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SAPT: FY26 Analyst Briefing Takeaways

AKD Securities Limited

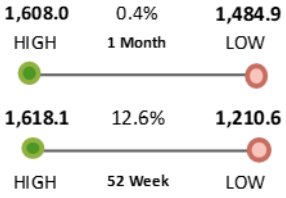
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Sapphire Textile Mills Limited (SAPT) held its analyst briefing session today to discuss FY26 financial results and provide insight on the future outlook. Key takeaways from the meeting are as follows:

- To recall, company reported profitability of PkR6.8bn (EPS: PkR314.5) in FY26 compared to PkR4.0bn (EPS: PkR182.2) in SPL, up 73%YoY, mainly due to higher dividend income from subsidiaries (PkR6.9bn vs. PkR2.9bn, up 2.4x YoY) and lower finance cost.
- Company recorded standalone revenue of PkR81.2bn in FY26, compared to PkR93.3bn, down 13%YoY, primarily due to closure of outdated spinning spindles.
- Company's sales mix comprises of Yarn, Fabric, Home Textile, and Processing which contribute 36%/33%/26%/5%, respectively.
- Gross profit margins contracted to 12.7% in FY26 vs. 13.7% in SPLY, due to lower sales volume.
- Export share in revenue increased to 55% in FY26 from 50% in FY25.
- In FY26, spinning spindles utilization was 97% with installed capacity of 137,574 spindles, weaving looms utilization was 100% with installed capacity of 435 looms, finishing and printing production utilization was 91% with installed capacity of 69mn mtrs, and yarn dyeing utilization was 75% with installed capacity of 2.9mn kgs.
- Total assets increased 14% to PkR109.8bn, with non-current assets up 25%YoY due to strategic investment in Sapphire Chemicals (subsidiary) and capex for solar projects / BMR.
- Additionally, equity rose 24%YoY to PkR53.2bn (book value: PkR2,451/sh) on higher profitability and mark-to-market impact of investments.
- Management highlighted key business risks including suspension of GSP+ status / India-EU Free Trade Agreement, taxation, geopolitical uncertainty, interest rates, and supply chain disruption / higher shipping costs.
- The scrip is not under our formal coverage.

1,565.6	21.7
Price (PkR/sh)	Shares (mn)
33,957.8	122.8
Market Capitalization (PkRmn)	Market Capitalization (USDmn)
0.000	0.1
3M Avg Turnover (mn)	3M Avg DT Value(PkRmn)

Price Performance



Source: PSX & AKD Research

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- Relative Valuation (P/E, P/B, P/S etc.)
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NEUTRAL > 0% to < 15% expected total return

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