



DIGITAL MOBILITY SOLUTIONS LANKA LIMITED

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IPO Price – LKR 36.00

Company Profile

PickMe, established in 2015, has emerged as Sri Lanka's premier digital mobility platform, offering seamless real-time connectivity between drivers and consumers. Originally launched as a ride-hailing service, PickMe has since diversified into multiple verticals, including food delivery, package transport, and logistics. With over 880,000 unique monthly users and a fleet of 75,000 drivers, the platform facilitates more than 6.1Mn transactions each month. Despite challenging economic conditions, the company has remained resilient, showing strong growth potential. Its innovative approach and localized strategies have made PickMe a key player in Sri Lanka's digital economy.

Future Outlook

Future profitability outlook: Pickme recorded profits of LKR 130.5Mn during FY23 after 4 consecutive years of losses due to the global pandemic and due to the then prevailing economic crisis. On the back of the above stated the company has fought back strong amidst various other challenges. We forecast a LKR 915.3Mn of profits for FY25E increasing by 34.7%YoY, strengthened by a 21.2%YoY incline in Net revenue to LKR 4.8Bn. With the platform having over 75,000 monthly users across 5 verticals the company expects to facilitate drivers with attractive incentives and customer discounts which may lead to an increased number of monthly users and increased number of rides throughout the year.

Future expansion strategies: The future outlook for PickMe appears highly promising as it continues to build on its strong foundation of innovation and market leadership. With a focus on expanding beyond traditional ride-hailing, the company is looking to enhance its service offerings by entering new verticals such as financial products distribution, digital payments, and corporate and school transportation solutions. The company is also planning to tap into the public transportation segment via buses and trains. PickMe's aggressive approach to product diversification, supported by its significant market penetration, positions it well to capitalize on untapped segments of Sri Lanka's mobility and logistics sector. This strategic expansion will likely drive both user growth and revenue generation, allowing the company to maintain its competitive edge in a market with high barriers to entry.

Technological and global investments: PickMe is investing in research and development, focusing on technologies like artificial intelligence and machine learning to improve efficiency and user experience. As part of its growth strategy, the company is exploring overseas opportunities, starting with a joint venture in Nepal. By leveraging its digital mobility expertise, PickMe aims to expand into other emerging markets, potentially creating new revenue streams and strengthening its position as a regional leader

Valuations: PickMe is poised for significant growth, both within Sri Lanka and on the global stage, indicating a promising future. Given its potential, FCR projects earnings of LKR 915.3Mn for FY25E. With no direct competitors in the local stock market, FCR estimates a fair value of LKR 44.0 compared to the IPO price of LKR 36.0 which is at a discount, offering an annualized return of 44.5% with an upside of 22.2% based on a DCF valuation. [SUBSCRIBE](#)

Pickme Valuation

Year Ended 31st March	FY21	FY22	FY23	FY24	FY25E
Earnings (LKR 'Mn)					
Net Revenue	1,114.7	1,295.2	1,963.6	3,918.6	4,749.5
EBIT	26.9	(161.9)	14.6	925.0	1,185.0
Gross Profit	27.3	(144.2)	69.1	993.1	1,307.5
Net Profit	(56.0)	(157.2)	130.5	679.5	915.3
Adjusted EPS (LKR)	(0.2)	(0.5)	0.4	2.0	2.7
YoY Growth (%)	-126.8%	-380.6%	183.0%	420.8%	34.7%
Valuations					
PER (x)	(214.1)	(76.3)	92.0	17.7	13.1
PBV (x)	11.6	13.3	11.4	6.9	4.5
Adjusted NAVPS	3.1	2.7	3.2	5.2	8.0

DCF Valuation

DCF based Valuation	
Enterprise Value	13,560
(-) Debt	-
(+) Cash	1,406
Total Value of Equity	14,967
No. of shares	333
Target Price	44.0

WACC

Ke	20%
Kd	12%
D/E Assumption	10/90
Terminal Growth (%)	3.0%
WACC	19.0%

COE

Rf	11.0%
Rm	19.0%
Growth %	3.0%
β	1.10
Ke=Rf+β(Rm-Rf)	20%

IPO Details

Issue Price	:	LKR 36.00
Amount to be Raised	:	LKR 1.6Bn (Offer for sale)
Total No. of Shares Offered	:	43,474,179 Ordinary Voting Shares
Issue Open Date	:	Sep 13, 2024

Details of the issue

Funds raised through the offer for sale (LKR 1.6Bn):

- Facilitate the partial exit of 8 existing shareholders
- To improve brand name and image
- To create liquidity for the company's shares
- To introduce new and improved technology backed solutions in related field to enter new regional markets
- No underwriting arrangement has been made by the company for the share issue

Shareholding - Pre and Post IPO

Top 10 Shareholders	Pre IPO		Post IPO	
	No of Shares	%	No of Shares	%
Jiffry Zulfar Hassen	119,300,000	35.79%	119,300,000	35.79%
International Finance Corporation	47,300,390	14.19%	24,999,275	7.50%
Ajit Damon Gunewardene	31,465,717	9.44%	31,465,717	9.44%
LOLC Technologies Limited	31,110,782	9.33%	31,110,782	9.33%
Interblocks Holdings Pte Limited	24,222,672	7.27%	8,477,935	2.54%
H Capital (Private) Limited	11,415,051	3.42%	8,561,288	2.57%
Krishan Niraj Jayasekara Balendra	9,619,323	2.89%	9,619,323	2.89%
Ruchi Hubert Gunewardene	8,528,351	2.56%	8,528,351	2.56%
Invenco Capital Private Limited	8,333,092	2.50%	8,333,092	2.50%
Shifaz Riyaz	6,600,000	1.98%	6,600,000	1.98%
Other Shareholders	35,428,295	10.63%	32,853,731	9.86%
Shareholding from IPO			43,474,179	13.04%
	333,323,673	100.0%	333,323,673	100.0%

