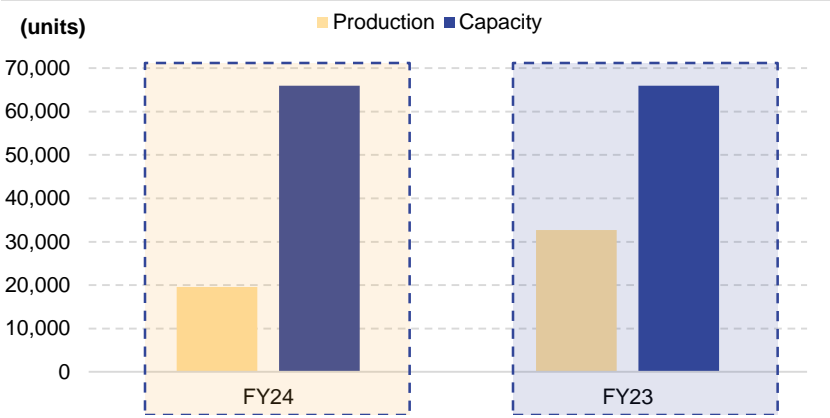
Source (s): PAMA, AHL Research

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Corporate Briefing Takeaways

- The localization rate for the Corolla, Yaris, and Cross models ranges between 50-65%, while the IMVs have a localization level of 40-50%. INDU's total production capacity has reached 76,000 units.
- The plant is operated at 30% capacity utilization in FY24 due to market saturation.
- To further localize parts and components for existing vehicles, the board of INDU has approved an additional PKR1.1bn investment, bringing the total to PKR 4.1bn.
- Sales of used imported cars surged significantly in FY24, reaching 38,561 units, a significant jump from FY23's 6,595 units, representing a 5.8x increase. The sales of imported vehicles have improved due to the relaxation of duties and taxes which is a cause of concern for the local assemblers.
- Looking ahead, the company expects lower inflation and interest rates to positively impact the automotive market, projecting a recovery in sales for the upcoming year.

Exhibit: INDU capacity utilization



Source (s): Company financials, AHL Research

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