



## NCL: 4QFY25 Result Review — Lower exports eroded profitability



AKD Securities Limited

Nishat Chunian Ltd. (NCL) announced its 4QFY25 results, reporting earnings of mere Pkr43mn (EPS: Pkr0.18) compared to Pkr715mn (EPS: Pkr2.98) in SPLY, down 94%YoY. Result came lower than expected likely due to decline in exports. Along the result, company announced final cash payout of Pkr1.0/sh, taking full-year dividend to Pkr2.0/sh.

- Revenue declined by 11%YoY to Pkr18.0bn in 4QFY25 compared to Pkr20.3bn in SPLY, likely due to lower export volumes. We estimate company's exports to have declined by 26%YoY to US\$19mn from US\$25mn in SPLY.
- Gross margins contracted to 10.3% vs. 12.3% in SPLY, mainly due to lower volumetric sales and prices.
- Operating expenses declined by 16%YoY to Pkr536mn from Pkr636mn in SPLY, mainly due to lower export volumes.
- Finance cost declined by 40%YoY to Pkr1.1bn compared to Pkr1.8bn in SPLY, supported by lower interest rates.
- Effective tax rate stood at 83% as minimum turnover tax kicks-in due to lower profitability.
- This brings FY25 earnings to Pkr789mn (EPS: Pkr3.29), compared to Pkr692mn (EPS: Pkr2.88) in SPLY.
- We maintain our 'BUY' stance on NCL with a Dec'25 target price of Pkr64/sh. Our stance is supported by: (i) expected improvement in company's exports, (ii) easing input prices supporting margins, and (iii) reduced finance cost amid declining interest rates.

### NCL: Income Statement

PkrMn	4QFY25	4QFY24	YoY	3QFY25	QoQ	FY25	FY24	YoY
Sales	18,033	20,315	-11%	23,427	-23%	85,427	88,880	-4%
COGS	16,175	17,822	-9%	20,976	-23%	76,594	77,970	-2%
Gross Profit	1,858	2,493	-25%	2,451	-24%	8,833	10,909	-19%
Gross Margins	10.3%	12.3%	-	10.5%	-	10.3%	12.3%	-
Opex	536	636	-16%	562	-5%	2,364	2,638	-10%
Other Income	234	456	-49%	42	453%	686	866	-21%
Finance Cost	1,092	1,819	-40%	975	12%	4,829	7,754	-38%
PBT	254	442	-43%	788	-68%	1,858	1,244	49%
Taxation	211	-273	-177%	307	-31%	1,069	552	94%
ETR	83%	-62%	-	39%	-	58%	44%	-
NPAT	43	715	-94%	481	-91%	789	692	14%
EPS	0.18	2.98	-	2.00	-	3.29	2.88	-
DPS	1.00	-	n.m.	-	n.m.	2.00	-	n.m.

Source: PSX &amp; AKD Research

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## Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

## New Rating Definitions

Buy > 15% expected total return

Neutral > 0% to < 15% expected total return

Sell < 0% expected total return

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