SYS | AIRLINK

REP- 300

SYS: Earnings expected to arrive at PKR 1.8/share in 2QCY25

Systems Limited (SYS) is set to announce its 1HCY25 results soon, where we expect the company to report a profit after tax (PAT) of PKR 5,176mn (EPS: PKR 3.5), reflecting a 60% YoY increase. Moreover, on a quarterly basis, earnings are projected at PKR 2,674mn (EPS: PKR 1.8), showing a 60% YoY growth. The topline is expected to rise by 21% YoY to PKR 19,225mn, driven by a 4.7% YoY increase in technology service exports, supported by a revival in global economic conditions and the expanding presence of Systems in the MENA region. Gross margins are projected to improve by 357bps YoY to 25.7% in 2QCY25, while finance costs are anticipated to decline by 46% YoY to PKR 76mn due to lower interest rates.

Exhibit: Financial Highlights

(PKR mn)	1HCY25e	1HCY24a	YoY	2QCY25e	2QCY24a	YoY	QoQ
Net Sales	37,305	31,023	20%	19,225	15,829	21%	6%
Cost of Sales	27,808	24,040	16%	14,279	12,350	16%	6%
Gross Profit	9,497	6,983	36%	4,946	3,479	42%	9%
Gross Margins	***25.5%***	***22.5%***		***25.7%***	***22.0%***		
Admin expense	2,909	2,165	34%	1,499	1,057	42%	6%
Finance Cost	165	287	-42%	76	139	-46%	-16%
PAT	5,176	3,243	60%	2,674	1,672	60%	7%
EPS	3.5	2.2		1.8	1.1		

Source (s): Company Financials, AHL Research

AIRLINK: Bottom-line projected to decline by 20% YoY to PKR 9.3/share in FY25

Air Link Communication Limited (AIRLINK) is scheduled to announce its FY25 financial results soon, where the company is expected to post a PAT of PKR 3,692mn (EPS: PKR 9.3), reflecting a 20% YoY decline. The primary reason behind the earnings contraction is the drop in volumetric sales. Locally manufactured devices stood at 28.3mn units during FY25, down 13.1% YoY, amid subdued demand, higher tax rates making mobile phones less affordable, and weak rural demand, particularly in the low-end segment, due to poor farm economics. On quarterly basis, the earnings are expected to decline by 46% YoY. Net sales are expected to decline by 25% YoY | 3% QoQ, arriving at PKR 27,524mn, though gross margins are expected to improve by 450bps to 10.6% on the back of cost efficiencies and better plant utilization. Meanwhile, finance costs are estimated at PKR 1,354mn, reflecting a 36% YoY increase due to higher short-term borrowings. Alongside the results, we anticipate a dividend payout of PKR 2.0/share during the quarter (FY25: PKR 4.5).

Exhibit: Financial Highlights

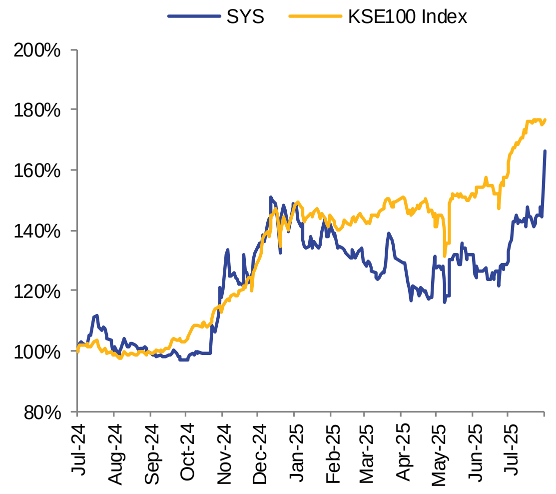
(PKR mn)	FY25e	FY24a	YoY	4QFY25e	4QFY24a	YoY	QoQ
Net Sales	113,076	129,742	-13%	27,524	36,937	-25%	-3%
Cost of Sales	101,795	119,937	-15%	24,606	34,670	-29%	-3%
Gross Profit	11,281	9,806	15%	2,917	2,267	29%	-1%
Gross Margins	**10.0%**	**7.6%**		**10.6%**	**6.1%**		
Other Expense	480	479	nm	165	319	-48%	-3%
Finance Cost	4,495	2,974	51%	1,354	996	36%	-5%
PAT	3,692	4,625	-20%	838	1,548	-46%	56%
EPS	9.3	11.7		2.1	3.9		
DPS	4.5	6.0		2.0	4.0		

Source (s): Company Financials, AHL Research

SYS

Last Closing	133.28
PSX Code	SYS
Bloomberg Code	SYS PA

Relative Performance

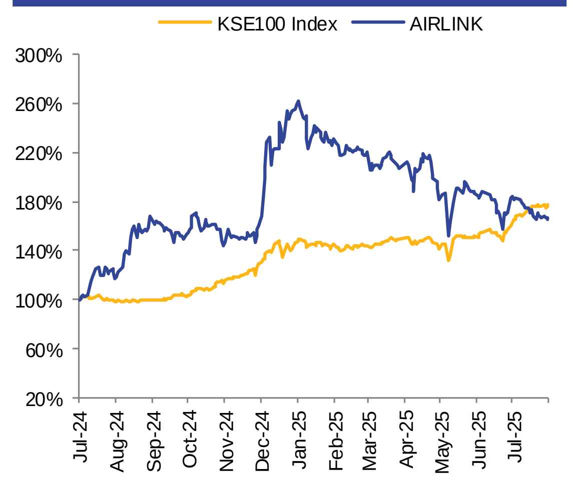


Source (s): PSX, AHL Research

AIRLINK

Last Closing	138.01
PSX Code	AIRLINK
Bloomberg Code	AIRLINK PA

Relative Performance



Source (s): PSX, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between 0% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than 0% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- **Discounted Cash Flow (DCF)**
- **Dividend Discount Model (DDM)**
- **Sum of the Parts (SoTP)**
- **Justified Price to Book (JPTB)**
- **Reserved Base Valuation (RBV)**

Risks

The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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