

# Technology & Communication: Air Link Communication Limited

## Result Review: FY25 EPS clocked-in at PKR 12.01/share

REP-300

### FY25 earnings arrived at PKR 12.01/share, up by 3% YoY

- Air Link Communication Limited (AIRLINK) announced its financial result for FY25 today whereby the company posted highest ever Profit After Tax (PAT) of PKR 4,748mn (EPS: PKR 12.01), improving by 3% YoY.
- During 4QFY25, the profitability of the company amounted to PKR 1,894mn (EPS: PKR 4.79) improving by 22% YoY I 3.5x QoQ.
- Along with the result, the company announced the highest ever final dividend of PKR 4.5/share in 4QFY25, which takes the total payout to PKR 7/share in FY25.

### Result Highlights

- Net sales arrived at PKR 104,379mn during FY25, down by 20% YoY. The decline is attributed to decline in locally manufactured devices which 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. On a quarterly basis, the revenue declined by 49% YoY I 33% QoQ due to same aforementioned reason.
- In 4QFY25, gross margins improved to 14.1% compared to 10.4% in the previous quarter. While we await further clarity, we note that product-related finance costs, which were previously recorded under cost of sales, are now being managed differently. The company is carrying a larger proportion of inventory on its own balance sheet, with inventory rising to PKR 18.9bn in 4QFY25 from PKR 9.3bn in the preceding quarter. To support these higher working capital requirements, short-term borrowings increased to PKR 29.6bn from PKR 26.8bn, leading to higher finance costs. However, these costs were incorporated into product pricing, thereby supporting the improvement in margins.
- Furthermore, a reversal in administrative and distribution expenses was observed, as certain items previously recorded under this head were reclassified under cost of sales.
- The company recorded an effective taxation of 23.5% in FY25 vis-à-vis 17.4% in the same period last year.
- We maintain our **BUY** stance on AIRLINK with PKR 269/share. At current levels, the stock is trading at FY26 P/E of 6.03x.

### Exhibit: Financial Highlights (Consolidated)

(PKR mn)	FY25	FY24	YoY	4QFY25	4QFY24	YoY	QoQ
<b>Income Statement</b>							
Net Revenue	104,379	129,742	-20%	18,827	36,937	-49%	-33%
Cost of Sales	93,365	119,937	-22%	16,176	34,670	-53%	-36%
Gross Profit	11,015	9,806	12%	2,651	2,267	17%	-10%
Admin & Dist Exp	1,102	993	11%	-31	-364	nm	nm
Others Expense	277	479	-42%	-39	319	nm	nm
Others Income	883	563	57%	446	237	88%	nm
Finance Cost	3,944	2,974	33%	803	996	-19%	-44%
PBT	6,206	5,603	11%	2,282	1,414	61%	160%
Taxation	1,458	977	49%	388	-134	nm	13%
PAT	4,748	4,625	3%	1,894	1,548	22%	3.5x
EPS (PKR)	12.01	11.70		4.79	3.92		
DPS (PKR)	7.00	6.00		4.50	4.00		
<b>Ratio Analysis</b>							
Gross Margins	10.6%	7.6%		14.1%	6.1%		
Net Margins	4.5%	3.6%		10.1%	4.2%		
Payout Ratio	58.3%	51.3%		93.9%	102.1%		
ETR	23.5%	17.4%		17.0%	-9.5%		

Source (s): Company Financials, AHL Research

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