

ILP has announced its 3QFY23 result where it posted a profit after tax of Rs9.583bn (EPS: Rs10.26) as compared to a profit after tax of Rs2.28bn (EPS: Rs2.44) in the same period last year, up by 3.2x YoY amid higher margins.

The company has posted a revenue of Rs31.21bn against Rs21.26bn in SPLY, recording a growth of 46.8% YoY. The gross margin has improved massively to 46.5% as compared to 26.1% in SPLY.

SG&A expenses and finance cost have increased by 20.4% YoY to Rs2.48bn and 86.3% YoY to Rs1.34bn respectively. Other expenses surged by 200.9% to Rs0.92bn. Lastly, effective taxation has decreased to 3% as compared to 8.1% during SPLY.

ILP is currently trading at FY23E PE of 2.45x. Furthermore, the scrip is trading at FY23E PB of 1.03x which provides a discount of 52% with respect to its 3-year historical average of 2.16x. We have a **BUY** stance on the scrip with a DCF-based Dec-23 TP of Rs60 which provides an upside potential of 21%. Furthermore, it also offers a dividend yield of 8% which makes the total return 29%.

Rupees' millions	3QFY23	3QFY22	YoY	9MFY23	9MFY22	YoY
Net Sales	31,206	21,259	46.8% ▲	84,128	60,606	38.8% ▲
Cost of Sales	-16,686	-15,711	6.2% ▲	-55,935	-44,610	25.4% ▲
Gross Profit	14,520	5,548	161.7% ▲	28,192	15,996	76.2% ▲
SG&A Expenses	-2,482	-2,061	20.4% ▲	-7,427	-5,623	32.1% ▲
Other Expenses	-916	-304	200.9% ▲	-1,771	-1,284	37.9% ▲
Other Income	93	16	483.3% ▲	108	46	136.5% ▲
Operating Profit	11,216	3,198	250.7% ▲	19,103	9,134	109.1% ▲
Finance Cost	-1,339	-719	86.3% ▲	-3,970	-1,590	149.6% ▲
Profit Before Taxation	9,876	2,479	298.4% ▲	15,133	7,544	100.6% ▲
Taxation	-293	-200	46.5% ▲	-964	-547	76.2% ▲
Profit After Taxation	9,583	2,279	320.5% ▲	14,169	6,997	102.5% ▲
Earnings Per Share	10.26	2.44	320.5% ▲	15.17	7.49	102.5% ▲
Dividend	0.00	0.00		0.00	2.00	
Bonus	0%	0%		0%	0%	

Gross Margin	46.5%	26.1%	20.4% ▲	33.5%	26.4%	7.1% ▲
SG&A Expenses to Sales	-8.0%	-9.7%	18.0% ▲	-8.8%	-9.3%	0.5% ▼
Other Expenses to Sales	-2.9%	-1.4%	1.5% ▲	-2.1%	-2.1%	0.0% ▼
Other Income to Sales	0.3%	0.1%	0.2% ▲	0.1%	0.1%	0.1% ▲
Effective Taxation	-3.0%	-8.1%	5.1% ▼	-6.4%	-7.3%	0.9% ▼
Net Margin	30.7%	10.7%	20.0% ▲	16.8%	11.5%	5.3% ▲

Source: ACPL Research, Company Financials

Key Statistics

Symbol	ILP
TP - Dec 23	60.00
LDCP	49.50
Upside / (Downside)	21%
Free Float ('mn)	187
Market Cap. (Rs.'mn)	46,248

ILP vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Revenue	36,303	54,962	90,894	112,172	132,355	156,353	178,438
Cost of sales	- 28,439	- 40,750	- 64,828	- 74,583	- 89,666	-108,1333	-126,139
Gross profit	7,864	14,212	26,066	37,589	42,690	48,220	53,299
Distribution cost	- 2,007	- 2,640	- 3,382	- 3,771	- 4,838	- 5,893	- 6,888
Administrative expenses	- 2,198	- 2,796	- 4,681	- 6,136	- 6,882	- 7,943	- 9,047
Other operating expenses	- 505	- 919	- 2,143	- 2,421	- 2,857	- 3,375	- 3,852
Profit from operations	3,154	7,857	15,859	25,260	28,113	31,009	33,512
Other income	99	163	57	205	242	286	326
Finance cost	- 1,137	- 1,147	- 2,493	- 5,294	- 5,513	- 5,972	- 6,560
Profit before income tax	2,116	6,873	13,423	20,171	22,842	25,323	27,278
Income tax expense	- 319	- 581	- 1,064	- 1,290	- 1,985	- 2,345	- 2,677
Profit for the year	1,796	6,292	12,359	18,881	20,857	22,977	24,602
EPS	1.92	6.73	13.23	20.21	22.32	24.59	26.33
EBITDA	5,149	10,155	18,681	28,091	31,525	35,000	38,085

