

Technology & communication

Air Link Communication

Expanding on all fronts

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Expanding on all fronts

Air Link Communication Limited (AIRLINK) has established a strong foothold in Pakistan's mobile manufacturing space through the local assembly of leading brands such as Xiaomi, Tecno, and Itel. The company is now entering a new phase of growth with ambitious diversification plans aimed at expanding its product portfolio beyond smartphones. Having already commenced the launch of Xiaomi TVs since the start of 2025, AIRLINK is now venturing into laptops, home appliances, and electric vehicles (EVs). Furthermore, the commissioning of its state-of-the-art facility in Lahore, supported by a 10-year tax holiday, is expected to drive profitability in the coming years. We reiterate our BUY stance on AIRLINK with a Jun'26 target price of PKR 264/share, offering an upside of 43.1% from current levels.

Investment Thesis

Our investment case for Air Link Communication Limited (AIRLINK) is anchored on following key growth drivers that reinforce our bullish outlook:

- Sustained demand for affordable, locally assembled smartphones supporting steady volume growth.
- Strategic expansion supported by a 10-year tax holiday facility under the Sundar Green Special Economic Zone.
- Product diversification through local assembly of Xiaomi TVs and launch of E-10 Acer laptops, broadening the company's portfolio and revenue base.
- Expansion through launching Pakistan's first iPhone Mono store.
- Entry into the home appliances segment, targeting growth in Pakistan's expanding consumer electronics market.
- Historically, since its listing, Airlink has traded at an average P/E of 9.5x over the past four years compared to the KSE-100's 4-year average of 5.5x, indicating that the stock has consistently traded at a premium to the market. Currently, it is trading at FY26e/FY27f P/E multiples of 8.8x and 7.1x, respectively, which makes the premium valuation justified.

AIRLINK			
Recommendation	BUY		
Target Price	264.0		
Last Closing	184.5		
Upside	43.1%		
Shares (mn)	395.3		
Free float (%)	30.0		
Market Cap. (PKR bn)	72.9		
Market Cap. (USD mn)	259.58		
Price Performance			
	3M	6M	12M
Return (%)	38.7	36.5	46.3
Avg. Volume (mn)	4.6	3.0	3.2
ADTV (mn) - PKR	767.6	487.5	549.8
ADTV (mn) - USD	2.7	1.7	2.0
High Price - PKR	184.5	184.5	210.9
Low Price - PKR	132.3	122.2	118.4

Source: PSX, AHL Research

Shareholding Pattern as of Jun'25

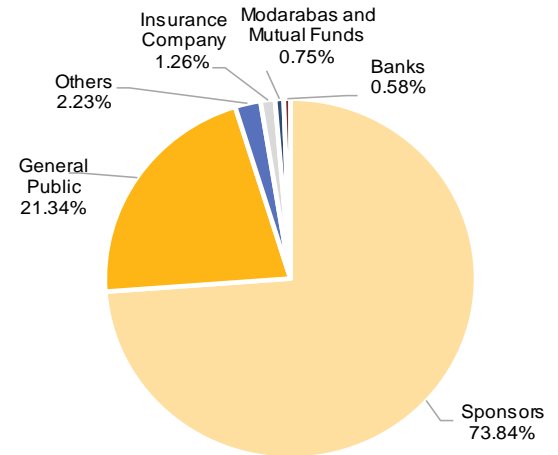
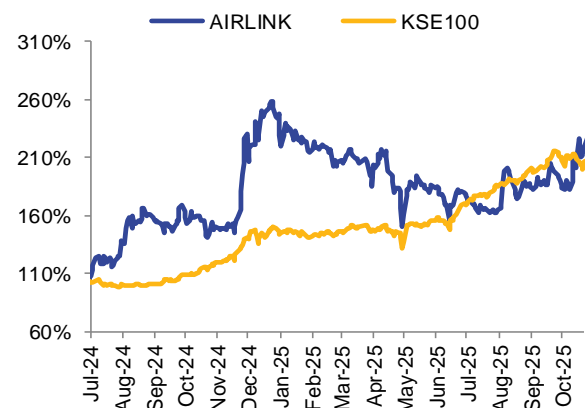


Exhibit: Valuation Snapshot

		FY25a	FY26e	FY27f
Earnings per share	PKR	12.0	21.0	26.0
Dividend per share	%	7.0	11.0	13.0
Price to earning	x	15.4	8.78	7.10
Return on equity	%	27.5	39.2	39.0
Return on asset	%	7.4	12.4	14.5

