

Cable & Electrical Goods

PAEL: 1QCY25 Management Call Takeaways

- Pak Elektron Limited held an investor briefing session to discuss the 1QCY25 financial results and provide key insights on the future outlook for the Company. 1QCY25 earnings grew by 19% and 2QCY25 is expected to be the peak season for sales.
- PAEL has partnered with Electrolux AB and Panasonic to bring premium appliances to Pakistan, complementing its strong presence in the mid-range segment. Licensed to produce and distribute under both international brands, PAEL aims to capture both mass and premium consumer markets.
- All of the products segments are projected to grow positively except for the power transformers, which may see decline due to decreased spending by its government who is a dominant purchaser of it.

Pak Elektron Limited (PAEL) held an investor briefing session to discuss the 1QCY25 financial results and provide key insights on the future outlook for the Company.

Key highlights from management conference call

- PAEL generates 57% of its revenue from appliances and 43% from the power division. Low penetration in household appliances (except washing machines) creates room for long-term growth, supported by demographic trends and rising urbanization.
- PAEL has partnered with Electrolux AB and Panasonic to bring premium appliances to Pakistan, complementing its strong presence in the mid-range segment. Licensed to produce and distribute under both international brands, PEL aims to capture both mass and premium consumer markets.
- PAEL dominates the local transformer market (90% power transformers) and has secured \$44M in confirmed export orders for FY25 (targeting \$50M), including from the US. It is expected to be realized in the year FY25.
- It sees strong opportunity in the \$9.6B global transformer market, especially in the US. The company said that their Lead time is more efficient, which is 8 months vs 16 months globally.
- Tariff hikes, if imposed will be passed on to customers without hurting PEL's competitive edge. A 16–18% gap exists between retail and retention prices. Further price hikes are unlikely in the near term. The first quarter saw a 19% YoY growth, with the

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second quarter expected to be stronger due to seasonal peak demand.

- Despite import restrictions and inflation, PAEL posted 44% sales growth. It is maintaining margins by leveraging scarcity-driven pricing, passing on costs, and focusing on higher-margin exports. Gross margins on exports remain stronger than local sales.
- PAEL targets sales of \$100M next year with 2–3x export growth, led by appliances and transformers. It plans to sell 15,000 LED units in CY25 and expand distribution through a capex of PKR 1.5–1.8 billion. Focus remains on export-oriented growth, with 70% of raw materials still imported.

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