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Systems Limited

Result Review: 1HCY26 EPS clocked-in at PKR 4.11/share

ARIF HABIB LIMITED

REP-300

Result Highlights

- Systems Limited (SYS) announced the financial result for 1HCY26 today, whereby the company has posted a PAT of PKR 6,050mn (EPS: PKR 4.11) compared to profit of PKR 5,152m (EPS: PKR 3.50) in 1HCY25. The improvement in profitability was primarily driven by improvement in exports. Pakistan's IT exports during the quarter improved by 23% YoY.
- Net sales for 1HCY26 improved by 35% YoY to PKR 49,716mn compared to PKR 36,739mn in SPLY. The growth was driven by strong growth in Technology (+61.5% YoY), Retail & CPG (+53.5% YoY), Telco (+36.8% YoY), Others (+29.5% YoY), BFSI (+25.5% YoY) and Public Sector (+20.9% YoY). Region wise, the major growth came from Asia Pacific (+84.6% YoY), North America (+36.4% YoY), Middle East & Africa (+36.1% YoY), Pakistan & Others (+24.0% YoY) and Europe (+22.9% YoY).
- Gross profit margin remained stable to 25.52% in 1HCY26 compared to 25.27%.
- The other income declined by 31% YoY to PKR 567mn in 1HCY26 compared to other income of PKR 821mn in SPLY. The company recorded exchange losses as the PKR appreciated against the USD, with the exchange rate moving from PKR 283 to PKR 278.
- The finance costs increased by 83% YoY to PKR 304m in 1HCY26 due to increase in borrowings.
- The company reported an effective tax rate of 11% in 1HCY26 compared to 9% in SPLY.
- We have a "BUY" stance on SYS, the stock is trading at CY26 and CY27 multiple of 13.6 and 10x.

Exhibit: Financial Highlights

(PKR mn)	1HCY26	1HCY25	YoY	2QCY26	2QCY25	YoY	QoQ
Net Revenue	49,716	36,739	35%	25,738	18,660	38%	7%
Cost of Sales	37,027	27,454	35%	19,088	13,924	37%	6%
Gross Profit	12,688	9,285	37%	6,650	4,735	40%	10%
Admin Exp.	4,014	2,849	41%	2,050	1,439	42%	4%
Distribution Expense	1,749	1,300	35%	882	676	30%	2%
Other Exp.	386	53	627%	295	5	64x	225%
Other Income	567	821	-31%	227	487	-53%	-33%
Finance Cost	304	166	83%	174	76	128%	35%
PBT	6,802	5,682	20%	3,475	2,978	17%	4%
Taxation	752	530	42%	451	328	38%	49%
PAT	6,050	5,152	17%	3,025	2,651	14%	0%
EPS (PKR)*	4.11	3.5		2.05	1.81		
Ratio Analysis							
Gross Margins	26%	25%		26%	25%		
Net Margins	12%	14%		12%	14%		
Effective Tax Rate	11%	9%		13%	11%		

Source (s): Company Financials, AHL Research, *@ current no. of shares

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