

Flash Note

Tuesday, 27 October 2020

Automobile Assemblers

Pak Suzuki Motor Company Limited (PSMC)

Slow sales continue to stress profitability; Loss of PKR 1.66/share

- PSMC announced its financial result for 3QCY20, reporting a loss of PKR 136mn (LPS PKR 1.66) as compared to loss of PKR 1,161mn (LPS PKR 14.11) witnessed during the same period last year. On a cumulative basis for 9MCY20 total loss clocked in at PKR 2,599mn (LPS PKR 31.58) as compared to loss of PKR 2,687mn (LPS PKR 32.64).
- Net sales decreased by 12%y/y to PKR 22,603mn during 3QCY20 as compared to PKR 25,636mn in the same period last year. However, on a sequential basis it increased by 2x. This increase in net revenue on a sequential basis is mainly attributable to surge in volumetric sales and price hike. This takes total sales for 9MCY20 to PKR 50,082mn as against PKR 91,123mn, down by 45%y/y SPLY.
- Gross margins for the quarter stood at 5.2% during 3QCY20 as compared to -0.9% in SPLY, which we believe is attributed to price hike.

Exhibit: Pak Suzuki Motor Company Limited (PSMC) Financial Highlights

Period end= Dec	9/20A	6/20a	9/19a	Growth		9mCY20	9mCY19	y/y
				q/q	y/y			
Net Sales	22,603	9,738	25,636	2x	-12%	50,082	91,123	-45%
Cost of Manu. & Trading	21,437	10,350	25,868	2x	-17%	48,956	89,925	-46%
Gross Profit	1,166	(612)	(232)	n.m.	n.m.	1,126	1,198	n.m.
Operating Income	173	(1,326)	(1,303)	n.m.	n.m.	(1,475)	(2,824)	-48%
EBIT	298	(1,185)	(1,253)	n.m.	n.m.	(1,156)	(2,671)	-57%
Finance Cost	458	886	384	-48%	19%	2,399	1,090	2x
Profit Before Tax	(191)	(2,072)	(1,638)	-91%	-88%	(3,589)	(3,764)	-5%
Tax	54	551	(477)	-90%	-111%	990	(1,077)	n.m.
Net Income	(136)	(1,521)	(1,161)	-91%	-88%	(2,599)	(2,687)	-3%
EPS	(1.66)	(18.49)	(14.1)			(31.58)	(32.64)	-3%
DPS	-	-	-			-	-	-
Gross Profit Margin	5.2%	-6.3%	-0.9%			2.2%	1.3%	
EBIT Margin	1.3%	-12.2%	-4.9%			-2.3%	-2.9%	
Effective tax rate	-28%	-27%	29%			-28%	29%	
Net Margin	-1%	-16%	-5%			-5%	-3%	

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