

NML | ILP

REP- 300

NML: Earnings expected to reach PKR 19.33/share in FY25

Nishat Mills Limited (NML) is expected to announce its FY25 result soon, whereby we expect the company to post a profit after tax (PAT) of PKR 6,796mn (EPS: PKR 19.33), up 7% YoY. On a quarterly basis, the profitability is projected to surge by 92% YoY, to PKR 1,956mn (EPS: PKR 5.56). Topline of the company is expected to ascend by 10% YoY to PKR 43.8bn owing to increase in local sales. The gross margins are expected increase by 414bps YoY owing to amid reduction in price of raw cotton. Finance cost is expected to dwindle by 15% YoY, clocking in at PKR 2,027mn, amid decline in interest rates. The other income is estimated to decline by 30% YoY, owing to decline interest income and dividend income. In addition to the result, we expect the company to announce a cash dividend of PKR 3.50/share (PKR 7.00/share in FY25).

Exhibit: Financial Highlights

PKR mn	FY25e	FY24a	YoY	4QFY25e	4QFY24a	YoY	QoQ
Net Sales	178,513	160,257	11%	43,837	39,990	10%	-3%
Gross Profit	21,642	17,323	25%	6,402	4,182	53%	36%
GP margin	12.1%	10.8%		14.6%	10.5%		
Other income	9,825	13,241	-26%	1,843	2,628	-30%	0%
Finance cost	8,501	10,442	-19%	2,027	2,386	-15%	7%
Profit after tax	6,796	6,369	7%	1,956	1,021	92%	181%
EPS (PKR)	19.33	18.11		5.56	2.90		
DPS (PKR)	7.00	3.00		3.50	3.00		

Source: Company Financials, AHL Research

ILP: Earnings expected to arrive at PKR 3.31/share in FY25

We anticipate Interloop Limited's (ILP) announce a net profit of PKR 4,643mn (EPS: PKR 3.31), down 72% YoY. On quarterly basis, we project the earnings to arrive at PKR 1,613mn (EPS: PKR 1.15), showcasing a decline of 36% YoY amid imposition of higher tax on income from exports. Topline is expected to decline by 6% YoY to PKR 42,656mn, on the back of reduction in export sales. The gross margins are expected to decrease by 43bps YoY to 22.1% during 4QFY25 owing to i) ramp up phase of apparel plant and ii) higher energy tariff. Finance cost is expected to arrive at PKR 2,263mn, down 18% YoY due to reduction in interest rates. In addition to the result, we expect the company to announce a cash dividend of PKR 1.00/share in 4QFY25 (PKR 2.5 in 4QFY24).

Exhibit: Financial Highlights

(PKR mn)	FY25e	FY24a	YoY	4QFY25e	4QFY24a	YoY	QoQ
Net Sales	306,957	158,183	94%	42,656	45,158	-6%	-1%
Gross Profit	34,903	44,166	-21%	9,431	10,179	-7%	7%
Gross Margins	11.4%	27.9%		22.1%	22.5%		
Others Expense	1,271	2,138	-41%	348	394	-12%	-1%
Finance Cost	9,853	10,156	-3%	2,263	2,748	-18%	11%
PAT	4,643	16,511	-72%	1,613	2,526	-36%	4%
EPS (PKR)	3.31	11.78		1.15	1.80		
DPS (PKR)	1.00	4.50		1.00	2.50		

Source (s): Company Financials, AHL Research

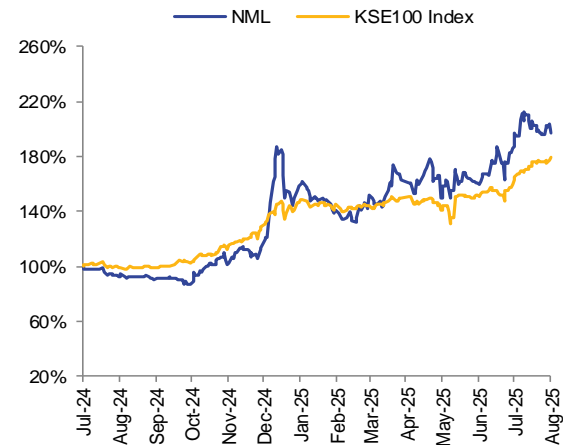
NML

Last Closing 147.82

PSX Code NML

Bloomberg Code NML PA

Relative Performance



Source (s): PSX, AHL Research

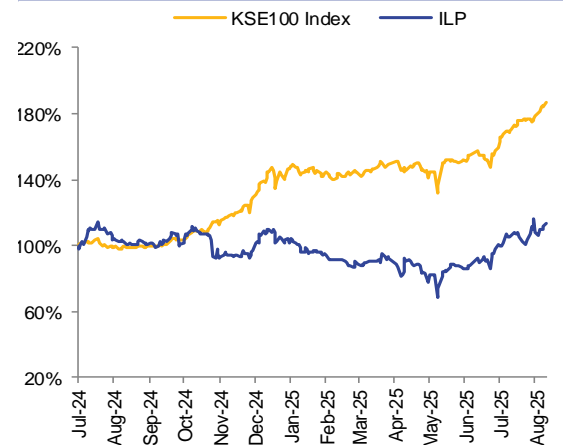
ILP

Last Closing 76.57

PSX Code ILP

Bloomberg Code ILP PA

Relative Performance



Source (s): PSX, AHL Research

Muhammad Iqbal Jawaid | Muhammad Abrar

iqbal.Jawaid@arifhabibltd.com |

muhammad.abrar@arifhabibltd.com

UAN: +92 21 111 245 111, Ext: 255

www.arifhabibltd.com

Disclaimer

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between 0% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than 0% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- **Discounted Cash Flow (DCF)**
- **Dividend Discount Model (DDM)**
- **Sum of the Parts (SoTP)**
- **Justified Price to Book (JPTB)**
- **Reserved Base Valuation (RBV)**

Risks

The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.