

## System Ltd – Continuous development

SYS generates 80% of revenue from exports of IT enabled services. The major destinations remained GCC countries. IT companies in Pakistan are working in an environment wherein tax exemption is being given on exports. SYS further sought exemption of 5-year over IT exports which could be beneficial for expansion of IT-enabled services exports. SYS also employs BPO & product frameworks. As per directors report, SYS has completed *OneLoad* product development and will start its commercialization.

We see company quarterly revenues increasing which is a good omen. We also expect SYS annual net margin may remain around 18% - 20% thus enabling it to maintain earnings spree.

**Exports driven revenue.....**In 1QCY16 SYS revenues grew by 20% on Y-o-Y basis. Costs of sales recorded an increase of 29% from last year mainly given expansion and capacity building in local and MEA region. SYS is employing direct selling approach.

**Digitalization of government records.....**At present, public sector is investing heavily on IT enable services for tracking and maintenance of documentation i.e. land records, which is being widely reported by media. SYS being major beneficiary also expects to get good share in digitalization of government records.

### 1QCY16 P&L

Rs in mn	1QCY16	1QCY15	Chg
Revenue	645	536	20%
Gross Profit	189	180	4%
Operating profit	108	93	16%
Other income	11	21	-46%
Finance cost	(0.362)	(0.670)	-46%
PBT	119	113	5%
PAT	117	110	7%
EPS	1.06	0.99	7%

Source: Company accounts

## REP-033 | [www.jamapunji.pk](http://www.jamapunji.pk)

**Price: 57.41**

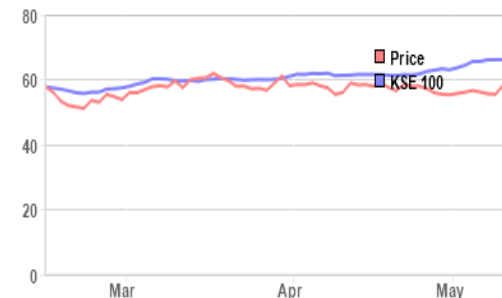
<b>Avg Vol (12 M)</b>	<b>463,294</b>
<b>52 Week Low</b>	<b>41</b>
<b>52 Week High</b>	<b>80</b>
<b>Market Cap</b>	<b>6.37 B</b>
<b>Beta</b>	<b>1</b>
<b>Face Value</b>	<b>10</b>
<b>*Total No. Shares</b>	<b>110.68 M</b>

### Key notings

Enterprise Value CY15 Rs 6.02 bn (\$56.66mn)

Receivables unsecured: Rs1.1bn

SYS has subsidiary company viz. TechVista Systems FZ-LLC at Dxb Tech & media zone – a 100% owned subsidiary



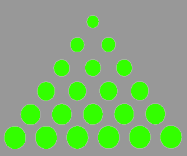
### Analyst

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