

Indus Motor Company
Profit and Loss Statement
(In Million Rs)

	FY13	FY12	Chg
Net Sales	63,829	76,963	-17%
Cost of Sales	57,972	70,401	-18%
Gross Profit	5,857	6,562	-11%
Distribution Exp.	814	820	-1%
Admin Expenses	644	628	3%
Other operating Exp	436	516	-16%
Other Income	1,038	1,776	-42%
Operating Profit	5,000	6,373	-22%
Finance Cost	31	61	-50%
Profit Before Tax	4,970	6,312	-21%
Taxation	1,612	2,010	-20%
Profit After Tax	3,358	4,303	-22%
EPS	43	55	-22%
DPS	25	32	-22%

Source: Company records

INDU Sales

Product	FY12	FY13	YoY Change	4QFY13
Toyota Corolla	46,207	32,608	-29%	10,262
Cuore	3,857	71	-98%	-
Toyota Fortuner	-	812	-	581
Toyota Hilux	4,413	4,282	-3%	1,104

Source: www.pama.org.pk

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INDU: FY13 result review

Indus Motors Company announced financial results for FY13. INDU reported net profit of Rs 3.35bn (EPS: Rs 42.72) decline by 22% against Rs 4.30bn (EPS: Rs 54.74) in FY12.

Company announced a year ended final cash dividend of Rs. 15 per share which is addition to interim cash dividend of Rs 10 per share, making the cumulative cash dividend of Rs 25 per share of FY13 against Rs 32 per share in FY12.

Financial highlights:

INDU posted net revenue of Rs 63.82bn in FY13, 17% lower than the last year's revenue of Rs 76.96bn. The Gross profit margin has been increased by 65bps in FY13, which we believe is due to effect of JPY- PKR parity during this year.

Where in company faced a massive decline in other income, company reported 42% lower other income as RS 1.03bn in FY13 against Rs 1.77bn in FY12.

Sales outlook:

In term of volumetric sales, INDU sold 37773 units of cars during FY13 against 54477 units in FY12, the major decline was due to discontinue of key product *Coure* and 29% decline in sales of Corolla, where in *Fortuner* was added in the product portfolio of INDU during FY13 and 812 units were sold during FY13.

Valuations

INDU yields FY14 PE of 6.66x (based on our pretext of Rs 50/sh EPS forecast). Among peers PSMC is yielding 5.34x and HCAR is also yielding FY14 PE of 5.1x. Hence INDU is overvalued and we recommend SELL in INDU.