

PSMC – Result Review – 1QCY23

Massive loss posted; LPS of PKR 157



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Result Review

PSMC: Massive loss posted; LPS of PKR 157

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Pak Suzuki Motor Company Limited (PSMC) has announced its 1QCY23 result today, wherein the company has posted a massive loss of PKR 157/sh as compared to loss of PKR 47/sh in the previous quarter, loss escalating by 237% QoQ. This is the highest loss for any period in the history of the company. The result is well below our estimate of loss of PKR 34/sh. The basis of the deviation was higher than estimated finance cost. To note, in CY22 also, the company posted a loss of PKR 77/sh.

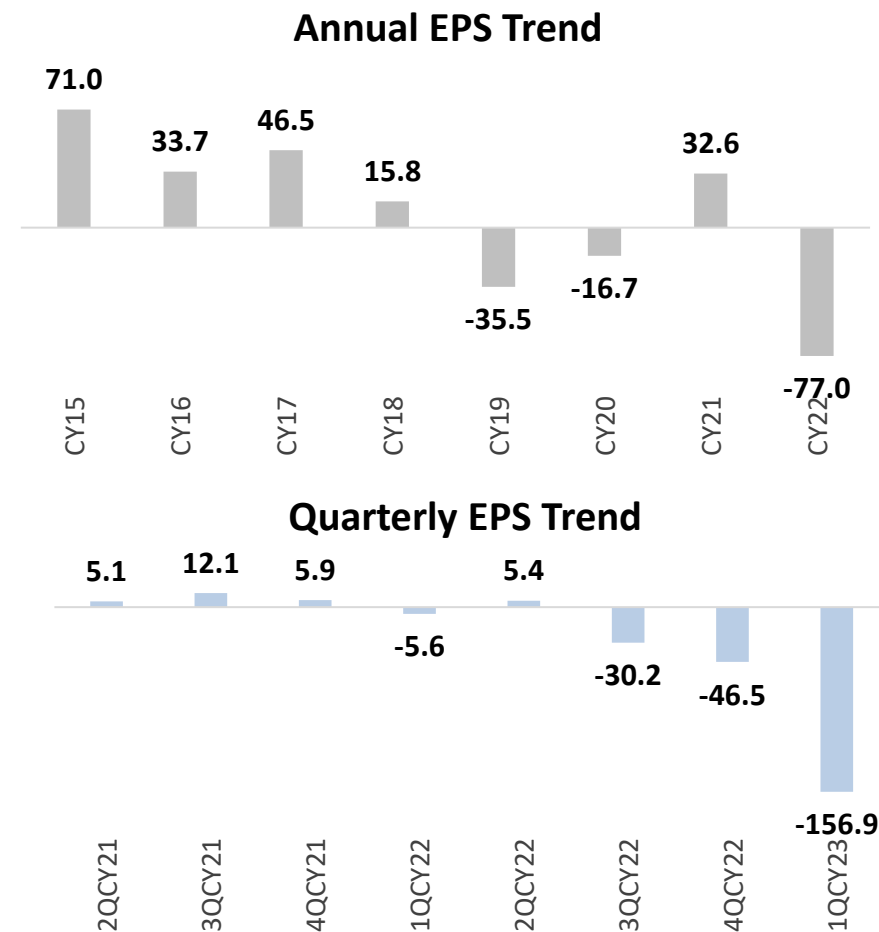
In 1QCY23, topline of the company arrived at PKR 21.8bn (our estimate: PKR 22.3bn), plunging by 64% QoQ primarily as result of 70% decline in volumetric sales (9,551 units). Owing to multiple price revisions during the quarter, to pass on the impact of cost pressures, gross margin has clocked-in at 9.1%.

Other income fell by 87% QoQ to PKR 74mn amid tapering liquid assets of the company owing to lower advances from customers. Finance cost has severely dented the bottom-line arriving at PKR 12.8bn (our estimate: PKR 3.8bn), which we believe could be a result of huge foreign exchange losses and demurrage charges.

PSMC Financial Snapshot - 1QCY23

Income Statement (PKR'mn)	1QCY23	4QCY22	QoQ	1QCY22	YoY
Sales	21,839	60,042	-64%	47,736	-54%
Cost of sales	19,856	54,128	-63%	46,387	-57%
Gross profit	1,983	5,914	-66%	1,349	47%
Distribution and marketing cost	878	1,067	-18%	732	20%
Operating profit	185	3,988	-95%	(126)	nm
Other income	74	583	-87%	527	-86%
Other expenses	0	9	nm	0	nm
EBIT	179	4,545	-96%	383	-53%
Finance cost	12,821	4,974	158%	1,031	11x
EBT	(12,642)	(428)	29x	(648)	19x
Taxation	274	3,402	-92%	(188)	nm
Net income	(12,916)	(3,830)	237%	(460)	27x
EPS	(156.9)	(46.5)		(5.6)	
Gross margin	9.1%	9.8%		2.8%	

Source: Company Accounts, IIS Research



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To arrive at our period end target prices, IISPL uses different valuation methodologies including:

Discounted cash flow (DCF, DDM)

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

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

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