AHL Alert | 27-Oct-2026

Sazgar Engineering Works Limited

Result Review: 1QFY27 EPS clocked-in at PKR 66.77/share

REP-300

Result Highlights

- Sazgar Engineering Works Limited (SAZEW) announced its financial results for 1QFY27, reporting quarterly Profit After Tax (PAT) of PKR 4,036mn (EPS: PKR 66.77), reflecting a 9% YoY decrease. In addition to this, The company declared a cash dividend of PKR 5.0/share in 1QFY27.
- Net revenue for 1QFY27 increased by 23% YoY to PKR 41,711mn, despite a 12% YoY decline in volumes to 3,137 units. The topline growth was supported by deliveries of higher-priced Tank 500 vehicles. Meanwhile, three-wheeler sales rose by 45% YoY to 7,735 units.
- During 1QFY27, gross margins were recorded at 20.4% compared to 25.2% recorded in SPLY. The decrease in gross margin is due to higher taxes on hybrid vehicles, the impact of which SAZEW has not passed on to consumers, in our view.
- The distribution expense significantly rose YoY by 72%, amid higher deliveries of Tank-500.
- Other income increased by 22% YoY to clock in at PKR 629mn in 1QFY27, which is mainly because of increase in interest rates.
- Finance cost in 1QFY27 increased by 321% YoY due to increase in borrowings.
- The company booked an effective tax 37.4% in 1QFY27 vis-à-vis 39% in SPLY.
- We have a BUY stance on SAZEW. The scrip is trading at FY27 and FY28 P/E of 4.8x and 4.2x.

Exhibit: Financial Highlights

(PKR mn)	1QFY27	1QFY26	YoY	4QFY26	QoQ
Income Statement					
Net Revenue	41,711	33,825	23%	76,513	-45%
Distribution Expense	1,662	964	72%	2,022	-18%
Other Expenses	487	542	-10%	1,055	-54%
Other Income	629	514	22%	667	-6%
Finance Cost	334	79	321%	153	118%
PBT	6,443	7,243	-11%	14,236	-55%
Taxation	2,407	2,826	-15%	5,510	-56%
PAT	4,036	4,417	-9%	8,726	-54%
EPS (PKR)	66.77	73.07		144.36	
DPS (PKR)	5.00	15.00		20.00	
Ratio Analysis					
Gross Margins	20.4%	25.2%		22.3%	
Net Margins	9.7%	13.1%		11.4%	
Return on Equity	63.8%	80.2%		70.8%	
Return on Assets	31.3%	34.0%		38.3%	
Payout Ratio	7.5%	20.5%		13.9%	
Effective Tax	37.4%	39.0%		38.7%	

Source (s): Company Financials, AHL Research

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