

Result Preview | Pakistan Research

Laiba Arshad Ali

laiba.arshad@akseerresearch.com

26 January 2026



REN # REP - 004



REN # REP - 400 R

SAZEW: 2QFY26 EPS expected to clock in at PKR 94, up by 136% YoY, DPS PKR 26

Sazgar Engineering Works Limited

PSX: SAZEW | Bloomberg: SAZEW PA | Reuters: SAZG.PSX

- SAZEW is expected to announce its 2QFY26 results, where we expect the company to report an EPS of PKR 93.8, up by 136% YoY. Along with the result, the company is expected to announce an interim cash dividend of PKR 26.00/share.
- Net sales for 2QFY26 are expected to clock in at PKR 36.2bn, compared to PKR 18.3bn in SPLY, up 97% YoY mainly backed by Haval PHEV launch.
- The company reported 7,210 units sold in 1HFY26, reflecting a 65% YoY increase.
- Operating expenses are projected at PKR 1.9bn (59% YoY) for 2QFY26 compared to PKR 1.2bn in SPLY, driven by higher marketing, administrative, and distribution costs associated with the expansion of the 4-wheeler and PHEV product lineup.
- We maintain our 'BUY' recommendation on the stock based on our Dec-26 target price (TP) of PKR 2,692/share, which provides a capital upside of 25% along with a dividend yield of 5%.

Key Data

PSX Ticker	SAZEW
Target Price (PKR)	2,692
Current Price (PKR)	2,149
Upside/(Downside) (%)	25%
Dividend Yield (%)	5%
Total Return (%)	30%
12-month High (PKR)	2,149
12-month Low (PKR)	947
Outstanding Shares (mn)	60
Market Cap (PKR mn)	129,898

Source: PSX, Akseer Research

Financial Estimates (PKR mn)	2QFY25	2QFY26E	YoY	1HFY25	1HFY26E	YoY
Sales	18,364	36,239	97%	44,696	70,063	57%
Operating expenses	13,156	25,242	92%	31,868	50,545	59%
Gross profit	5,208	10,996	111%	12,828	19,518	52%
Distribution and Marketing cost	768	1,033	35%	1,508	1,997	32%
Administrative expenses	135	209	54%	258	416	61%
Operating expenses	903	1,242	37%	1,766	2,413	37%
Operating Profit	4,304	9,754	127%	11,062	17,105	55%
Other Income	333	346	4%	736	860	17%
Other operating expense	321	709	121%	809	1,251	55%
Operating profit before finance cost	4,316	9,391	118%	10,989	16,714	52%
Finance cost	92	79	-14%	150	158	6%
Profit before taxation	4,223	9,312	120%	10,839	16,555	53%
Taxation/Levies	1,814	3,633	100%	4,212	6,460	53%
Profit after taxation	2,409	5,678	136%	6,626	10,095	52%
EPS	39.8	93.8	136%	110	167	52%
DPS	10	26		20	41	

Source: Company Accounts, Akseer Research

Key Financial Ratios	FY23A	FY24A	FY25A	FY26E	FY27F	FY28F
EPS (PKR)	16.5	131.3	270.3	356.8	285.7	338.7
EPS Growth	744.4%	697.5%	105.9%	32.0%	-19.9%	18.6%
DPS (PKR)	4.0	20.0	52.0	98.6	142.9	186.3
BVPS	48.2	167.2	392.2	650.7	793.5	945.9
PER	130.5	16.4	8.0	6.0	7.5	6.3
Dividend Yield	0.2%	0.9%	2.4%	4.6%	6.6%	8.7%
P/B	44.6	12.9	5.5	3.3	2.7	2.3
ROE	40.9%	121.9%	96.6%	68.4%	39.6%	38.9%

Source: Company Accounts, Akseer Research

Valuation Basis

Our TP for Sazgar Engineering Works Limited (SAZEW) has been computed using the Discounted Cash Flow (DCF) framework. We have used a risk-free rate of 11%, a beta of 1.3, and a market risk premium of 6% to arrive at a cost of equity of 19%.

Investment Thesis

We have our 'BUY' recommendation on the stock based on our Dec-26 TP of PKR 2,692/share, which results in an upside of 25% alongside a dividend yield of 5%. Our investment case on SAZEW is based on (1) its plug-in portfolio and its expansion plan for upcoming CKD models, (2) strengthening HAVAL's market position translating into higher sales and (3) its ability to endure margin pressures through higher production efficiency, scaling localization, and adjustments to regulatory duty structures.

Risks

Key downside risks to our investment thesis include (1) rising competition from Chinese NEV players, (2) new entrants joining the SUV segment, (3) pricing competition in SUV market (4) tariff hikes or uncertain changes could negatively impact the profitability and (5) currently fluctuation to impact CKD imports.

