

Flash Note

Monday, 25 March 2019



Automobile Assemblers

Pak Suzuki Motor Company Limited (PSMC)

Weak margins, high finance cost and turnover tax eroded bottom line, company reported a loss of PKR 0.95mn (1.15/share) in 4QCY18

- Pak Suzuki Motor Company Limited (PSMC) announced its financial result for 4QCY18, reporting a loss of PKR 0.95mn (LPS: 1.15) as compared to PKR 0.73bn (EPS: 8.86/share) witnessed in the same period last year. For the full year, earnings have substantially decreased by 66%YoY to PKR 1.30bn (EPS: 15.77).
- The company also announced a cash dividend of PKR 3.16/share for CY18 compared to PKR 19.00/share last year.
- Net sales inched up by +6%YoY to PKR 30.84bn during the quarter supported by price hike, despite a 4%YoY decrease in volumes.
- Gross margins for the quarter suffered a downfall of 460bps YoY to 3.2%, which we believe is likely attributed to PKR depreciation.
- Erosion to earnings also came from increase in finance cost owing to short term borrowings availed in the preceding quarter.
- Effective tax rate for the period also increased owing to turnover tax charged during 4QCY18.

Exhibit:

PSMC 4QCY18 Result

Highlights

PKRmn (Period end=Dec)	4QCY18	4QCY17	YoY	CY18	CY19	YoY
Net Sales	30,835	29,009	6%	119,854	101,812	18%
Cost Of Sales	29,847	26,747	12%	112,809	92,159	22%
Gross Profit	989	2,262	-56%	7,045	9,653	-27%
Selling & Dist.	633	834	-24%	2,707	2,804	-3%
Admin.	641	478	34%	2,301	1,600	44%
Operating Profit	(285)	950	n.m	2,037	5,249	-61%
Other Income	87	201	-57%	566	865	-35%
Finance Cost	237	(72)	n.m	363	68	4.32x
Profit Before Tax	(408)	1,145	n.m	2,083	5,619	-63%
Taxation	(313)	416	n.m	785	1,793	-56%
Profit After Tax	(95)	729	n.m	1,298	3,826	-66%
EPS	(1.15)	8.86		15.77	46.49	
DPS	3.16	19.00		3.16	19.00	

Key Indicators

Unit Sold (Ths)	39.88	41.88	-4.8%	161.15	150.66	6.96%
Gross Profit Margins	3.21%	7.80%	(459)	5.88%	9.48%	(360)
Effective Tax Rate	76.7%	36.3%	404	37.7%	31.9%	576

Source: IGI Research, Company accounts, PSX

No of shares(mn): 82.3

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