Source (s): Company Financials, AHL Research

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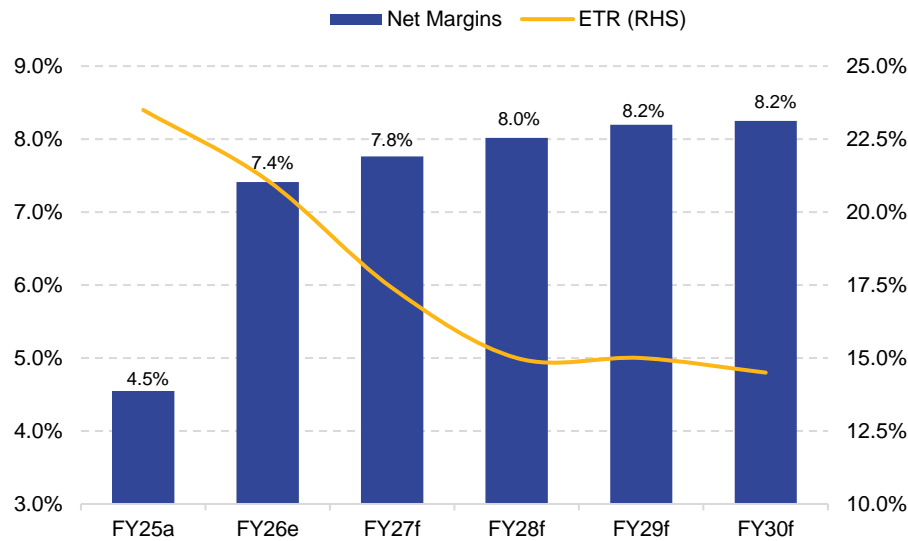
Source: Bloomberg AHL Research

Strategic expansion aided by a 10-year tax holiday

AIRLINK is expanding its operations through the establishment of a state-of-the-art production facility at the Sundar Green Special Economic Zone, Lahore. The project spans eight acres, featuring 1.4mnn sq. ft. of purpose-built infrastructure, with three acres owned by AIRLINK and five acres by its wholly owned subsidiary, Select Technologies (Pvt.) Limited. This strategic expansion will allow AIRLINK to benefit from a 10-year tax holiday and a one-time GST exemption on the import of machinery. Based on our channel checks, the company intends to shift 50% of its smartphone production to the new facility to capitalize on tax incentives, while the remaining 50% will continue at the existing plant before being gradually transitioned during FY26.

While, company also aims to bring new products like the production of laptops and home appliances division on this facility. As per our channel checks, management targets operational shift by Dec'25. Consequently, we expect FY26 EPS to rise by 75% to PKR 21.0/share, with AIRLINK's effective tax rate projected to decline to 21% in the same period.

Exhibit: Effective taxation and and net margins moving forward

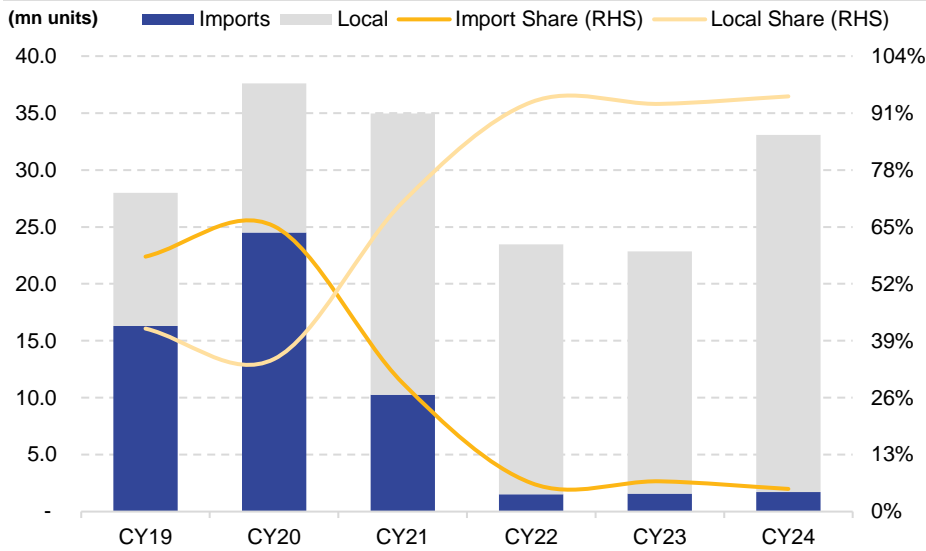


Source (s): Company financials, AHL Research

Sustained demand for locally assembled smartphones

The government’s push to promote local mobile phone assembly has proven highly effective, with 95% of domestic demand expected to be met through local production by 2025. A key catalyst behind this transformation has been the Device Identification Registration and Blocking System (DIRBS), which curbed smuggling and imposed higher duties on imported phones, making locally assembled devices significantly more affordable. As one of Pakistan’s leading local assemblers, Airlink has benefitted from this structural shift. We forecast the company’s assembly segment revenue to grow at a four-year forward CAGR of 15.5% through FY30.

