

THAL Ltd vs other notable players... | Auto vending business

Monday, 11 November 2024

We are focusing on Thal Ltd (THALL). Their business is categorized into 3 distinct segments, viz., engineering, packaging, and laminates. But THALL is mainly known as an OEM supplier of heating, ventilation, and air conditioning (HVAC) in car assembly. THALL sales segment would likely to improve given an increase in car sales by assemblers. We believe that THALL would be liable to go into automobile cross-over vending businesses such as evaporators, etc., as we see at introductions of cross-overs on blogs such as *PakWheels*.

	PKR	THALL	LOADS	AGIL
Market Cap (bn)		36.95	3.12	3.82
52 weeks High (PKR/sh)		515.88	12.83	110
52 Weeks Low (PKR/sh)		250	7.07	76.01
Book value		385.6	15.2	161.5
PBV		1.2	0.8	0.7
EPS (FY24)		27.03	3.29	-7.66
DPS (FY24)		8	-	-

Source: SCS Research

Annual PKR mn	THALL			LOADS			AGIL		
	FY23	FY24	%	FY23	FY24	%	FY23	FY24	%
Sales	31,921	26,551	-16.8%	4,494	4,490	-0.1%	8,315	8,534	2.6%
EBIT	2,516	759	-69.9%	473	621	-23.9%	91	(141)	-255.2%
EBITDA	3,262	1,758	-46.1%	473	621	-23.9%	91	(141)	-255.2%
O.P	4,418	3,794	-14.1%	(1,174)	884	-175.3%	(141)	91	-164.4%
PBT/LBT	4,012	3,065	-23.6%	(1,772)	257	-114.5%	(126)	(315)	149.1%
Taxation	1,262	874	-30.7%	517	570	10.3%	47	33	-30.1%
PAT	2,751	2,190	-20.4%	(1,256)	827	-165.8%	(173)	(348)	100.5%
EV	16,967	39,756		6,240	4,119		3,213	4,668	
EV/share	209	491		25	16		89	130	

Source: SCS Research

THALL delineate an average enterprise value of PKR 26 bn – PKR 39bn. At present, THALL yields EV/sh of PKR 491/sh as of 1QFY25. THALL reported PKR 3.0 billion sales from the engineering segment, which is up 22% from PKR 2.4 billion in the same period last year (SPLY). THAL posted remaining sales come from the packaging & laminate model, which is now driven by a stable exchange rate and a decrease in the interest rate from 22% to 15%. This decline has gradually increased automotive volumes, primarily due to banks resuming auto-financing.

We anticipate that automobile sales will increase from 2QFY25, which could beef up sales compared to last year.

THALL focuses on exporting its packaging division's products to GCC, Europe, and the USA.

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THAL investments

Monday, 11 November 2024

Quarterly	THALL			LOADS			AGIL		
	PKR mn	1QFY24	1QFY25	%	1QFY24	1QFY25	%	1QFY24	1QFY25
Sales	5,854	5,751	-1.8%	849	1,227	44.5%	1,753	2,299	31.1%
EBIT	116	(63)	-154.8%	110	252	129.3%	50	20	-60.3%
O.P	554	686	23.8%	264	146	-44.6%	50	20	-60.3%
PBT	361	496	37.2%	(44)	264	-	29	(48)	-265.4%
Taxation	108	167	54.6%	35	(75)	-312.0%	(23)	17	-
PAT	253	329	29.8%	(79)	189	-	6	(65)	-

Source: SCS Research

THAL Limited Investment in terms of Holding			
Company Name	% of Holding	Basis of Association	Ticker
Sindh Engro Coal Mining	11.90%	Associate	SECMC*
Indus Motor Company	6.22%	Associate	INDU
Shabbir Tile & Ceramics	1.30%	Associate	STCL
Habib Insurance	4.63%	Associate	HICL
Agri Autos Industries Ltd	7.35%	Associate	AGIL

Source: SCS Research

* SECMC stakes are available into other companies as well.

THAL vs peers production differentiation

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Product Names		
THAL	LOADS	AGIL
Engineering		
HVAC	Mufflers & Exhaust Systems	Shock Aborbers & Struts
Evaporator	Radiators	Motorcycle Shock Absorber & parts
Heater Core	Sheet Metal Components	Sheet Metal Press Parts
Starter	Radiator-Cores	Tractor Parts
Alternator		Other Parts
Cooling Sub Module		
Radiator		
Reserve Tank		
Packaging		
Jute		
Paper		

Source: SCS Research

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Following research techniques adopted to calculate target price/recommendation

- Price to earnings & Price to Book, EV-EBITDA multiple
- Discounted Cash flows or Dividend Discount Model or Enterprise Value