

Flash Note

Thursday, 23 April 2020

Automobile Assemblers

Pak Suzuki Motor Company Limited (PSMC)

Slow sales continue to stress profitability; Loss of PKR 11.4/share

- ✓ Pak Suzuki Motor Company Limited (PSMC) announced its 1q 2020 result, reporting a loss of PKR 0.94bn or PKR 11.4/share.
- ✓ The company did not announce any dividends.
- ✓ Topline of the company registered a 48%/y decline due to steep drop volumetric sales. Gross margins of the company remained quarter-on-quarter flat at 3%, while operating margins continue to remain in negative territory. Company's finance cost increased to PKR 1.05bn up 3.23x a factor of high interest rates and ST borrowing. Moreover, during the quarter, the company booked a tax credit of PKR 0.4bn.

Exhibit: Pak Suzuki Motor Company Limited (PSMC) Financial Highlights											
PKRmn (Period end =Dec)	1q'20	2019	4q'19	3q'19	2q'19	1q'19	2018	4q'18	3q'18	2q'18	1q'18
Net Sales	17,741	116,548	25,425	25,636	31,040	34,447	119,854	30,835	26,627	30,881	31,511
Growth %	-48%	-3%	-18%	-4%	1%	9%	54%	6%	3%	35%	32%
Cost Of Sales	17,169	114,563	24,639	25,868	30,728	33,329	112,809	29,847	24,936	29,132	28,894
Gross Profit	573	1,985	787	(232)	312	1,118	7,045	989	1,691	1,749	2,617
Gross Profit Margins	3%	2%	3%	-1%	1%	3%	6%	3%	6%	6%	8%
Distribution Expense	321	2,539	334	461	1,001	743	2,707	633	628	642	804
Admin Expense	578	2,528	711	610	580	627	2,301	641	644	517	498
Operating Profit	(325)	(3,083)	(259)	(1,303)	(1,270)	(251)	2,037	(285)	418	589	1,315
Operating Profit Margins	-2%	-3%	-1%	-5%	-4%	-1%	2%	-1%	2%	2%	4%
EBIT	(269)	(2,861)	(189)	(1,253)	(1,217)	(201)	2,449	(168)	476	748	1,393
EBIT Margins	-2%	-2%	-1%	-5%	-4%	-1%	2%	-1%	2%	2%	4%
Finance Cost	1,055	2,088	997	384	380	327	363	237	32	20	73
Profit Before Tax	(1,326)	(4,952)	(1,188)	(1,638)	(1,597)	(529)	2,083	(408)	442	728	1,320
Tax	384	(2,031)	(4,013)	477	1,053	452	785	(313)	348	335	415
Effective Tax Rate	-29%	41%	338%	-29%	-66%	-86%	38%	77%	79%	46%	31%
Profit After Tax	(941)	(2,920)	2,825	(2,115)	(2,650)	(981)	1,298	(95)	95	394	905
PAT Growth	-4%	n.m.	n.m.	n.m.	n.m.	n.m.	-49%	n.m.	-91%	-43%	-31%
Net Margins	-5%	-3%	11%	-8%	-9%	-3%	1%	0%	0%	1%	3%
EPS	(11.44)	(35.49)	34.33	(25.70)	(32.20)	(11.92)	15.77	(1.15)	1.15	4.78	10.99
DPS	-	-	-	-	-	-	3.16	3.16	-	-	-

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