



International Steel Ltd announced its 3QFY26 financial result, wherein the company posted NPAT of PkR793mn (EPS: PkR1.82), up 90%YoY but down 20%QoQ, broadly in line with our expectations. On a cumulative basis, 9MFY26 NPAT stood at PkR1,615mn (EPS: PkR3.71), up 70%YoY from PkR951mn (EPS: PkR2.2) in 9MFY25.

- Net revenue clocked in at PkR23.3bn, surged by 68%YoY and broadly flat on QoQ basis. The annualized recovery is due to demand growth in two and three wheelers, and white goods during FYTD. Notably, positive momentum is also partially due to the 40.47% anti-dumping duty on galvalume imports, resulting in enhanced demand channeled towards formal sector players.
- Gross margins improved to 10.8% during the quarter (vs. 8.6% in SPLY and 10.0% in 2QFY26). Even though, CRC-HRC spread declined during the period, the drop in grid rates alongside stronger demand led to company realizing healthy economies in its manufacturing costs.
- Opex surged to PkR765mn (+133%YoY/+12%QoQ), was the primary drag on the PAT line during the quarter. We believe the sharp YoY increase is due to higher distribution costs on elevated domestic and export volumes, and higher marketing spending.
- Finance cost rose sharply to PkR353mn (+179%YoY/+2%QoQ), with the YoY showcasing higher average outstanding debt of PkR16.3bn (up 3xYoY) during the period.
- Effective tax rate for the quarter stood at 37% (vs. 39%/34% in 3QFY25/2QFY26).
- We reiterate our ‘BUY’ stance on International Steel Ltd (ISL), with a Dec’26 target price of PkR151/sh. Our stance is supported by recovery in autos, white good sales and construction activity, alongside declining policy rate.

ISL: Income Statement

(PkRmn)	3QFY26	3QFY25	YoY	2QFY26	QoQ	9MFY26	9MFY25	YoY
Sales	23,331	13,872	68%	23,026	1%	43,945	45,675	-4%
Gross profit	2,529	1,188	113%	2,305	10%	4,658	3,568	31%
Opex	765	328	133%	680	12%	1,612	1,386	16%
Other income	52	96	-45%	35	51%	52	224	-77%
Finance cost	353	127	179%	347	2%	622	657	-5%
Taxation	465	269	73%	504	-8%	867	562	54%
Net income	793	417	90%	995	-20%	1,615	951	70%
EPS (PkR)	1.82	0.96		2.29		3.71	2.19	
DPS (PkR)	-	-		2.00		2.00	-	

Source: PSX & AKD Research

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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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NEUTRAL > 0% to < 15% expected total return

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