CHASE SECURITIES

CORPORATE BRIEFING NOTES

17 Oct 2026

STOCK SNAPSHOT

Symbol	SLM
Price	PKR 22.02
Market cap	PKR 171.64bn
Shares	7.79bn
Free float	779.47mn
52W high	PKR 26.25
52W low	PKR 21.25

SECTOR

Automobile Parts & Accessories

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SLM PSX · AUTO PARTS

Service Long March Tyres Limited

FY26 EPS	NET REVENUE	GROSS MARGIN	PROFIT AFTER TAX
PKR 1.83	PKR 71.7bn	25%	PKR 13.5bn
▲ 31% YoY	▲ 44% YoY	▲ 3pp YoY	▲ 35% YoY

KEY TAKEAWAYS

FY26: revenue up 44%, EPS PKR 1.83; export, energy and pricing actions under way

Net revenue rose **44%** to **PKR 71.7bn** and gross margin widened to **25%** from **22%**. Management set a long-term payout target of **40%**, reported a confirmed Egypt order book of **USD 7–10mn**. SLM has implemented an initial **5%** price increase, plans a second increase within **30–60 days**, and expects to complete the cost pass through by **January 1**.

EARNINGS & PAYOUT

- **FY26** EPS of **PKR 1.83** vs **PKR 1.40** in **FY25**.
- Management confirmed a long-term target dividend payout ratio of **40%**.

EXPORTS

- Egypt response encouraging; confirmed order book expected to generate **USD 7–10mn** in export sales over the next **12 months**.
- First shipments to Europe this quarter, feedback by February. Limited shipments to Saudi Arabia; no aggressive GCC push given low margins.
- US and Brazil volumes support annual TBR capacity of **>2.0mn** tyres, at lower margins.

ENERGY

- A **7.5MW** wind turbine project at Nooriabad is expected to be operational within **30 days**; additional turbines are under evaluation.
- A biomass boiler, targeted for **Jun-27**, is expected to end reliance on domestic gas for steam generation.
- Maximum plant power requirement is **20MW**; average operating load is **12–14MW**.

PRICING & RAW MATERIALS

- Rubber input mix is **90%** natural and **10%** synthetic.
- An initial **5%** price increase is in place; a second is planned within **30–60 days**, with full cost pass-through by **1 Jan**.
- Price increases and lower-cost inventory expected to limit margin erosion from rising rubber prices.

TARIFFS & TRADE

- The ECC and Federal Cabinet approved raising customs duty on imported truck tyres to **27%** from **16%**; notification expected within **7 days**.
- Chinese tyre dumping is a key challenge; if it persists, Chinese imports could retain a **30–35%** share.
- Legal counsel engaged and data collection started with the NTC; formal petitions remain at an early stage.

FINANCING

- Secured an SBP export-oriented long-term loan at **2%** for the first **2 years** and **5%** for the next **8 years**.

COMPETITION

- In TBR, **40%** of the market is General Tyre, including non-radial tyres for sister concern Ghandhara Industries, plus niche Chinese sizes not made locally.
- Morocco and Egypt are potential future competitors as new tyre plants are set up in both.
- Armstrong is expected to be the main domestic competitor in PCR.

DOMESTIC MARKET & NEW PRODUCTS

- If unrest in Khyber Pakhtunkhwa does not improve over the next **3 months**, domestic dispatches and sales could be affected.
- Dealer network to expand by **5–10%** next year.
- EV-specific tyres in development; production planned from **Jan-28** when the PCR segment starts.

Financial highlights

PKR mn	FY25	FY26	YoY
Net revenue	**49,840**	**71,709**	**44%**
Cost of sales	-39,087	-53,557	37%
Gross profit	**10,753**	**18,152**	**69%**
Gross margin	*22%*	*25%*	
Distribution cost	-1,187	-2,348	98%
Administrative expenses	-1,233	-1,543	25%
Operating profit	**8,333**	**14,261**	**71%**
Other expenses	-414	-777	88%
Finance cost & other charges	-1,117	-753	-33%
Other income	299	329	10%
Profit before tax	**7,100**	**13,060**	**84%**
Taxation	2,925	469	-84%
Profit after tax	**10,025**	**13,529**	**35%**
Net margin	*20%*	*19%*	
EPS (PKR)	**1.40**	**1.83**	**31%**

Source: Company accounts, Chase Research

IMPORTANT DISCLOSURES

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