Company Description

Sazgar Engineering Works Limited (SAZEW) is a leading Pakistani automotive manufacturer and the country's market leader in 3-wheelers, exporting to over 25 countries. It entered the 4-wheeler segment in 2021 and launched CKD assembly in 2022 to offer localized premium SUVs, expanding into HEV and PHEV production by 2025. With an extensive nationwide dealership and after-sales network and strategic partnerships with GWM and BAIC, SAZEW holds a strong position in Pakistan's growing automotive and new energy vehicle market.

Financial Highlights - SAZEW

Income Statement (PKR mn)	FY23A	FY24A	FY25A	FY26E	FY27F	FY28F
Sales	18,174	57,642	108,694	145,957	166,493	191,631
Operating expenses	15,625	41,996	77,052	104,324	133,327	153,147
Gross profit	2,549	15,646	31,642	41,633	33,167	38,484
Distribution and Marketing cost	588	1,811	3,474	4,160	4,745	5,462
Administrative expenses	240	383	560	842	884	928
Operating expenses	828	2,194	4,035	5,002	5,629	6,390
Operating Profit	1,721	13,452	27,607	36,631	27,537	32,094
Other Income	31	832	1,355	1,727	3,102	4,131
Other operating expense	102	1,000	1,993	2,671	2,002	2,334
Operating profit before finance cost	1,650	13,285	26,970	35,687	28,637	33,891
Finance cost	168	169	230	317	317	317
Profit before taxation	1,481	13,116	26,739	35,370	28,321	33,574
Taxation/Levies	486	5,180	10,403	13,801	11,051	13,101
Profit after taxation	995	7,936	16,336	21,569	17,270	20,474

Source: Company Accounts, Akseer Research

Balance sheet (PKR mn)	FY23A	FY24A	FY25A	FY26E	FY27F	FY28F
PPE	2,861	4,560	7,940	18,288	17,690	17,079
Other LT assets	59	49	83	88	88	88
Non-current assets	2,920	4,609	8,023	18,376	17,778	17,167
Current assets	4,765	24,617	33,714	40,120	53,982	66,898
Total assets	7,685	29,226	41,737	58,497	71,760	84,065
Non-current liabilities	745	875	943	943	943	943
Current liabilities	4,026	18,247	17,086	18,226	22,854	25,946
Total liabilities	4,770	19,122	18,029	19,169	23,797	26,889
Equity	2,915	10,104	23,708	39,328	47,963	57,176
Total equity & liabilities	7,685	29,226	41,737	58,497	71,760	84,065

Source: Company Accounts, Akseer Research

Cashflow statement (PKR mn)	FY22A	FY23A	FY24A	FY25F	FY26F	FY27F
Net income	995	7,936	16,336	21,569	17,270	20,474
Non-cash charges	200	771	92	3,736	2,119	30
Operating cash flows	1,429	7,448	16,769	18,206	20,387	21,461
FCFF	974	5,466	13,048	7,484	19,987	21,054
Net borrowings	333	175	196	45	-	-
FCFE	642	5,291	12,852	7,439	19,987	21,054
Closing cash	526	7,278	16,255	18,193	29,547	39,341

Source: Company Accounts, Akseer Research

Disclaimer

This report has been prepared and marketed jointly by Akseer Research (Pvt) Limited and Alpha Capital (Pvt) Limited, hereinafter referred jointly as "JV" and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, the JV and/or any of their officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professionals who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and the JV accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of the JV's Research Department and do not necessarily reflect those of the JV or its directors. Akseer Research and Alpha Capital as firms may have business relationships, including investment--banking relationships, with the companies referred to in this report. The JV or any of their officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the companies mentioned in this report, may have a financial interest in the securities of these companies to an amount exceeding 1% of the value of the securities of these companies, may serve or may have served in the past as a director or officer of these companies, may have received compensation from these companies for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from these companies for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the companies mentioned in this report.

All rights reserved by the JV. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of the JV. Action could be taken for unauthorized reproduction, distribution or publication.

Valuation Methodology

To arrive at our 12-months Price Target, the JV uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology.

Ratings Criteria

JV employs a three-tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
Sell	Less than or equal to -5%

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

Research Dissemination Policy

The JV endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc.

Analyst Certification

The research analyst, denoted by 'AC' on the cover of this report, has also been involved in the preparation of this report, and is a member of JV's Equity Research Team. The analyst certifies that (1) the views expressed in this report accurately reflect his/her personal views and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Contact Details



Akseer Research (Pvt) Limited

1st Floor, Shaheen Chambers, KCHS block 7 & 8,
off. Shahrah-e-Faisal

T: +92-21-34320359 -60

E: info@akseerresearch.com



Alpha Capital (Pvt) Limited

3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,
KCH Society, Block 7 & 8, Near Virtual University, Karachi

T: +92-21-38694242

E: info@alphacapital.com.pk



www.jamapunji.pk