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Revenue	-3.14%	51.40%	65.38%	23.41%	17.99%	18.13%	14.13%
Cost of sales	11.42%	43.29%	59.09%	15.05%	20.22%	20.60%	15.73%
Gross profit	-34.22%	80.73%	83.41%	44.21%	13.57%	12.96%	10.53%
Distribution cost	-27.89%	31.50%	28.13%	11.51%	28.28%	21.82%	16.89%
Administrative expenses	10.77%	27.22%	67.42%	31.07%	12.15%	15.43%	13.89%
Other operating expenses	-35.69%	82.25%	133.11%	12.97%	17.99%	18.13%	14.13%
Profit from operations	-50.74%	149.11%	101.85%	59.28%	11.30%	10.30%	8.07%
Other income	585.41%	64.56%	-64.94%	258.75%	17.99%	18.13%	14.13%
Finance cost	14.21%	0.87%	117.34%	112.34%	4.14%	8.33%	9.84%
Profit before income tax	-60.97%	224.83%	95.31%	50.27%	13.24%	10.86%	7.72%
Income tax expense	41.20%	81.98%	83.04%	21.24%	53.90%	18.13%	14.13%
Profit for the year	-65.42%	250.23%	96.45%	52.77%	10.46%	10.17%	7.07%
EPS	-65.42%	250.23%	96.45%	52.77%	10.46%	10.17%	7.07%
EBITDA	56.19%	208.01%	466.61%	752.01%	856.16%	962%	1055%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
GP Margin	%	21.66	25.86	28.68	33.51	32.25	30.84	29.87
NP Margin	%	4.95	11.45	13.60	16.83	15.76	14.70	13.79
OP Margin	%	8.69	14.30	17.45	22.52	21.24	19.83	18.78
ROE	%	10.40	30.67	41.28	41.92	33.79	28.68	24.65
ROCE	%	11.52	24.03	32.05	47.45	44.58	41.80	39.02
ROA	%	3.96	10.37	12.83	17.16	15.43	13.83	12.36
Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Current	x	1.14	1.22	1.30	1.30	1.29	1.28	1.28
Quick	x	0.55	0.72	0.71	0.75	0.76	0.79	0.81
Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Inventory Turnover	x	3.77	4.06	3.77	3.00	3.06	3.06	3.01
Inventory Days		96.86	89.96	96.89	121.78	119.34	119.17	121.44
Receivables Days		96.68	128.71	131.83	122.61	114.52	106.73	99.51
Payables Days		38.90	49.73	51.15	47.25	47.25	47.25	47.25
Operating Cycle		154.63	168.94	177.57	197.14	186.60	178.65	173.70
Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
DPS		2.00	2.50	4.00	4.00	4.50	5.00	5.50
Div. Yield	%	4.04	5.05	8.08	8.08	9.09	10.10	11.11
Dividend Cover	x	0.96	2.69	3.31	5.05	4.96	4.92	4.79
Retention	%	-4.02	62.88	69.76	80.21	79.84	79.67	79.11
Payout	%	104.02	37.12	30.24	19.79	20.16	20.33	20.89
No. of Shares	('m)	934.30	934.30	934.30	934.30	934.30	934.30	934.30
EPS		1.92	6.73	13.23	20.21	22.32	24.59	26.33
BVPS		18.49	21.96	32.05	48.21	66.07	85.75	106.81
P/E	x	25.74	7.35	3.74	2.45	2.22	2.01	1.88
Sales per share		38.86	58.83	97.29	120.06	141.66	167.35	190.99
P/BV	x	2.68	2.25	1.54	1.03	0.75	0.58	0.46
P/S	x	1.27	0.84	0.51	0.41	0.35	0.30	0.26
Solvency Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Total Debt to Equity	x	1.25	1.48	1.72	1.33	1.16	1.10	1.06
L.T Debt to Equity	x	0.42	0.52	0.55	0.33	0.22	0.15	0.11
Total Debt to Assets	x	0.48	0.50	0.53	0.54	0.53	0.53	0.53
L.T Debt to Assets	x	0.16	0.18	0.17	0.13	0.10	0.07	0.05
Interest Cover	x	2.77	6.85	6.36	4.77	5.10	5.19	5.11

Source: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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SELL	Less than and equal to -5%

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