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Pak Suzuki Motor Company Limited (PSMC) Review – 4QCY22

Earning miss on higher finance cost and taxation

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PSMC: Earning miss on higher finance cost and taxation

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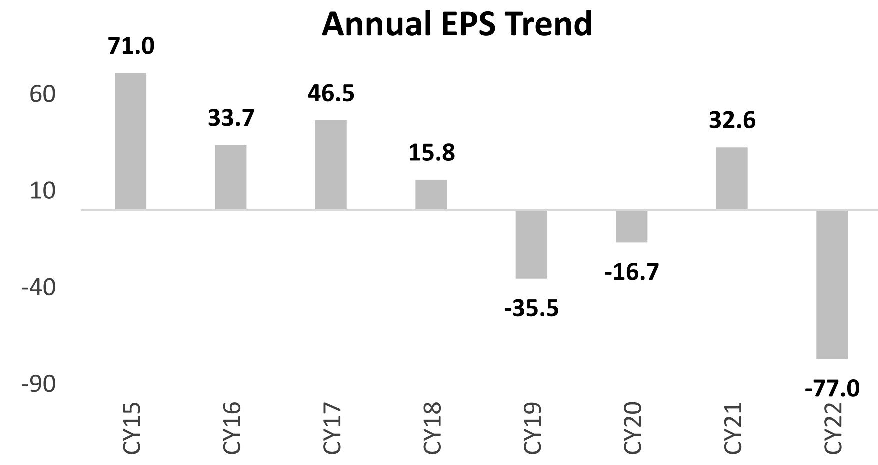
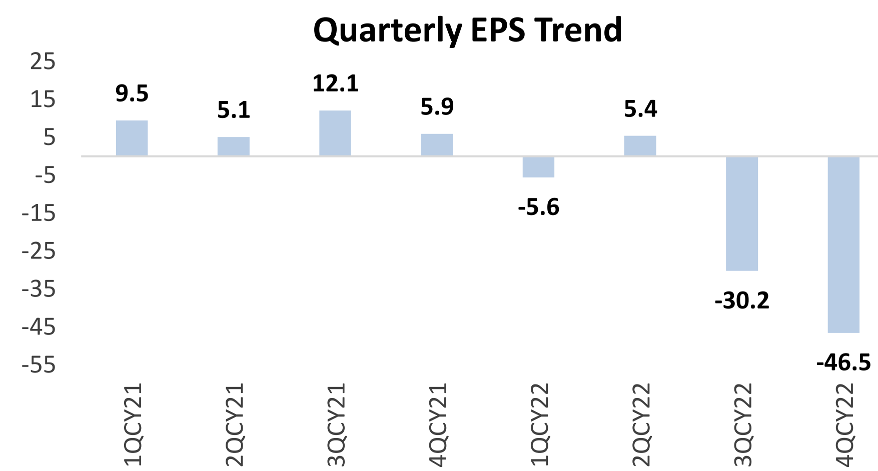
Pak Suzuki Motor Company Limited (PSMC) has announced its 4QCY22 result today, wherein the company has posted a loss of PKR 46.5/sh as compared to loss of PKR 30.3/sh in the previous quarter, loss mounting by 54% QoQ. The result is well below our estimate of earning of PKR 2.17/sh. The basis of the deviation was higher than estimated finance cost and taxation. On a CY basis, company has posted a loss of PKR 77/sh, the worst in company's history.

In 4QCY22, topline of the company arrived at PKR 60bn (our estimate: PKR 65bn), improving by 101% QoQ primarily as result of 91% increase in volumetric sales and realization of price hikes. As such, gross margin has clocked-in at 10%, highest in over 5 years.

Other income fell by 45% QoQ to PKR 583mn amid narrowing of cash and cash equivalents. Finance cost remained flat at elevated level at PKR 5bn (our estimate: PKR 1.7bn), which we believe could be a result of demurrage charges and mark-up on late delivery. Taxation charged in the quarter was PKR 3.4bn as against a reversal of PKR 976mn in the preceding quarter.





PSMC Financial Snapshot - 4QCY22

Income Statement (PKR'mn)	4QCY22	3QCY22	QoQ	4QCY21	YoY	CY22	CY21	YoY
Sales	60,042	29,800	101%	43,709	37%	202,467	160,082	26%
Cost of sales	54,128	28,239	92%	42,156	28%	190,782	151,912	26%
Gross profit	**5,914**	**1,561**	**279%**	**1,553**	**281%**	**11,684**	**8,171**	**43%**
Distribution and marketing cost	1,067	505	111%	931	15%	3,218	2,943	9%
Operating profit	**3,988**	**272**	**15x**	**196**	**20x**	**5,375**	**2,747**	**96%**
Other income	583	1,065	-45%	932	-37%	3,212	2,223	45%
Other expenses	9	(55)	nm	50	-82%	9	349	-97%
EBIT	**4,545**	**1,334**	**241%**	**1,078**	**322%**	**8,472**	**4,532**	**87%**
Finance cost	4,974	4,798	4%	368	14x	11,614	737	16x
EBT	**(428)**	**(3,465)**	**-88%**	**710**	**nm**	**(3,143)**	**3,795**	**nm**
Taxation	3,402	(976)	nm	221	15x	3,194	1,116	186%
Net income	**(3,830)**	**(2,489)**	**54%**	**489**	**nm**	**(6,337)**	**2,679**	**nm**
EPS	**(46.54)**	**(30.25)**		**5.94**		**(77.00)**	**32.56**	
Gross margin	**9.8%**	**5.2%**		**3.6%**		**5.8%**	**5.1%**	

Source: Company Accounts, IIS Research

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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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