

RESULT REVIEW

Interloop Limited (ILP) - 3QFY25

Tuesday, April 29, 2025

Interloop Limited (ILP) announced its quarterly results, reporting an EPS of PKR 0.92, falling short of our projection of PKR 1.83, and no dividend was declared for the period, as expected.

- Despite the earnings miss, exports registered a 6% y/y growth, in line with the broader uptick in national exports during the quarter. However, on a sequential basis, revenue declined by a modest 2% q/q, suggesting a slight moderation in order intake or pricing dynamics.
- Gross margins remained steady, as cost of sales moved proportionately with revenue. Distribution expenses declined by 13% q/q, though increased by 10% y/y, reflecting the variable nature of these costs with respect to sales volumes.
- A major hit to the bottom line came from other income, which dropped sharply by 90% q/q and 80% y/y, primarily due to reduced gains from financial instruments and profit on financial certificates. On a positive note, finance costs decreased by 25%, pointing towards improved leverage management or declining borrowing costs.
- The effective tax rate increased to 12%, compared to 6% in the previous quarter and 0.27% in the same period last year, further eroding net profitability.

Overall, the decline in earnings was predominantly driven by lower non-core income and higher taxation. Nonetheless, ILP continues to exhibit operational resilience and financial discipline. With export trends remaining favourable and gradual internal improvements underway, we maintain our BUY stance on the stock, viewing the current dip as a short-term deviation within a longer-term growth trajectory.

Financials (PKR in mn)	3QFY25	2QFY25	Q/Q	3QFY24	Y/Y
Sales – net	41,437	42,336	-2%	39,040	6%
Cost of sales	(33,128)	(33,810)	-2%	(27,683)	20%
Gross profit	8,309	8,526	-3%	11,357	-27%
Distribution costs	(1,446)	(1,654)	-13%	(1,311)	10%
Administrative expenses	(2,555)	(2,371)	8%	(2,309)	11%
Other operating expenses	(337)	(326)	3%	(538)	-37%
Other income	17	172	-90%	87	-80%
	(4,321)	(4,179)	3%	(4,071)	6%
Profit from operations	3,988	4,347	-8%	7,286	-45%
Finance cost	(2,021)	(2,699)	-25%	(2,607)	-22%
Profit before income tax and levies	1,967	1,648	19%	4,679	-58%
Levies	(447)	(428)	4%	(537)	-17%
Profit before income tax	1,520	1,220	25%	4,142	-63%
Income tax	(181)	(68)	166%	(11)	1545%
Profit for the period	1,339	1,152	16%	4,131	-68%
Earnings per share – basic	0.95	0.82		2.95	

Source: Company Financials, HMFS Research

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