

ACPL has announced its FY21 result where it posted a profit after tax of Rs1.1bn (EPS: Rs8.06 ; Consolidated EPS: Rs13.61) as compared to a profit after tax of Rs1.1bn (EPS: Rs8.06; Consolidated EPS: Rs14.43) in the same period last year.

The company has posted a revenue of Rs21bn against Rs19bn in SPLY, recording a growth of 14.8% YoY. We note that this growth is attributed to the increase in prices and pick-up in cement dispatches.

The gross margin slightly decreased to 22% as compared to 23% during SPLY. SG&A expenses have grown by 18.5% YoY to Rs2.8bn as compared to Rs2.3bn during SPLY.

Lastly, the decline in finance cost by 42.3% YoY and the effective taxation of 38.1% as compared to 27.7% during SPLY further caused the bottom line to plunge.

Going forward, the surge in cement dispatches is expected to continue. Furthermore, the subsidiary in Iraq is also performing well which eventually would improve the overall value of the firm. ACPL is trading at a FY22E P/B of 1.29x which offers a discount of 21% relative to its historical 5-year average of 1.5x. We have a **HOLD** stance on the script with a DCF based Jun-22 TP of Rs170 which provides an upside potential of 6%. Further, it provides a dividend yield of 2%, which makes the cumulative return of 8%.

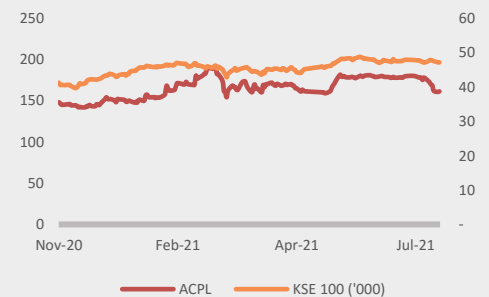
Rupees' millions	4QFY21	4QFY20	YoY	FY21	FY20	YoY
Net Sales	4,895	2,950	65.9% ▲	21,245	18,501	14.8% ▲
Cost of Sales	-4,128	-2,363	74.7% ▲	-16,602	-14,252	16.5% ▲
Gross Profit	767	587	30.5% ▲	4,643	4,249	9.3% ▲
SG&A Expenses	-542	-378	43.2% ▲	-2,771	-2,338	18.5% ▲
Other Expenses	-28	-17	62.8% ▲	-114	-92	23.7% ▲
Operating Profit	197	192	2.7% ▲	1,757	1,819	3.4% ▼
Other Income	74	170	56.9% ▼	135	234	42.3% ▼
Finance Cost	-114	-78	45.7% ▲	-357	-526	32.0% ▼
Profit Before Taxation	159	287	44.6% ▼	1,540	1,532	0.5% ▲
Taxation	-11	-296	96.4% ▼	-433	-425	1.8% ▲
Profit After Taxation	149	-9	1832.9% ▲	1,107	1,107	0.0% ▼
Earnings Per Share	1.08	-0.06	1832.9% ▲	8.06	8.06	0.0% ▼
Dividend	4.00	3.50	14.3% ▲	4.00	3.50	14.3% ▲
Bonus	-	-	-	-	-	-
Gross Margin	15.7%	19.9%	4.2% ▼	21.9%	23.0%	1.1% ▼
SG&A Expenses to Sales	-11.1%	-12.8%	1.8% ▼	-13.0%	-12.6%	0.4% ▲
Other Income to Sales	1.5%	5.8%	4.3% ▼	0.6%	1.3%	0.6% ▼
Ex. Gain / (Loss) to Sales	-11.1%	-12.8%	1.8% ▼	-13.0%	-12.6%	0.4% ▲
Effective Taxation	-6.6%	-103.0%	96.4% ▼	-28.1%	-27.7%	0.4% ▲
Net Margin	3.0%	-0.3%	3.3% ▲	5.2%	6.0%	0.8% ▼

Source: ACPL Research, Company Financials

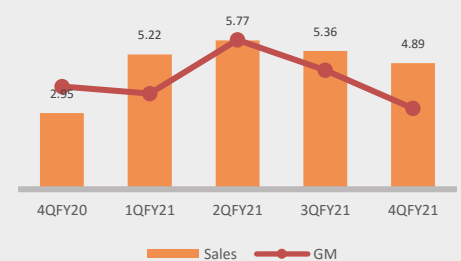
Key Statistics

Symbol	ACPL
TP - Jun 22	170
LDCP	161
Upside (%)	6
Free Float ('mn)	27
Market Cap. (Rs.'mn)	27,485

