Systems Ltd (SYS)

Corporate Briefing Takeaways – 1HCY26

Friday, September 4, 2026

Systems Limited (SYS) held its corporate briefing yesterday to discuss the financial results of 1HCY26 and future outlook of the company. Key highlights of the briefing are as follows:

- SYS delivered strong 1HCY26 performance, with 38% revenue growth YoY and 14% profit growth ticking at PkR 25.7 Bn and PkR 3 Bn respectively converting into an EPS of PkR 1.95.
- Revenue growth remained broad-based, with APAC, North America, MEA, Pakistan and Europe recording growth of 85%, 36%, 36%, 24% and 23% YoY, respectively.
- MEA remained the largest revenue contributor with a 57% share, followed by North America at 20%, Pakistan at 13%, Europe at 5% and APAC at 5%.
- North America's growth was primarily supported by the addition of Confiz, while APAC benefited from a major one-off project during the period.
- Confiz currently contributes around 25–30% of North American revenue through its enterprise customer base, with the remaining contribution coming from SYS's core business.
- Management expects to generate further growth from Confiz through cross-selling opportunities in 2HCY26 and operational synergies over the next 2–3 quarters.
- Gross margin improved by 20bps YoY to 25.5% in 1HCY26 from 25.3% in 1HCY25, despite the impact of cost inflation and currency appreciation.
- Management expects gross margins to remain within the 25–26% range, assuming the PKR remains stable against the US dollar.
- Pakistan remains the company's primary delivery hub, accounting for 83% of total headcount, followed by the UAE at 10%, Egypt at 3%, Saudi Arabia at 2% and Qatar at 1%.
- The number of active clients generating more than US$100k in annual revenue increased to 196 in 1HCY26 from 181 in 1HCY25, indicating continued expansion of the client base.
- Other income declined during the period due to currency appreciation and lower markup income following the collection of overdue receivables.
- Despite geopolitical tensions in the Middle East, SYS has not witnessed a slowdown in the region and continues to see significant growth opportunities in the UAE, Saudi Arabia and Qatar.
- The UAE government's target for 50% of federal government operations to transition toward autonomous Agentic AI workflows is creating new opportunities from existing clients and generating multiple projects in SYS's pipeline.
- SYS does not currently plan to build data centres in-house and instead intends to collaborate with existing data-centre operators and partners.
- The company's key investment priorities include AI and Generative AI capabilities, selective acquisitions, talent development and employee upskilling.

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Old rating system

Valuation Methodology

To arrive at our period end target prices, BMA Capital 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.)