

Pakistan Technology

SYS PA: 4QCY24 EPS to clock in at PKR8.57

- Systems Limited is expected to post bottom-line of ~PKR2.5bn (EPS: PKR8.57) in 4QCY24 as compared to ~PKR1.5bn (EPS: PKR5.29) in SPLY.
- Topline is expected to increase by 19% YoY to clock in at PKR19.1bn, attributable to growth momentum in Middle East Market. In 4QCY23 company's dollarized revenue is expected to grow by 21%/11% YoY/QoQ to clock in at US\$69mn.
- Gross margins are expected to clock in at ~25.4% during 4QCY23 vs. ~22% in SPLY, up by ~3.4ppts YoY mainly attributable to improvement in margins from middle east region.
- We expect exchange gain to clock in at ~PKR61mn in 4QCY23 amid meager PKR devaluation of ~300bps QoQ taking total other income to ~PKR237mn up by 34%/28% YoY/QoQ. The increase is mainly attributable to absence of exchange loss. To note, company has posted exchange loss of PKR381mn in SPLY and PKR193mn in preceding quarter.
- Financial charges are expected to clock in at PKR74mn during 4QCY23, down by 66% YoY, due to declining interest rates and lower borrowings.
- Along with the result we expect company to announce cash dividend of PKR6.75/sh.

SYS (PKR mn)	4QCY24E	4QCY23	YoY	3QCY24	QoQ	CY24	CY23	YoY
Revenue	19,115	16,102	19%	17,286	11%	67,424	53,435	26%
Cost of sales	14,260	12,559	14%	12,907	10%	51,207	39,779	29%
Gross profit	4,855	3,543	37%	4,379	11%	16,217	13,657	19%
Gross Profit Margin	25.4%	22.0%		25.3%		24%	26%	
Distribution cost	683	281	143%	617	11%	2,174	1,570	39%
Admin expenses	1,401	1,007	39%	1,267	11%	4,834	3,983	21%
Other income	237	177	34%	186	28%	538	3,194	-83%
Finance cost	74	215	-66%	97	-24%	459	869	-47%
Profit before tax	2,775	1,734	60%	2,430	14%	8,853	9,280	-5%
Taxation	277	191	45%	242	15%	924	591	56%
PAT	2,497	1,542	62%	2,189	14%	7,929	8,689	-9%
EPS	8.57	5.29		7.51		27.22	29.83	-9%
DPS	6.75	6.00		-		6.75	6.00	

Source: Company Accounts, Insight Securities

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Analyst certifications and important disclosures are in the end.

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- Discounted cash flow (DCF)
- Relative Valuation (P/E, P/Bv, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

Frequently Used Acronyms

TP	Target Price	DCF	Discounted Cash Flows	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/Bv	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield
ROE	Return on Equity	ROA	Return on Assets	CAGR	Compounded Annual Growth Rate

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