



## NML: 4QFY25 Result Review — Profitability increased but fall short of expectations



AKD Securities Limited

Nishat Mills Ltd. (NML) announced its 4QFY25 financial results, reporting standalone earnings of PkR1.2bn (EPS: PkR3.34), compared to PkR1.0bn (EPS: PkR2.90) in SPLY, up 15% YoY. The result was below our expectations, mainly due to higher-than-expected taxation. Along with the result, company announced final cash dividend of PkR2.0/sh (Payout: 12%).

- Revenue increased by 9%YoY to PkR43.5bn, compared to PkR40.0bn in SPLY, driven by higher export volumes and improved pricing. Notably, readymade garment exports rose 7%YoY during 4QFY25, as per PBS.
- Gross margins improved to 11.0%, up from 10.5% in SPLY, supported by declining cotton prices and energy costs amid lower coal prices and reduced grid tariffs.
- Distribution expenses increased by 30%YoY to PkR2.1bn, driven by higher export volumes.
- Other income declined by 15%YoY to PkR2.2bn from PkR2.6bn in SPLY, mainly due to lower interest income on loan from subsidiary amid falling interest rates.
- Meanwhile, finance cost fell by 18%YoY to PkR2.0bn, primarily due to drop in policy rates which partially offset the impact of 16%YoY increase in total borrowings.
- Taxation remained higher-than-expected with effective tax rate stood at 48%, due to turnover tax amid lower profitability.
- This brings FY25 earnings to PkR6.0bn (EPS: PkR17.10), compared to PkR6.4bn (EPS: PkR18.11) in SPLY, down 6%YoY.
- We revise upward and roll forward our target price to Jun'26 to PkR277/sh, maintaining our 'Buy' stance. The upward revision is primarily due to increase in company's portfolio value due to recent rally.

### NML: Income Statement (Unconsol)

PkRmn	4QFY25	4QFY24	YoY	3QFY25	QoQ	FY25	FY24	YoY
Sales	43,491	39,990	9%	45,260	-4%	178,167	160,257	11%
COGS	38,706	35,808	8%	40,567	-5%	158,143	142,933	11%
Gross Profit	4,785	4,182	14%	4,693	2%	20,025	17,323	16%
Gross Margins	11.0%	10.5%		10.4%		11.2%	10.8%	
Distribution Costs	2,094	1,613	30%	1,964	7%	8,018	6,517	23%
Admin Expenses	653	629	4%	762	-14%	2,925	2,589	13%
Other Income	2,222	2,628	-15%	1,847	20%	10,204	13,241	-23%
Finance Cost	1,958	2,386	-18%	1,902	3%	8,432	10,442	-19%
PBT	2,280	2,001	14%	1,889	21%	10,707	10,744	0%
Tax	1,106	980	13%	1,194	-7%	4,694	4,376	7%
ETR	48.5%	49.0%		63.2%		43.8%	40.7%	
NPAT	1,174	1,021	15%	696	69%	6,014	6,369	-6%
EPS	3.34	2.90		1.98		17.10	18.11	
DPS	2.00	3.00	-33%	0.00	n.m.	2.00	3.00	-33%

Source: PSX &amp; AKD Research

Usama Rauf  
usama.rauf@akdsl.com  
+92-21-111253111 EXT:634

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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.)

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