



ASL - FY25 and 1QFY26 Analyst Briefing takeaways



Aisha Steel Mills Ltd. (ASL) held its analyst briefing today to discuss FY25 and 1QFY26 results and its future outlook. Following are the key highlights:

- To recall, company posted topline of PkR33.8bn in FY25, compared to PkR42.7bn in SPLY, down 21%YoY, primarily driven by 10% reduction in volumetric sales.
- Company reported a loss of PkR1.4bn (LPS: PkR1.55) for the year, compared to a loss of PkR132.5mn (LPS: PkR0.26) in FY24, primarily due to gross margin attrition. Notably, the gross margin declined to 5% in FY25 from 9% in SPLY.
- Earnings for 1QFY26 reported a profit of PkR82mn compared to loss of PkR843mn in SPLY, due to better sales volume, up 114%YoY.
- The total quantity sold during the 1QFY26 was 43,376 tons as compared to 20,504 tons sold during the corresponding period last year. The exports during the period were 5,856 tons compared to 1,975 tons exported last year.
- Company operated at 25% capacity utilization in FY25, and aims to increase this to 30-35% by FY26, which correspond to about 210,000-245,000 tons of production.
- Additionally, company anticipates a substantial rise in exports this year, targeting over 50,000 tons compared to ~25,000 tons in SPLY.
- ASL believes ISL's stronger performance stems from its solid position in the OEM segment. ISL's in-house service center (for cut-t-size/length and slitted products) is a key value-added area. In contrast ASL relies on external centers, increasing cost and lead time. ASL is now intensifying its efforts in the OEM market.
- Management informed that electricity accounts for 4-5% of the COGS, and consume ~100 units of electricity per ton, considerably lower than melters, who use around 600-700 units per ton.
- However, company is setting up 2 MW solar project this financial year to lower energy cost, mainly effective during daytime operations.
- Moreover, according to management CRC is mainly sold to the automotive sector, accounting for up to 75% of CRC sales, while Galvanized serves a broader range of application, including white goods, general engineering, housing, and ducting, with partial dependence on the construction sector.
- Management noted that when the NTC imposes a duty, importers often get quick stay orders from the courts. ASL then has to challenge these orders at the tribunal, while importers use that time to clear their goods.
- ASL is challenging customs practice of accepting post-dated cheques instead of real guarantee for disputed duties. Management believes this case to be resolved in the next two weeks, but the overall legal battle continues. They remain hopeful for better financial results despite the ongoing legal issue.
- Going forward, management expects some improvement in market share and sales, as imports from FATA/PATA now face a 10% sales tax and will rise to 18% over five years.
- ASL successfully lobbied the NTC on Galvalume and ZAM misdeclarations, leading to anti-dumping duties on these and other coated materials. The legal battle, however, continues. To highlight, Commercial importers sought to evade Antidumping Duties (ADD) by misdeclaring CRC as Hot Rolled Coils (HRC) and importing alternate materials such as ZAM and Galvalume.
- The scrip is not our formal coverage.

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13.0

Price (PkR/sh)



930.0

Shares (mn)



12,099.5

Market Capitalization (PkRmn)



43.1

Market Capitalization (USDmn)



8.33

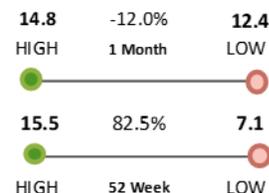
3M Avg Turnover (mn)



116.2

3M Avg DT Value(PkRmn)

Price Performance



ASL vs. KSE100 Index



Source: PSX & AKD Research

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