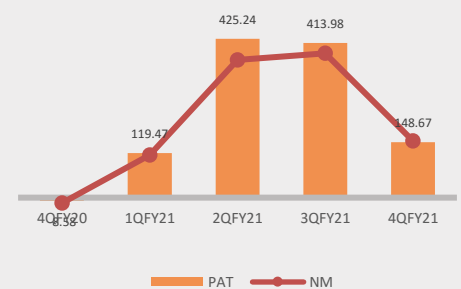
ACPL vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

Muhammad Nauman Naeem

Phone: (+92) 42 38302028; Ext: 116

Email: nauman@abbasiandcompany.com

Financial Projections

Rupees' millions	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Net sales	13,086	13,918	14,735	16,496	20,781	18,501	21,245	24,573	26,753	29,383
Cost of sale	8,690	8,332	8,843	11,698	15,978	14,252	16,602	19,687	19,914	22,015
Gross profit	4,396	5,587	5,892	4,798	4,803	4,249	4,643	4,886	6,838	7,369
Selling and promotion expenses	987	955	904	782	1,415	1,831	2,203	2,698	2,937	3,226
Administration expenses	347	402	419	533	505	507	568	674	734	806
Other operating expenses	239	314	334	163	150	92	114	243	196	200
Operating Profit	2,824	3,916	4,236	3,320	2,733	1,819	1,757	1,271	2,971	3,136
Other operating income	423	341	237	61	294	234	135	369	402	442
Finance cost	26	21	28	251	648	526	357	345	345	345
Profit before taxation	3,221	4,236	4,444	3,129	2,403	1,532	1,540	1,294	3,027	3,232
Taxation	1,015	1,346	1,410	1,270	330	425	433	388	908	970
Profit after taxation	2,206	2,890	3,034	4,400	2,073	1,107	1,107	906	2,119	2,262
EPS	16.05	21.03	22.08	32.02	15.09	8.06	8.06	6.59	15.42	16.46

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Net sales	4.3%	6.4%	5.9%	11.9%	26.0%	-11.0%	14.8%	15.7%	8.9%	9.8%
Cost of sale	-1.7%	-4.1%	6.1%	32.3%	36.6%	-10.8%	16.5%	18.6%	1.2%	10.5%
Gross profit	18.7%	27.1%	5.5%	-18.6%	0.1%	-11.5%	9.3%	5.2%	40.0%	7.8%
Selling and promotion expenses	22.4%	-3.2%	-5.4%	-13.4%	80.9%	29.4%	20.3%	22.4%	8.9%	9.8%
Administration expenses	13.0%	15.8%	4.4%	27.1%	-5.2%	0.4%	12.1%	18.7%	8.9%	9.8%
Other operating expenses	22.2%	31.5%	6.2%	-51.1%	-8.1%	-38.4%	23.7%	112.8%	-19.2%	2.2%
Operating Profit	17.9%	38.7%	8.2%	-21.6%	-17.7%	-33.5%	-3.4%	-27.7%	133.8%	5.6%
Other operating income	56.9%	-19.3%	-30.6%	-74.3%	383.2%	-20.5%	-42.3%	173.9%	8.9%	9.8%
Finance cost	-12.7%	-18.0%	33.1%	785.4%	158.2%	-18.9%	-32.0%	-3.4%	0.0%	0.0%
Profit before taxation	22.2%	31.5%	4.9%	-29.6%	-23.2%	-36.2%	0.5%	-15.9%	133.9%	6.8%
Taxation	63.4%	32.6%	4.8%	-190.1%	-126.0%	28.8%	1.8%	-10.2%	133.9%	6.8%
Profit after taxation	9.5%	31.0%	5.0%	45.0%	-52.9%	-46.6%	0.0%	-18.2%	133.9%	6.8%
EPS	9.5%	31.0%	5.0%	45.0%	-52.9%	-46.6%	0.0%	-18.2%	133.9%	6.8%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
GP Margin	%	33.59	40.14	39.99	29.09	23.11	22.97	21.85	19.88	25.56	25.08
NP Margin	%	16.85	20.76	20.59	26.67	9.98	5.99	5.21	3.69	7.92	7.70
OP Margin	%	21.58	28.13	28.75	20.12	13.15	9.83	8.27	5.17	11.11	10.67
ROE	%	24.69	27.66	25.39	29.58	12.88	6.69	6.45	5.17	11.00	10.98
ROCE	%	24.69	27.66	19.54	21.03	9.03	5.11	4.15	3.38	7.43	7.58
ROA	%	18.03	20.03	14.65	16.66	7.59	4.04	5.20	4.34	9.30	9.52
Cost per ton	'mn	4.74	4.14	4.19	4.87	5.11	4.86	5.47	6.97	6.73	6.99
EBITDA per ton	'mn	0.66	1.25	1.41	0.98	0.60	0.90	0.84	0.40	1.00	0.93

