Sector

CABLE & ELECTRICAL GOODS

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Symbol: **WAVESAPP**
Current Price: **PKR 9.22**
Market Cap (PKR bn): **2.46**
Total Shares (bn): **0.27**
Free Float (bn): **0.16**
52 Week High: **PKR 12.30**
52 Week Low: **PKR 6.99**

Waves Home Appliances Limited (WAVESAPP)

Waves Home Appliances Limited (WAVESAPP) reported earnings per share of PKR 0.24 in 1QCY26 (1QCY25: PKR 0.22). Furthermore, in CY25 earnings per share were reported to be PKR 0.71 (CY24: 0.57).

The company is addressing its previous liquidity constraints through a structured capital injection and debt realignment. On July 23, 2026, the Board of Directors of Waves Home Appliances Limited approved a 56% Rights Issue to raise gross proceeds of PKR 1.50 billion.

The capital injection consists of 150,015,772 ordinary shares offered at a par value of PKR 10.00 per share. To support the company's operational recovery, the proceeds are strategically split: PKR 800.16 million (53.3%) is allocated to fund critical working capital requirements for core business segments, while PKR 700.00 million (46.7%) is set for the partial repayment of a loan payable to the Holding Company. The issue is underwritten by Next Capital Limited.

Management noted that the company's name is approximately 90% clear from CIB overdue reporting. Remaining implementation is expected within one to two months, which will fully unlock formal banking lines (LCs and working capital).

While currently using alternative arrangements and vendor-supported credit, the company expects to resume opening LCs in its own name shortly as bank relationships normalize.

The company is maintaining a tight cash-sales model for retail distribution (minimizing market credit), while managing standard 7 to 60-day credit cycles for secure, high-margin corporate clients (Coca-Cola, beverages, ice cream, food companies).

Management highlighted that the old factory land, located in a densely populated area of Lahore, is held by Waves Corporation. A previously conceived real estate project for this site is currently on hold due to unfavorable market conditions. This asset is carried on the books at a value significantly lower than its estimated fair market value.

Additionally, a new production facility is nearing completion. This facility is expected to come online soon to support increased production volumes. The management seeks to expand the volumes for air-conditioners, deep-freezer and refrigerators.

The company was intentionally structured to be ready for a Joint Venture, making it an attractive entry point for large foreign or Chinese companies looking to enter the Pakistani market.

Heavy, bulky appliances like standard Refrigerators and Deep Freezers are 100% locally manufactured. High ocean freight costs act as a natural protective barrier against fully imported competitor units, making domestic manufacturing highly profitable.

ACs represent the primary CKD-based category. WAVESAPP has already commenced assembly operations in this segment and plans to use the rights issue proceeds to scale up AC operations ahead of the summer peak.

While standard refrigerators are localized, the ultra-premium segment (e.g., side-by-side smart refrigerators) is a fast-growing market in Pakistan. Waves plans to import high-end kits to assemble and sell these premium models to capture upscale consumer demand.

Automatic washing machines represent a rapidly expanding segment. Rather than setting up complex local fabrication, Waves will import CKD kits for automatic washing machines, microwave ovens, and dishwashers to quickly expand its retail product shelf.

The company has been approached by international battery manufacturers to utilize its domestic distribution network for solar energy storage devices, following changes in Pakistan's net metering policies.

There is serious interest from two-wheeler and four-wheeler EV companies regarding the use of the new 300,000 sq. ft. facility for assembly, which would allow them to bypass the long lead times of greenfield construction.

Going forward, the management projected total sales volumes to rise from 58,500 units in CY26B to 175,000 units by CY28B. This operational ramp-up is forecasted to scale net sales to PKR 14.31 billion (PKR 19.81 billion gross) and expand gross profits to PKR 4.69 billion by CY28.

Consequently, bottom-line profitability is projected to experience a recovery, with net profit reaching PKR 1.88 billion and EPS expanding from PKR 1.39 in CY26B to PKR 4.49 in CY28.

Management explicitly presented these forecasts as highly conservative, emphasizing that the final 2028 volume target remains 27.5% below their 2019 historical peak of 241,589 units. Rather than relying on aggressive competitor disruption or market-share wars, the forecast is built entirely on recapturing lost market share and restoring normal capacity utilization as the PKR 1.50 billion rights issue and bank restructurings fully unlock the company's working capital lines.

PKR million	1QCY25	1QCY26	YoY	CY24	CY25	YoY
Net sales	989	1,002	1%	3,170	3,667	16%
Cost of sales	-714	-728	2%	-2,284	-2,660	16%
Gross profit	275	274	0%	886	1,006	14%
Gross margin	**28%**	**27%**		**28%**	**27%**	
Selling/distribution expenses	-55	-63	15%	-238	-230	-3%
Administrative expenses	-60	-52	-13%	-225	-258	15%
Operating profit	160	160	0%	423	519	23%
Depreciation & amortisation	58	67	16%	236	273	16%
EBITDA	218	227	4%	659	792	20%
Financial charges	-93	-145	56%	-594	-706	19%
Other income	38	89	134%	525	775	48%
Other charges	-3	-33	1000%	-180	-484	169%
Profit before tax	103	71	-31%	174	104	-40%
Taxation	-43	-7	-84%	-21	85	N/A
Profit after tax	60	64	7%	153	189	24%
Net margin	**6%**	**6%**		**5%**	**5%**	
EPS (PKR)	0.22	0.24	9%	0.57	0.71	25%
DPS (PKR)	0	0		0	0	

Source: Company financials, PSX

Important Disclosures

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