

## TREET Company Update

TCL Holding Company is one of the oldest and largest business groups of Pakistan, which is a sole manufacturer and marketer of conventional shaving blades, razors and soaps. The average daily volume of TREET remained 0.725mn, reaching a high of 4.48mn on 24th July, 2015. The average price of TREET since June'14 is PKR 114 per share touching a high of PKR 150 and making a low of PKR 69 per share.

Treet Corporation Limited (TREET) had announced and subscribed 150% right shares offered at PKR 50 per share including premium of PKR 40 per share to the existing shareholders. Main Objective of the issue was to build, construct, and commission "lead acid battery" plant to be capable of producing various sizes of batteries and amperes for motor vehicles/ UPS.

Over a period of 5 years, Treet Corporation Limited has enhanced their business fundamentally as TREET witnessed extraordinary growth of 14.6% in topline due to surge in unit sales. Gross Profit margin improved by 15% owing to reduction in cost. Analyzing D/E ratio, TREET has decreased short term borrowing by 14.1%, but it has increased exposure to Participation Term certificate worth at PKR 1.075bn. As a result, finance cost increased by 12% to PKR 364mn. However, Earnings have shown a negative growth of 3% despite rise in Gross profit margin. The main reason of decline was due to decline in operating profit owing to rise in distribution, administration and finance cost.

Recently, Treet Corporation announced its 9MFY15 financial results. The Company posted net profit of PKR 150.784mn (EPS of PKR 2.85), depicting the negative growth of 55.56%. The sales of the company surged by 11%, which Led the GP to surge by 13%YoY basis. However, Company's operating profit was slashed by 17%YoY due to decline in other income and rise in administration expenses.

### Future Outlook

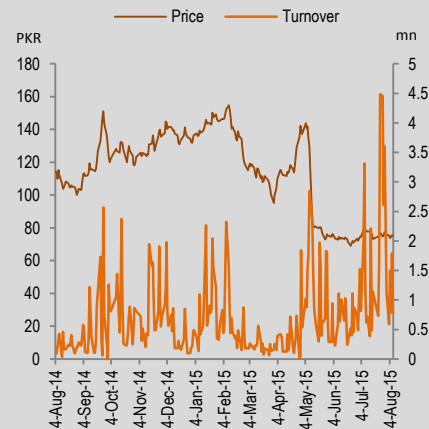
Based on company's performance, we expect positivity for TREET as company has invested in Daewoo batteries to produce batteries, which will further add product to existing portfolio in order to boost profitability of company. Additionally, company has planned to increase production capacity of Razer segment at Hyderabad and Lahore Plant, which will support topline of company to rise in unit sales of Razer/Blade segments. Additionally, Company has announced to issue Treet Perpetual Bond to existing shareholder. This will help company to limit finance cost due to interest rate at 42-year historic low. Therefore, these measures will enhance the profitability of the company in future.

### CURRENT MARKET DATA

Current Price	74.53
Market Cap (PKR mn)	10,109
Market Cap (USD mn)	99
Free Float (%)	16.19

Source: KSE

### Price Performance



Source: KSE

## Financial Statements CY10-CY15

PKR (mn) Except EPS	CY10	CY11	CY12	CY13	CY14	CAGR
Shareholder equity	1,271	1,619	1,983	2,094	2,894	17.9%
Short Term Borrowing	1,709	1,877	1,690	576	797	-14.1%
Property, plant & equipment	2,009	2,017	2,107	2,289	3,081	8.9%
Sales	3,575	4,605	5,715	5,954	7,062	14.6%
Gross profit	709	162	1,418	1,335	1,424	15.0%
Finance Cost	211	238	245	334	289	6.5%
Other income	203	334	126	162	203	0.0%
Profit/(loss)after tax	266	352	421	215	235	-2.5%
<b>EPS</b>	<b>6.37</b>	<b>8.42</b>	<b>10.05</b>	<b>4.92</b>	<b>4.9</b>	<b>-5.1%</b>

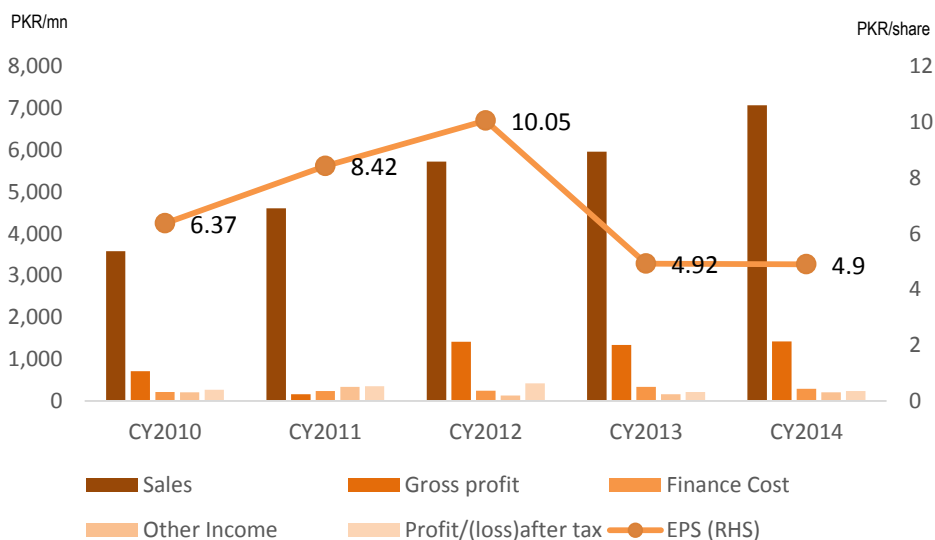
Source: Company financials, Darson Research

## TREET I/S-9MFY15

PKR (mn)	9MFY14	9MFY15	YoY
Net Sales	4,744	5,256	11%
Gross Profit	1,052	1,188	13%
Other income	394	116	-71%
NPAT	340	151	-56%
<b>EPS</b>	<b>6.75</b>	<b>2.85</b>	<b>-58%</b>

Source: Company financials, Darson Research

## Financial Performance



Source: Company financials, Darson Research

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