

## Interloop Limited (ILP) - 2QFY25

Thursday, February 20, 2025

Interloop Limited (ILP) has reported robust financial performance for the quarter and half-year ended December 31, 2024, reflecting strong topline growth despite rising cost pressures.

### Revenue Growth & Margin Trends

ILP's net sales surged 26% YoY to PKR 44.6bn for the quarter and 18% YoY to PKR 87.3bn for the half-year, driven by higher export volumes and improved pricing dynamics.

However, gross margins remained largely flat at ~20%, as cost of sales also saw an uptick of 39% YoY in Q2 and 3% QoQ.

### Operating Expenses & Profitability

Operating expenses grew by 21% YoY in Q2 to PKR 4.88bn, primarily led by higher distribution costs and administrative expenses, indicating increased freight charges and logistics expenses.

Other income saw a significant boost to PKR 292mn in Q2, likely due to exchange gains or derivative financial instruments.

Despite cost pressures, ILP managed to sustain profit from operations at PKR 4.4bn in Q2 (□13% QoQ) and PKR 8.2bn in H1, reflecting a focus on operational efficiencies.

### Bottom Line & Earnings Impact

Finance costs decreased 5% QoQ in Q2 to PKR 2.76bn, reflecting lower borrowing costs.

Profit for the year settled at PKR 1.15bn, a steep 70% YoY decline, translating into an EPS of PKR 0.82 (versus PKR 2.72 last year). However, this figure is 243% higher QoQ, indicating meaningful sequential improvement.

Financials (PKR in mn)	2QFY25	1QFY25	QoQ	2QFY24	YoY
Revenue	44,603	42,746	4%	35,484	26%
Cost of sales	35,655	34,606	3%	25,600	39%
<b>Gross profit</b>	<b>8,947</b>	<b>8,140</b>	<b>10%</b>	<b>9,884</b>	<b>-9%</b>
Selling & distribution expenses	1,862	1,897	-2%	1,192	56%
Administrative expenses	2,671	2,433	10%	2,375	12%
Other operating expenses	349	244	43%	479	-27%
Other Income	292	278	5%	1,079	-73%
<b>Operating profit</b>	<b>4,356</b>	<b>3,843</b>	<b>13%</b>	<b>6,918</b>	<b>-37%</b>
Finance cost	2,706	2,860	-5%	2,595	4%
<b>Profit before levies and tax</b>	<b>1,651</b>	<b>982</b>	<b>68%</b>	<b>4,323</b>	<b>-62%</b>
Levies	428	570	-0.2%	497	-14%
Income tax	74	78	-5%	12	523%
<b>Profit for the year</b>	<b>1,149</b>	<b>334</b>	<b>243%</b>	<b>3,814</b>	<b>-70%</b>
<b>EPS</b>	<b>0.82</b>	<b>0.24</b>		<b>2.72</b>	

Source: Company Financials, HMFS Research

\* Consolidated Financials

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