

## Systems Limited

# Result Review: Earnings arrived at PKR 5.39/share in 1QCY24

### Profitability declined by 59% during the quarter

Systems Limited (SYS) announced the financial result for 1QCY24 whereby the company posted a profit after tax (PAT) of PKR 1,571mn (EPS: PKR 5.39) in contrast to PKR 3,879mn (EPS: 13.32) during 1QCY23, down by 59% YoY due to exchange loss during the quarter compared to massive exchange gain in SPLY. On a sequential basis, the earnings witnessed an uptick of 2% QoQ.

### Result Highlights

- Net sales in 1QCY24 clocked in at PKR 15,194mn, up by 42% YoY which is on account of 32%, 35%, and 49% YoY growth in technology-related solutions, Banking Financial Services & Insurance (BFSI), and telecommunications services, respectively.
- Gross margins in 1QCY24 arrived at 23.06% vis-à-vis 26.08% in 1QCY23, which is due to higher energy costs and inflationary adjustments during the quarter.
- The company booked an expense of PKR 57mn in 1QCY24 compared to other income of PKR 2,552mn in SPLY amid exchange losses during the quarter against significant exchange gains in SPLY.
- Finance cost plummeted by 6% YoY, clocking in at PKR 148mn during 1QCY24 owed to reduction in the short-term borrowings.
- Administrative and Distribution expenses augmented by 36%YoY, which is due to inflationary pressure.
- The company booked effective taxation at 11% in 1QCY24 vis-à-vis 3% in 1QCY23.

### Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1QCY24	1QCY23	YoY	QoQ
Net Revenue	15,194	10,699	42%	-6%
Cost of Sales	11,690	7,908	48%	-7%
Gross Profit	3,504	2,790	26%	-1%
<b>Gross Margins</b>	<b>23%</b>	<b>26%</b>		
Admin & Dist Exp	1,540	1,132	36%	20%
Others Expense	21	49	-56%	nm
Others Income	(57)	2,552	nm	nm
Finance Cost	148	157	-6%	-31%
PBT	1,760	3,992	-56%	-4%
Taxation	188	113	67%	-2%
PAT*	1,571	3,879	-59%	2%
EPS (PKR)	5.39	13.32		

Source (s): Company Financials, AHL Research

\*profit attributable to equity shareholders of the company.

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