

Interloop Limited (ILP) – 3QFY26

Wednesday, April 29, 2026

Interloop Limited (PSX: ILP) posted 3QFY26 profit after tax of PKR 3,074mn (EPS: PKR 2.19), reflecting a robust 130% y/y recovery but a sequential decline of 11.4% q/q, as revenue softness and elevated operating costs weighed on near-term earnings momentum.

Revenue contraction: Net sales came in at PKR 39,872mn, down 3.8% y/y and 8.6% q/q vs. PKR 43,644mn in 2QFY26. The sequential decline is the more suggests volume softness amid seasonal demand pullback.

Gross profit inflects positively y/y: Gross profit of PKR 9,987mn surged 20.2% y/y from a low base of PKR 8,309mn in 3QFY25, reflecting meaningful operating leverage recovery. However, q/q gross profit slipped 4.3% from PKR 10,435mn. Gross margin expanded to 25.0% in 3QFY26 vs. 20.1% in 3QFY25

Financial charges ease but remain sizeable: Finance costs declined 28.7% y/y and 13.4% q/q to PKR 1,441mn — a clear beneficiary of SBP's rate cut cycle.

Other income normalises from abnormal base: Other income of PKR 694mn appears elevated vs. the near-zero base of PKR 18mn in 3QFY25 (3,756% y/y), though it declined 31.5% q/q from PKR 1,013mn.

Tax charge — ETR normalisation a drag: Taxation of PKR 1,914mn implies an ETR of ~38.4% in 3QFY26 vs. ~32.0% in 3QFY25 and ~40.5% in 2QFY26. The elevated ETR reflects export income tax treatment.

PAT and EPS: PAT of PKR 3,074mn (EPS: PKR 2.19) grew 129.9% y/y — a strong recovery narrative — but declined 11.4% q/q from PKR 3,471mn (EPS: PKR 2.48), reinforcing that near-term sequential momentum has stalled.

Financials (PKR 'Mn)	3QFY26	2QFY26	QoQ	3QFY25	YoY
Net sales	39,872	43,644	-8.6%	41,437	-3.8%
Cost of sales	(29,885)	(33,209)	-10.0%	(33,128)	-9.8%
Gross profit	9,987	10,435	-4.3%	8,309	20.2%
Selling/distribution expenses	(1,291)	(1,173)	10.1%	(1,446)	-10.7%
Administrative expenses	(2,616)	(2,489)	5.1%	(2,555)	2.4%
Operating profit	6,080	6,773	-10.2%	4,307	41.2%
Financial charges	(1,441)	(1,664)	-13.4%	(2,021)	-28.7%
Other income	694	1,013	-31.5%	18	3755.6%
Other charges	(346)	(290)	19.3%	(337)	2.7%
Profit before tax	4,988	5,832	-14.5%	1,966	153.7%
Taxation	(1,914)	(2,361)	-18.9%	(629)	204.3%
Profit after tax	3,074	3,471	-11.4%	1,337	129.9%
EPS - Basic	2.19	2.48		0.95	

Source: Company Financials, HMFS Research

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