

Pakistan Textile

GATM PA: 2QFY23 EPS clocked in at PKR1.35 – Above expectation

- GATM has announced its 2QFY23 result where the company has posted profit after tax of PKR0.83bn (EPS: PKR1.35) vs. PKR2.37bn (EPS: PKR3.85) in SPLY. The result is above our expectation mainly due to higher than expected topline and other income.
- During 1HFY23, company's topline increased by 9% YoY to clocked in at PKR 62.1bn, attributable to PKR devaluation and better product prices. However, on QoQ basis, revenues decreased by 4% amid lower export orders and appreciation of PKR against USD.
- Company's gross margins clocked in at ~19% in 2QFY23, down by ~2.4ppts as compared to SPLY. However, on QoQ basis, company's gross margins increased by ~150bps, possibly due to better inventory management.
- Other income witnessed a jump of 5.8x/2.9x on YoY/QoQ basis. We await detailed account for further clarity on this front.
- Finance cost increased by 121%/48% YoY/QoQ to clocked in at PKR1.58bn. The increase in finance cost is mainly attributable to higher interest rate coupled with increase in debt levels.

PKRmn	2QFY23	2QFY22	1QFY23	YoY	QoQ	1HFY23	1HFY22	YoY
Sales	30,411	32,118	31,703	-5%	-4%	62,114	56,765	9%
COGS	24,564	25,180	26,096	-2%	-6%	50,660	44,784	13%
Gross Profit	5,847	6,938	5,607	-16%	4%	11,454	11,980	-4%
Gross Margins	19%	22%	18%	-	-	18%	21%	-
Other Income	860	125	218	585%	294%	1,078	221	388%
Finance Cost	1,585	716	1,071	121%	48%	2,656	1,384	92%
PBT	1,569	2,938	1,740	-47%	-10%	3,309	4,720	-30%
Tax	739	564	392	31%	88%	1,131	989	14%
PAT	831	2,374	1,348	-65%	-38%	2,179	3,731	-42%
EPS	1.35	3.85	2.19	-	-	3.53	6.05	-

Source: Company Accounts, Insight Research

*Consolidated



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- Discounted cash flow (DCF)
- Relative Valuation (P/E, P/Bv, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

Frequently Used Acronyms

TP	Target Price	DCF	Discounted Cash Flows	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/Bv	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield
ROE	Return on Equity	ROA	Return on Assets	CAGR	Compounded Annual Growth Rate

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Insight Securities (Pvt.) Limited

Suite 509, Business and Finance Centre,
I. I. Chundrigar Road , Karachi, Pakistan
+92-21-32462541-44