

## Nishat Mills (NML)

4QFY18 EPS Rs7.58, +103% YoY (+249% QoQ); FY18 EPS Rs20.72 (+18% YoY)

DPS Rs4.75/share

Above expectations

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## Higher revenues and profit from associates led earnings growth

### NML: Financial Highlights (Consolidated)

Rsmn	4QFY18	4QFY17	YoY	QoQ	FY18	FY17	YoY
Sales	23,312	19,911	17%	9%	84,723	76,322	11%
Cost of sales	19,690	16,690	18%	9%	71,144	63,925	11%
Gross profits	3,622	3,222	12%	13%	13,579	12,396	10%
Distribution cost	1,333	1,431	-7%	4%	5,024	4,984	1%
General & admin expense	418	444	-6%	-19%	1,813	1,783	2%
Other expenses	48	31	53%	1006%	217	204	6%
Other income	954	1,125	-15%	713%	2,130	2,249	-5%
Profit / (loss) from operations	2,776	2,440	14%	81%	8,655	7,674	13%
Finance cost	460	450	2%	-6%	1,779	1,700	5%
Profit from associate	1,401	639	119%	181%	3,412	3,130	9%
Profit / (loss) before tax	3,717	2,629	41%	141%	10,288	9,104	13%
Tax	665	956	-30%	59%	1,448	1,520	-5%
Profit / (loss) after tax	3,052	1,673	82%	172%	8,841	7,584	17%
<b>PAT attributable to owners</b>	<b>2,665</b>	<b>1,310</b>	<b>103%</b>	<b>249%</b>	<b>7,287</b>	<b>6,170</b>	<b>18%</b>
<b>EPS</b>	<b>7.58</b>	<b>3.72</b>			<b>20.72</b>	<b>17.55</b>	

Source: PSX, Topline Research

- NML's consolidated revenues improved by 17% YoY to Rs23bn during 4QFY18, primarily driven by higher standalone sales of Rs15bn, +26% YoY along with higher revenues from Nishat Power (NPL) at ~Rs5bn, +19% YoY, with former due to recent rupee devaluation and higher drawback duties and latter due to higher power tariff.
- Overall gross margins of the company remained flat at 16%, while margins of its textile business were up by 2ppts YoY to 12% in 4QFY18. Helped by higher revenues and consistent margins company witnessed earnings growth of 103% YoY to Rs7.58/share during 4QFY18.

## Profit from associates up by 119% YoY

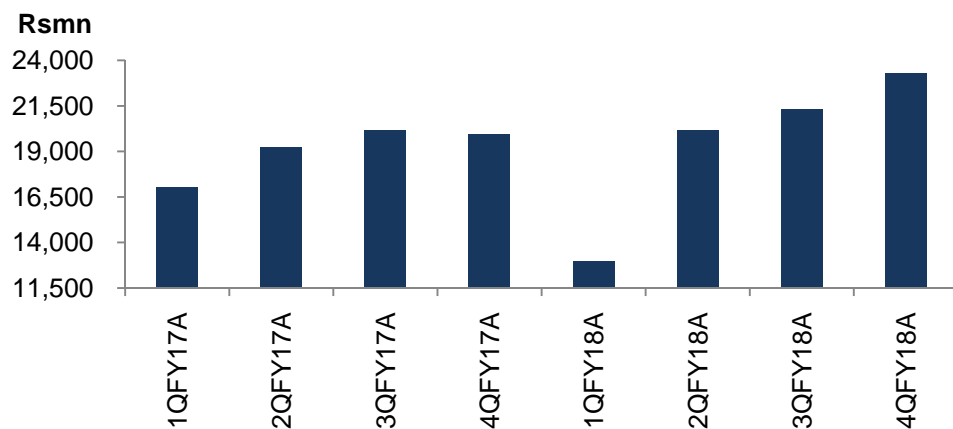
- Distribution and administrative cost of the company was down 7% and 6% YoY respectively. Similarly, other expenses of the company were up by 53% YoY.
- Profits from associates were up during 4QFY18 by 119% YoY, as its associate company DG Khan Cement (DGKC) profit was up by 180% YoY to Rs4bn.
- For the full year FY18, company witnessed revenue growth of 11% YoY to Rs85bn, where its core textile operations (stand alone) were up by 9.1% YoY to Rs54bn.
- Key Risks stem from 1) prolonged rupee stability, 2) poor cotton crop, 3) increase in regulatory duties on imported raw material & 4) commodity volatility.