Issue Allotment Structure

Applicant Category	Percentage of Offer
Unit Trusts Investors	10.0%
Retail Individual Investors	40.0%
Non-Retail Investors	25.0%
Anchor Investor	19.2%
Institutional Investors	5.8%
	100.0%



Appendix 1 Summarized Audited Statement of Financial Position

Statement of Financial Position (LKR Mn)	FY21	FY22	FY23	FY24	FY25E
As at 31st March					
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	53.8	24.3	22.6	132.0	280.6
Intangible Assets	392.4	542.5	706.3	959.3	928.1
Right of Use Assets	105.6	24.2	9.6	159.0	159.0
Investments in Subsidiary	-	-	90.9	-	-
Deferred Tax Asset	-	14.4	10.8	-	-
Total Non-Current Assets	551.8	605.4	840.2	1,250.2	1,367.7
Current Assets					
Inventories	2.9	3.5	10.0	5.7	12.6
Trade and Other Receivables	139.1	118.3	211.2	400.7	475.0
Other Investments	609.2	586.6	643.9	718.4	718.4
Tax Recoverable	-	-	-	-	-
Cash and Bank Balances	263.4	19.9	46.7	445.4	1,406.3
Assets Classified as Held for Sale	11.2	-	-	-	-
Total Current Assets	1,025.8	728.3	911.9	1,570.3	2,612.3
Total Assets	1,577.6	1,333.6	1,752.1	2,820.5	3,980.0
EQUITY & LIABILITIES					
Equity					
Stated Capital	1,465.4	1,495.4	1,526.1	1,554.7	1,554.7
Retained Earnings	(448.2)	(630.3)	(499.2)	177.3	1,092.6
Employee Share Option Plan	48.1	35.7	23.8	16.6	16.6
Amounts Relating to assets held for sale	(27.7)	-	-	-	-
Total Equity	1,037.6	900.8	1,050.7	1,748.6	2,663.8
Non-Current Liabilities					
Deferred Revenue	-	-	-	-	-
Defined Benefit Obligations	27.4	33.6	39.4	57.6	57.6
Deferred Tax Liability	-	-	-	2.1	2.1
Lease Liabilities	82.3	9.8	1.1	141.5	141.5
Total Non-Current Liabilities	109.7	43.4	40.4	201.2	201.2
Current Liabilities					
Interest Bearing Loans and Borrowings	170.8	152.9	260.0	5.0	-
Trade and Other Payables	212.4	215.5	367.5	593.2	842.4
Tax Payable	-	-	22.8	237.7	237.7
Lease Liabilities	45.9	21.0	10.6	34.9	34.9
Liabilities directly associated with assets held for sale	1.2	-	-	-	-
Bank Overdraft	-	-	-	-	-
Total Current Liabilities	430.2	389.4	660.9	870.7	1,114.9
Total Liabilities	540.0	432.9	701.3	1,072.0	1,316.1
Total Equity and Liabilities	1,577.6	1,333.6	1,752.1	2,820.5	3,980.0
Adjusted NAVPS	3.1	2.7	3.2	5.2	8.0

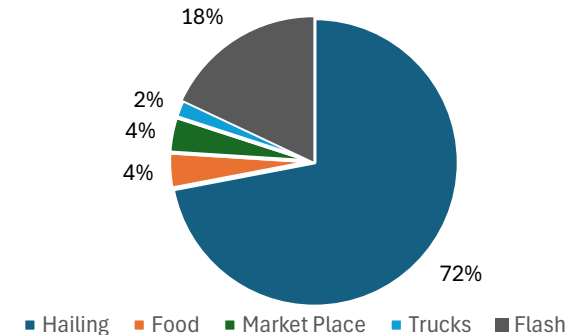
Appendix 2 Summarized Audited Income Statement

Income Statement (LKR Mn)	FY21	FY22	FY23	FY24	FY25E
Year ended 31st March					
Gross Revenue	1,452.5	2,401.2	3,169.6	7,056.2	8,961.4
Incentives, Discounts and Other Costs	(340.2)	(1,106.0)	(1,205.9)	(2,936.7)	(4,730.6)
Net Revenue	1,114.7	1,295.2	1,963.6	3,918.6	4,749.5
Other Income	20.8	27.0	23.1	127.4	140.1
Direct Expenses	(440.5)	(702.0)	(900.4)	(1,371.1)	(1,614.8)
Admin Expenses	(560.5)	(657.0)	(882.9)	(1,428.1)	(1,709.8)
Selling and Distribution Expenses	(107.6)	(125.1)	(188.9)	(321.7)	(380.0)
Profit from Operations	26.9	(161.9)	14.6	925.0	1,185.0
Finance Cost	(35.5)	(17.6)	(49.1)	(42.4)	-
Finance Income	36.0	35.9	107.2	121.3	122.6
Share of loss from Associate Company	-	(0.6)	(3.6)	(10.8)	-
Profit Before Taxation	27.3	(144.2)	69.1	993.1	1,307.5
Income Tax Expense/Reversal	(83.4)	(13.0)	61.4	(313.6)	(392.3)
Net Profit for the Year	(56.0)	(157.2)	130.5	679.5	915.3
Adjusted EPS	(0.2)	(0.5)	0.4	2.0	2.7

Appendix 3

Revenue Distribution

Independent Third party Drivers % split





First Capital
A Janashakthi Group Company

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CORPORATE DEBT SALES

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EQUITY SALES

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BRANCHES

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