

AHL Alert: Technology & Communication

Systems Limited

CY24 results: PKR 25.6 EPS coupled with 5-for-1 Stock Split

Stock split announced

The Board of Directors of SYS approved a stock split of 5:1, reducing the face value of each share from PKR 10 to PKR 2. As a result, the total number of ordinary shares will increase from 292.9mn to 1.46bn. This move aims to enhance investor accessibility and improve market liquidity.

4QCY24: Earnings arrive at PKR 6.9/share

Systems Limited (SYS) announced the financial result for CY24 whereby the company posted a PAT of PKR 7,460mn (EPS: PKR 25.6) against a PAT of PKR 8,689mn (EPS: 29.9) during CY23, down by 14% YoY. Whereas, earnings in 4QCY24 clocked in at PKR 2,028mn (EPS: PKR 6.9), up by 32% YoY. In addition to the result, the company announced a final cash dividend of PKR 6.00/share (PKR 6.00/share in CY23).

Result Highlights

- Net sales for CY24 reached PKR 67,473mn, marking a 26% YoY increase, driven by strong growth in Banking, Financial Services & Insurance (BFSI) (+34% YoY) and Telecommunications (+31% YoY). On a quarterly basis, 4QCY24 topline surged 19% YoY to PKR 19,163mn.
- Gross margins in CY24 arrived at 23.8% vis-à-vis 25.9% in CY23. This reduction in gross margins was predominantly driven by inflationary adjustments in compensation. The gross margins in 4QCY24 arrived at 23.6% (up by 270bps YoY).
- Other income declined by 77% YoY to PKR 726mn in CY24, primarily due to exchange losses amid PKR appreciation. However, in 4QCY24, other income surged 425% YoY to PKR 425mn, driven by slight PKR depreciation.
- Finance cost declined by 46% YoY, clocking in at PKR 465mn during CY24. In addition, the finance cost in 4QCY24 declined by 62% YoY, reaching PKR 81mn owed to lower interest rate environment.
- The company booked an effective taxation at 8.8% in 4QCY24 vs 21.7% in SPLY.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	CY24	CY23	YoY	4QCY24	4QCY23	YoY	QoQ
Income Statement							
Net Revenue	67,473	53,435	26%	19,163	16,102	19%	11%
Cost of Sales	51,437	39,590	30%	14,638	12,740	15%	13%
Gross Profit	16,036	13,846	16%	4,526	3,361	35%	-3%
Gross Margins	23.8%	25.9%		23.6%	20.9%		
Admin & Dist Exp	7,303	5,552	32%	2,379	1,116	113%	26%
Others Expense	583	482	21%	216	(99)	-318%	60%
Others Income	726	3,194	-77%	425	177	141%	nm
Finance Cost	465	869	-46%	81	215	-62%	-17%
PBT	8,291	9,359	-11%	2,100	1,244	69%	-14%
Taxation	831	670	24%	185	270	-32%	-24%
PAT*	7,460	8,689	-14%	2,028	1,542	32%	-7%
EPS (PKR)^	25.6	29.9		6.9	5.3	32%	-7%
DPS (PKR)	6.0	6.0		6.0	6.0		
Ratio Analysis							
BVPS (PKR)	132.2	110.4		132.2	110.4		
Gross Margins	23.8%	25.9%		23.6%	20.9%		
Net Margins	11.1%	16.3%		10.6%	9.6%		
Return on Equity	23.1%	37.9%		20.4%	12.4%		
Return on Assets	13.8%	19.5%		13.9%	7.7%		
Payout Ratio	23.5%	20.1%		86.7%	114.0%		
Effective tax rate	10.0%	7.2%		8.8%	21.7%		

Source (s): Company Financials, AHL Research

*profit attributable to equity shareholders of the company.

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