

Tariq Glass...White lightning

Tariq Glass is taking full advantage of the construction boom in the country.

1HFY17 result review...TGL has shown noticeable growth in 1HFY17. The sales have increased to 4.7bn (14% YoY). The company declared earnings of 391mn (66% YoY) – transferring into EPS of Rs5.33/sh.

The control in costs resulted in company's impressive earning, selling and distribution expenses declined to 158mn (-57% YoY). Another positive contribution was from other income, which rose to 6.5mn (165% YoY).

The net margin has improved to 8.4% as compared to 5.8% in 1HFY16. We expect company to report good margins during rest of the fiscal year. Finance cost is also decreasing due to repayments of loans. TGL may take advantage of improved capacity utilization especially in float glass segment.

What's next?...The company has recently installed HFO based power plant, which can result in further savings in the future after operational initiation. The company is also considering adding a new production line dedicated to opal glass dinnerware.

Valuation...As per our model calculation, we expect TGL to post earnings of Rs9.31/sh and dividend of 3.8/sh. TGL is yielding FY17 P/E of 12.8.

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TGL

mn'	% change	1HFY17	1HFY16
Sales	14%	4,654.69	4,078.10
CoS	17%	(3,701.89)	(3,169.33)
GP	5%	952.80	908.77
Expenses	-40%	(278.60)	(465.01)
Other Income	165%	6.51	2.45
OP	53%	680.71	446.22
Finance cost	-20%	(137.72)	(172.35)
PBT	98%	542.99	273.87
Tax	299%	(151.66)	(37.98)
PAT	66%	391.33	235.89
EPS	66%	5.33	3.21

TGL books, SCS Research

TGL - Financial Snapshot

mn'	FY17E	FY16
Sales	9,715.00	8,076.00
Gross Profit	2,037.79	1,694.00
PBT	926.66	649.00
PAT	683.79	490.00
EPS	9.31	6.67

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