### NML: Key Numbers

	FY14A	FY15A	FY16A	FY17A	FY18A
EPS	15.7	19.2	17.3	17.5	20.7
Earnings Growth	-6%	22%	-10%	1%	18%
PE at Rs141.6	9.1	7.4	8.2	8.1	6.9
Dividend Yield	3%	3%	4%	4%	3%
ROE	11%	8%	7%	9%	10%
PBV	1.0	0.6	0.6	0.7	0.7

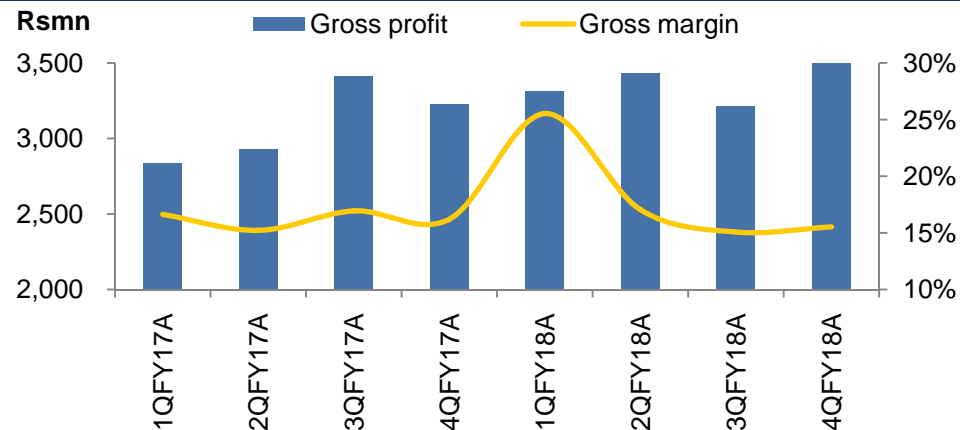
Source: Company Accounts, Topline Research

### NML: Quarterly Sales



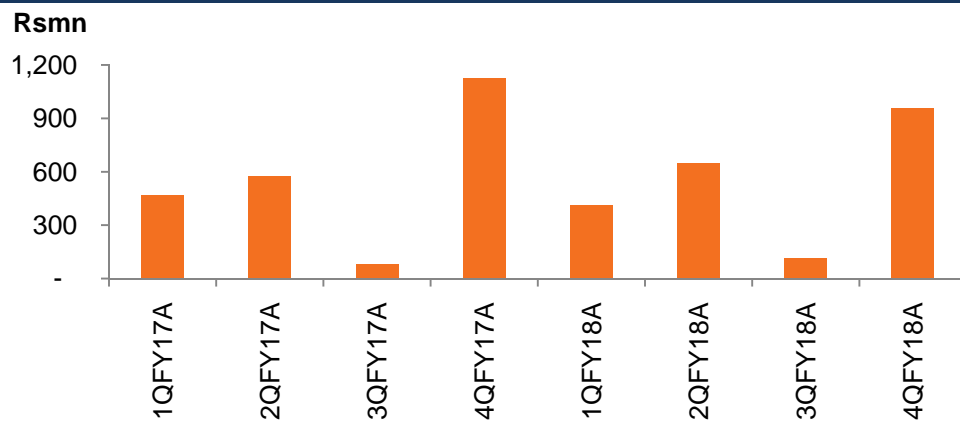
Source: Company Accounts, Topline Research

### NML: Quarterly Gross Profit & Gross Margins



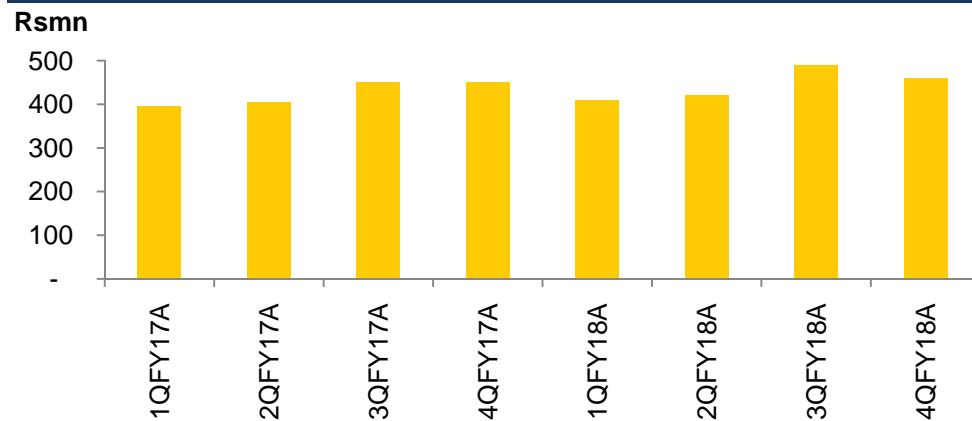
Source: Company Accounts, Topline Research

### NML: Quarterly Other Income



Source: Company Accounts, Topline Research

### NML: Quarterly Finance Cost



Source: Company Accounts, Topline Research

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