Liquidity Ratios		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Current	x	2.75	2.63	0.53	0.87	0.91	0.89	0.27	0.28	0.45	0.53
Acid-test	x	1.91	1.90	0.07	0.16	0.16	0.18	-0.23	-0.25	-0.08	-0.01
Cash to current liab.	x	0.39	0.21	0.02	0.04	0.04	0.09	-0.29	-0.32	-0.16	-0.10

Activity Ratios		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Average Inventory	'mn	1,717	1,833	1,923	2,789	3,522	3,431	3,752	4,413	4,815	5,099
Inventory Turnover	x	5	5	5	4	5	4	4	4	4	4
Inventory Days		161	115	123	149	167	157	155	185	211	210
Receivables Days		3	6	4	16	14	10	10	10	10	10
Payables Days		74	117	158	156	82	107	107	107	107	107
Operating Cycle		90	3	-30	9	99	60	57	88	114	113
Utilization	%	103	108	114	76	81	58	64	74	85	96
Export Revenue	%	39	27	24	20	24	30	29	27	26	25
Local Revenue	%	61	73	76	80	76	70	71	73	74	75
Export Market Share	%	27	27	32	28	15	9	8	7	7	6
Local Market Share	%	24	24	24	25	23	22	22	24	25	26
Total Market Share	%	25	25	26	26	20	15	15	15	14	14

Investment Ratios		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
EPS	Rs.	16.05	21.03	22.08	32.02	15.09	8.06	8.06	6.59	15.42	16.46
DPS	Rs.	15.00	12.50	13.50	8.00	4.00	3.50	4.00	2.86	6.70	7.15
Div. Yield	%	9.30	7.75	8.37	4.96	2.48	2.17	2.48	1.78	4.15	4.44
Dividend Cover	x	1.07	1.68	1.64	4.00	3.77	2.30	2.01	2.30	2.30	2.30
BVPS	Rs.	65.02	76.02	86.94	108.22	117.15	120.45	125.00	127.60	140.16	149.92
Payout	%	93.46	59.44	61.15	24.99	26.51	43.43	49.64	43.43	43.43	43.43
Retention	%	6.54	40.56	38.85	75.01	73.49	56.57	50.36	56.57	56.57	56.57
No. of Shares	'000	137	137	137	137	137	137	137	137	137	137
P/E		10.04	7.67	7.30	5.04	10.69	20.00	20.01	24.45	10.45	9.79
Sales per share		95.22	101.28	107.22	120.03	151.21	134.62	154.59	178.81	194.67	213.81
P/BV		2.48	2.12	1.85	1.49	1.38	1.34	1.29	1.26	1.15	1.08
Price to Sales		1.69	1.59	1.50	1.34	1.07	1.20	1.04	0.90	0.83	0.75

Gearing Ratios		FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Debt to Equity	x	0.00	0.00	0.30	0.41	0.43	0.31	0.56	0.53	0.48	0.45
L.T. Debt to Equity	x	0.09	0.00	0.13	0.23	0.14	0.02	0.00	0.00	0.00	0.00
Interest Cover	x	108.61	183.77	149.31	13.22	4.21	3.46	4.91	3.68	8.60	9.08

Source: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
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Market Weight	Neutral
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RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com

BRANCH OFFICE

42 - Mall Road, Lahore

Phone: (+92) 42 37320707

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com