

GATM Result Review – 2QFY23

Earnings beat on higher GP



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Result Review

GATM: Earnings beat on higher GP

February 27, 2023

Gul Ahmed (GATM) has announced 2QFY23 result, where the company has posted earnings of PKR 1.3/sh, down by 38% QoQ. These earnings are significantly above our estimate of 0.9/sh, where the major deviation came from higher-than-expected gross profit. The company did not announce any dividend.

Sales decreased by 4% on QoQ basis to PKR 30.4bn (our expectation: PKR 29.9bn), likely due to lower volumetric sales.

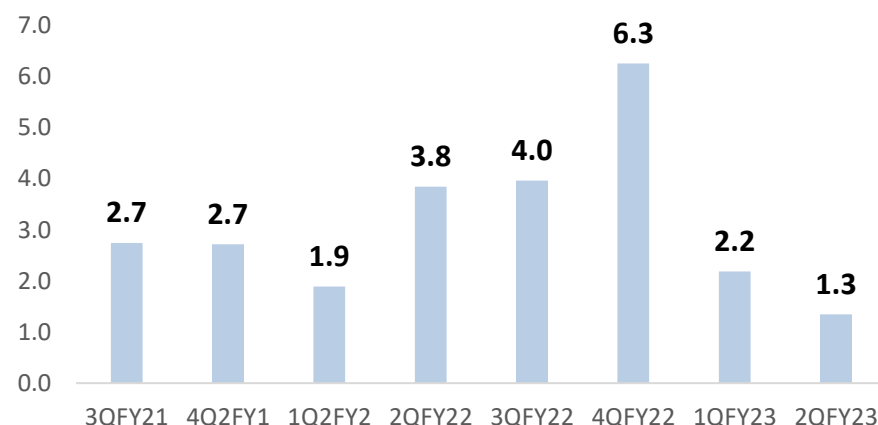
Against expectations, the gross margin increased to 19.2% vs 17.7% in last quarter. The other income increased by 294% to PKR 860mn.

Finance cost increased by 48% on QoQ basis due to increase in markup rates on both concessionary and non-concessionary finance.

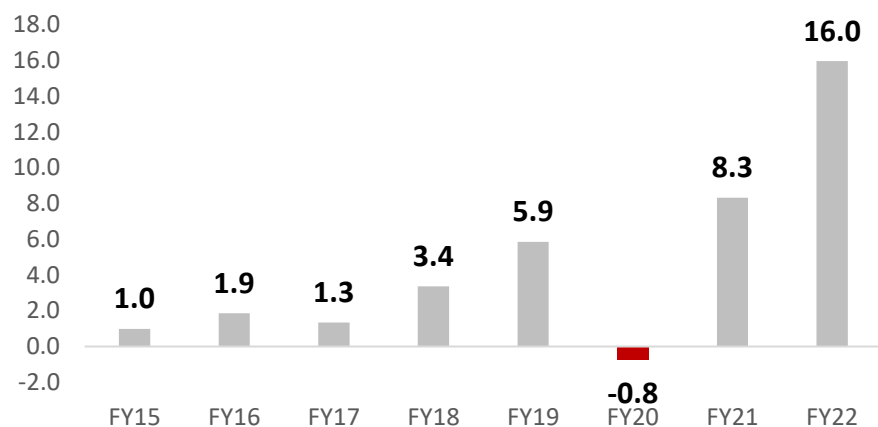
Against expectations, the company recorded taxation expense of PKR 739mn which translates into effective tax rate of 47% (vs 22.5% in 1QFY23).

In 1HFY23 the earnings decreased by 38%, mainly due to higher finance and taxation expense.

Quarterly EPS



Annual EPS



Source: Company Accounts, IIS Research

GATM 2QFY23 earnings review

PKR mn	2QFY23	1QFY23	QoQ	2QFY22	YoY	1HFY23	1HFY22	YoY
Sales	30,411	31,703	-4%	32,118	-5%	62,114	56,765	9%
COGS	24,564	26,096	-6%	25,180	-2%	50,660	44,784	13%
Gross profit	5,847	5,607	4%	6,938	-16%	11,454	11,980	-4%
Other Opex	3,552	3,014	18%	3,410	4%	6,567	6,096	8%
Other income	860	218	294%	125	585%	1,078	30	3471%
Operating Profit	3,154	2,811	12%	3,653	-14%	5,966	5,914	1%
Finance cost	1,585	1,071	48%	716	121%	2,656	1,384	92%
Profit before tax	1,569	1,740	-10%	2,938	-47%	3,309	4,530	-27%
Taxation	739	392	88%	564	31%	1,131	989	n.m
Profit after tax	831	1,348	-38%	2,373	-65%	2,179	3,540	-38%
EPS	1.3	2.2	-38.4%	3.8	-65%	3.5	5.7	-38.5%
DPS	-	-	-	-	-	-	-	-

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Relative Valuation (P/E, P/B, P/S etc.)

Equity & Asset return based methodologies (EVA, Residual Income etc.)

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