Exhibit: Industry Local and Import Sales Market Share



Source (s): PTA, AHL Research

Product diversification through launch of Xiaomi TVs

The younger generation is increasingly shifting toward online content consumption via platforms like Netflix and YouTube, driving rising demand for Smart TVs. Currently, Samsung and TCL dominate this market.

Expanding beyond its core smartphone business, Airlink diversified into new product categories with the launch of Xiaomi Smart TVs in 3QFY25. These TVs are priced competitively below comparable Samsung and TCL models, while offering similar advanced features such as high-resolution displays, bezel-less designs, Google Assistant integration, and smart home connectivity.

We estimate Xiaomi TV sales to reach around 40k units in FY26, compared to management’s target of 100k units. By offering locally assembled, high-quality Smart TVs at affordable prices, Airlink aims to capture a meaningful share of Pakistan’s growing television market, with the segment expected to contribute approximately PKR 5.4bn to total revenue in FY26.

Acer laptops; affordability to drive value

The introduction of affordable E-10 Acer laptops in 2QFY26 further broadens the company’s product portfolio, addressing the rising demand for new, reasonably priced laptops in a market largely dominated by expensive imports and refurbished options. Initially, the company will import laptops as Completely Built-Up (CBU) units, given the absence of an HS code for Semi Knocked Down (SKD) units. Once these codes are assigned by the government, local assembly is expected to commence. Under the current CBU model, gross margins are estimated at 16–18%. The company has also opened its first letter of credit (LC) for laptops, with an initial shipment of 10k units expected to arrive this month. For FY26, we assume the company to sell ~45k laptops.

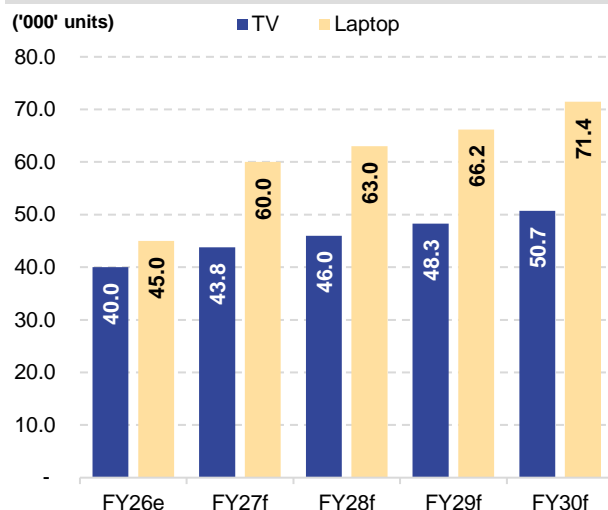
Pakistan’s first iPhone mono-store

Airlink has announced plans to open Pakistan’s first official Apple retail store by December 2025, with the outlet expected to be located in Dolmen Mall, Lahore. The company’s most recent retail milestone was PKR 280mn in sales in a single day during the launch of the Apple iPhone 17, highlighting strong consumer demand. Airlink currently earns gross margins of 8–14% on iPhone resale. With the launch of the mono-store, we expect iPhone sales to grow at the 5-year forward CAGR of 13%, supported by enhanced brand presence, direct retail access, and a streamlined sales and service experience for premium consumers.

Entry into the home appliances segment

Airlink’s upcoming Sundar Green facility features a full ground floor dedicated to household appliances such as: ACs, Refrigerators, Microwaves, Air Purifiers, Washing Machines, and IoT devices. The company is currently in NDA-bound negotiations with leading international brands (top 4–5 globally) to introduce white goods in Pakistan. Agreements are expected to be finalized by 1QCY26 / 3QFY26. This potential venture has not been incorporated into our current forecasts, and thus represent incremental upside to our investment thesis.

