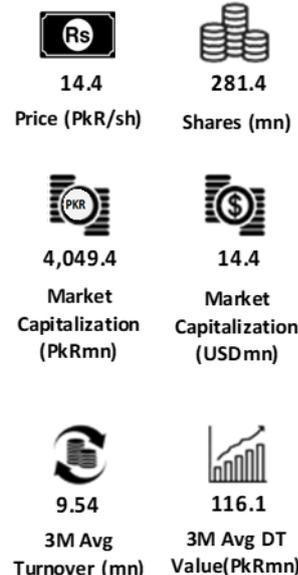


Waves corporation Ltd. (WAVES) held its analyst briefing yesterday to discuss CY24 and 9MCY25 results and its future outlook. Following are the key highlights:

- To recall, company posted net revenue of PkR3.9bn in CY24 compared to PkR5.2bn in SPLY, down 24%YoY. In 9MCY25, topline clocked in at PkR3.5bn, vs. PkR3.1bn in SPLY, up 15%YoY, primarily driven by demand recovery.
- Company reported earnings of PkR1.1bn (EPS: PkR3.9) during CY24, compared to PkR257mn (EPS: PkR0.91) in SPLY, up 4.2xYoY. During 9MCY25, earnings clocked in at PkR648mn (EPS: PkR2.30), compared to PkR282mn (EPS: PkR1.00) in SPLY, up 2.3xYoY. This increase was primarily driven by other income.
- Management highlighted that “Other Income” is a significant component, mainly from two sources: (1) unrealized gains on real estate (holding company land on Multan Road and WAVESAPP’s new factory land), booked gradually to avoid one-off effects; and (2) gains from loan restructuring were recognized for approved loans, with any remaining gains recorded once the final approvals are obtained.
- Waves corporation Ltd. (WAVES) is a holding company with controlling interest in three core businesses.
- Waves Home Appliances Ltd. (WAVESAPP), a 50%-owned subsidiary of WAVES, manages the company’s appliances segment, which includes flagship products like Deep freezers along with Refrigerators, Air Conditioner, Washing Machines, Microwave Ovens, Water Dispensers, Gas Cookers, and Water Heaters.
- Waves Market Place, a 100% owned subsidiary, operate about 100 retail stores, selling WAVES and other appliances brands primarily on installments. The company maintains over 95% recovery rates, supported by loyal customers and effective credit management despite tough economic conditions.
- Waves is a market leader in Deep Freezers, serving dealer networks and corporate clients such as Coca-Cola, K&Ns, Sabroso, and Fauji foods. Its 5-years average share stands around of ~40%, with 70-80% of the corporate segment at one point.
- Waves’ Refrigerator market share is currently in single digits, but its product range matches major competitors, with significant growth expected in the coming years.
- Management said that monetary tightening over the past two years led to the discontinuation of some products, including ACs (often imported/assembled on a CKD basis). The company is now re-lunching these products, with AC supply expected to resume in the next few months, aiming for a positive impact on results next year.
- Waves Builders & Developer Private Ltd. a wholly owned subsidiary of WAVES, represents the group’s real estate business. The project is currently backed by land held on the company’s balance sheet, strategically located at the former factory site in Lahore near Thokar Niaz Baig on Multan Road.
- Management noted that the Lahore property, recorded on the company’s balance sheet at ~PkR3.8bn, is conservatively valued. Its book value is 25-30% below DC (District Collector) rates, while actual market values are generally much higher.
- The project, planned three years ago, was delayed due to weak real estate conditions, including the withdrawal of subsidized housing loans and slow market activity. the real estate project will be a mixed-use development, featuring affordable housing, wholesale market, educational and healthcare facilities, and small commercial plots. Proximity to the orange Line further enhance connectivity.
- Additionally, significant interest in the land has come from large developers and investor, though final offers are delayed due to slow housing sales nationwide.
- Going forward, although development plans exist, management favors an outright sale of the land amid the slow economy, with unrealized gains recognized gradually in other income.
- The scrip is not under our formal coverage.

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Price Performance



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