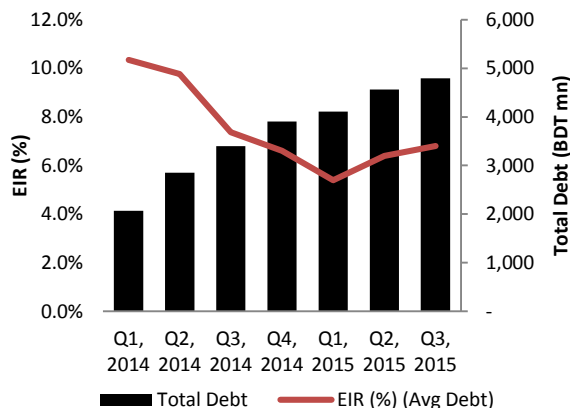
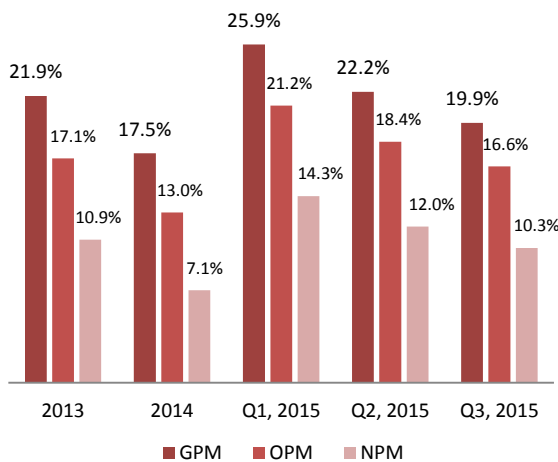
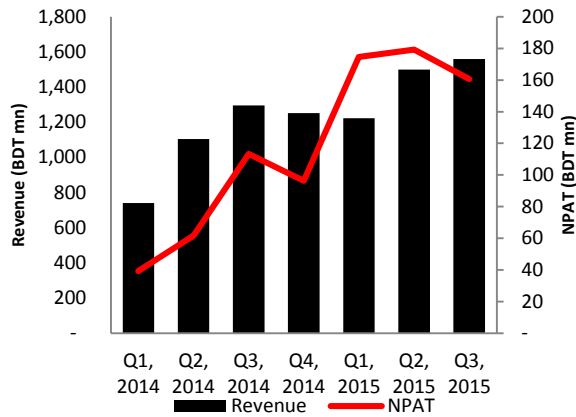


August 20, 2015

Flash Note on Envoy Textiles Limited – 9M 2015 Performance



Envoy Textiles Limited (DSE: ENVOYTEX) declared its 9M2015 (Oct 2014 - Jun 2015) net profit of BDT 514.4 mn, registering a YoY growth of 139.8%. Along 3Q 2015 (Apr 2015 – Jun 2015), net profit was BDT 160.7 mn as against BDT 113.4 mn for 3Q 2014.

Business & Growth

In 3Q 2015, the company reached the all-time high turnover of BDT 1,559 mn, registering a 20.4% YoY and 4.0% QoQ growth. The growth came from increased volume from expanded production capacity. On the basis of 9 months consolidated reporting, top line grew 36.4% YoY.

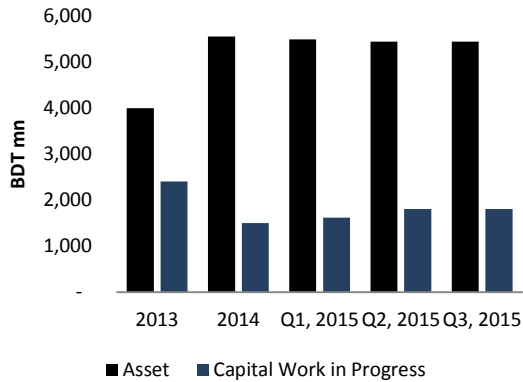
NPAT for 3Q 2015 experienced 41.8% YoY growth but decreased 10.3% QoQ as margins declined over the three quarters of 2015. On the basis of 9 months reporting, NPAT grew 139.8% YoY.

Profitability

Gross, Operating and Net Profit Margins stood at 19.9%, 16.6% & 10.3%, respectively in 3Q 2015 and 22.4%, 18.5% & 12.0%, respectively in 9M 2015. The profit margins are higher compared to 2014 Gross, Operating and Net Profit Margins of 17.5%, 13.0% and 7.1%. However, margins have been declining through three quarters of 2015 due to competitive pricing to attract customers and higher financial expenses.

Financial Expenses

Financial Expenses have increased in all three quarters of 2015 as Effective Interest Rate (EIR) remained low. At the end of 9M 2015 Total Debt (Secured Loan, Current Portion of Secured Loan & Short term Loan) was BDT 4,794 mn. Annualizing 3Q 2015 Financial Expenses of BDT 79.6 mn, EIR for the period stood at 6.8%.



Investment

The company has made cash investment of BDT 943.1 mn in 9M 2015 in existing machineries and Capital Work in Progress. The investment is made for the company's planned spinning unit. The unit is preliminary expected to be operational in 1Q 2016. The investment is financed by a mix of retained earnings and debt.

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