Exhibit: Volumetric Sales (TV and Laptops)



Source (s): AHL Research

Valuation and growth metrics

We have valued Airlink Communication Ltd. (AIRLINK) using a DCF-based valuation, arriving at a Jun'26 target price of PKR 264/share, implying an upside of 43.1% from the last closing price of PKR 184.5/share. Our key valuation assumptions include a 5-year adjusted beta of 1.46, a risk-free rate of 11.5%, and a market risk premium of 6.0%, resulting in a cost of equity of 20.3%. We project earnings of PKR 21.0/share in FY26 and PKR 25.96/share in FY27, alongside healthy dividend payouts of PKR 11/share and PKR 13/share for FY26 and FY27, respectively. At current levels, the stock is trading at FY26/FY27 P/E multiples of 8.8x and 7.1x, respectively. We, therefore, maintain our 'BUY' recommendation on the scrip.

Exhibit: Valuation Snapshot

PKR mn	FY26e	FY27f	FY28f	FY29f	FY29f
EBIT after tax	11,023	13,400	15,737	18,242	20,961
Add: Depreciation	694	847	984	1,121	1,258
Capital Expenditure	(933)	(972)	(1,126)	(1,263)	(1,400)
▲ in Working Capital	(326)	(2,867)	(2,713)	(2,998)	(3,428)
FCFF	10,457	10,409	12,883	15,102	17,391
Discounted Factor	1.00	0.87	0.75	0.63	0.53
Discounted Cash Flows	10,457	9,070	9,612	9,537	9,198
PV of Future Cash Flows	47,874				
PV of Terminal Value	72,187				
Net Debt	15,588				
Equity Value	104,474				
Outstanding shares (mn)	395				
Target price per share	264.3				

Source (s): Company Financials, AHL Research

Financial Highlights

Exhibit: Key financial highlights

PKR mn	FY26f	FY27f	FY28f	FY29f	FY30f		Unit	FY26f	FY27f	FY28f	FY29f	FY30f
Income Statement Items (PKR mn)						Per Share						
Revenue	112,069	132,275	152,027	174,876	201,678	Earnings	PKR	21.0	26.0	30.8	36.3	42.1
Cost of Sales	96,787	114,418	131,580	151,128	174,451	Dividend	PKR	11.0	13.0	15.5	18.0	19.5
Gross Profit	15,282	17,857	20,448	23,748	27,226	Book Value	PKR	53.6	66.6	82.0	100.2	121.3
Distribution Cost	319	377	433	498	574	Valuation						
Administrative Expenses	1,449	1,711	1,966	2,262	2,608	P/E	x	8.8	7.1	6.0	5.1	4.4
Other Expenses	577	681	782	900	1,038	P/B (x)	x	3.4	2.8	2.3	1.8	1.5
Other Income	1,031	1,134	1,247	1,372	1,509	Payout Ratio	%	52.3	50.0	50.3	49.6	46.3
Finance Cost	3,453	3,798	4,178	4,596	5,056	RoE	%	39.2	39.0	37.6	36.2	34.7
PBT	10,514	12,425	14,335	16,865	19,460	RoA	%	12.4	14.5	16.1	17.4	18.3
PAT	8,306	10,270	12,185	14,335	16,638	D/Y	%	6.0	7.1	8.4	9.8	11.4
Balance Sheet Items (PKR mn)						Turnover & Activity						
Paid-up Capital	3,953	3,953	3,953	3,953	3,953	Asset Turnover	x	1.7	1.9	2.1	2.2	2.3
Total Equity	21,203	26,334	32,392	39,613	47,932	Current Ratio	x	1.2	1.3	1.5	1.7	1.8
Current Liabilities	43,741	42,496	41,572	41,216	41,545	Margins						
Non-Current Liabilities	2,219	1,957	1,746	1,578	1,443	Gross Margin	%	13.6	13.5	13.5	13.6	13.5
Current Assets	53,464	56,963	61,745	68,300	76,672	EBITDA Margin	%	13.1	12.9	12.8	12.9	12.8
Non-Current Assets	13,699	13,824	13,965	14,107	14,248	Net Profit Margin	%	7.4	7.8	8.0	8.2	8.2
Total Assets	67,163	70,786	75,711	82,406	90,920							

Source (s): Company Financials, 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'26 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)

* Upside for Power Generation Companies is upside plus dividend yield.

Equity Valuation Methodology

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

- **Discounted Cash Flow (DCF)**
- **Dividend Discounted 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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In order to avoid any conflict of interest, we hereby disclosed that;

Arif Habib Limited (AHL) has a shareholding in AIRLINK