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AGHA has announced its 1HFY22 result where it posted profit after tax of Rs1.178bn (EPS: Rs1.95) as compared to a profit after tax of Rs1.057bn (EPS: Rs1.75) in the same period last year, up by 11.4% YoY.

The company has posted a revenue of Rs12.57bn against Rs10.28bn in SPLY, recording a growth of 22.3% YoY. We note that this growth is attributed to the increase in volumetric sales and higher retention prices.

The gross margin has been increased to 22.6% as compared to 20.02% during SPLY. SG&A expenses went up by 18.3% YoY to Rs396mn as compared to Rs335mn during SPLY. Furthermore, other income has been declined by 8.8% YoY to Rs137mn as compared to Rs150mn as compared to SPLY. Lastly, finance cost has been increased by 39.7% YoY to Rs745mn as compared to Rs533mn during SPLY.

AGHA is trading at a FY22E P/E of 4.8x. Moreover, the scrip is also trading at FY22E P/B of 0.75x which offers a discount of 49% relative to its historical 3-Year average of 1.47x. We maintain our **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs 28 which provides an upside potential of 40%.

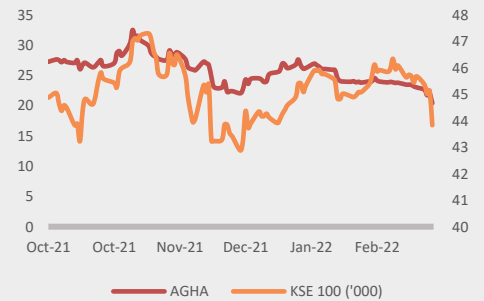
Rupees' millions	2QFY22	2QFY21	YoY	1HFY22	1HFY21	YoY
Net Sales	6,422	5,244	22.5% ▲	12,568	10,279	22.3% ▲
Cost of Sales	-5,006	-4,275	17.1% ▲	-9,724	-8,201	18.6% ▲
Gross Profit	1,416	970	46.1% ▲	2,844	2,078	36.8% ▲
SG&A Expenses	-210	-170	23.5% ▲	-396	-335	18.3% ▲
Other Expenses	-361	-57	536.6% ▲	-419	-101	316.7% ▲
Operating Profit	845	742	13.8% ▲	2,028	1,643	23.5% ▲
Other Income	121	121	0.1% ▼	137	150	8.8% ▼
Finance Cost	-294	-263	12.0% ▲	-745	-533	39.7% ▲
Profit Before Taxation	671	601	11.7% ▲	1,420	1,260	12.8% ▲
Taxation	-52	-53	1.9% ▼	-243	-202	19.9% ▲
Profit After Taxation	619	548	13.1% ▲	1,178	1,057	11.4% ▲
Earnings Per Share	1.02	0.91	13.1% ▲	1.95	1.75	11.4% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	0.00	0.00		0.00	0.00	
Gross Margin	22.1%	18.5%	3.6% ▲	22.6%	20.2%	2.4% ▲
SG&A Expenses to Sales	-3.3%	-3.2%	0.0% ▲	-3.2%	-3.3%	0.1% ▼
Other Income to Sales	1.9%	2.3%	0.4% ▼	1.1%	1.5%	0.4% ▼
Ex. Gain / (Loss) to Sales	-3.3%	-3.2%	0.0% ▲	-3.2%	-3.3%	0.1% ▼
Effective Taxation	-7.7%	-8.8%	1.1% ▼	-17.1%	-16.1%	1.0% ▲
Net Margin	9.6%	10.4%	0.8% ▼	9.4%	10.3%	0.9% ▼

Source: ACPL Research, Company Financials

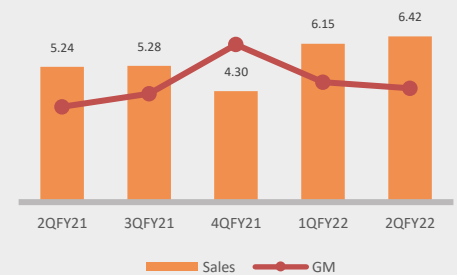
Key Statistics

Symbol	AGHA
TP - Dec 22	28.00
LDPC	20.41
Upside (%)	40
Free Float ('mn)	151
Market Cap. (Rs.'mn)	12,333

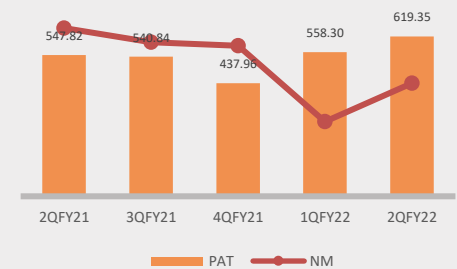
AGHA vs KSE 100



Sales (Rs'mn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	10,482	13,427	19,858	25,694	30,513	33,452	36,609
Cost of sale	8,451	10,030	15,356	19,750	23,690	26,792	29,327
Gross profit	2,031	3,397	4,503	5,944	6,823	6,660	7,281
Selling and promotion expenses	124	213	285	450	534	585	641
Administration expenses	208	270	297	321	381	418	458
Other operating expenses	- 42	115	197	835	992	1,087	1,190
Operating Profit	1,741	2,799	3,723	4,338	4,916	4,569	4,993
Other operating income	-	293	239	257	305	335	366
Finance cost	1,135	1,703	1,409	1,510	1,510	1,002	495
Profit before taxation	607	1,390	2,553	3,085	3,711	3,902	4,865
Taxation	- 162	154	517	494	594	624	778
Profit after taxation	769	1,236	2,036	2,591	3,117	3,277	4,086
EPS	1.27	2.04	3.37	4.28	5.15	5.42	6.76

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	38.7%	28.1%	47.9%	29.4%	18.8%	9.6%	9.4%
Cost of sale	42.2%	18.7%	53.1%	28.6%	19.9%	13.1%	9.5%
Gross profit	14.1%	67.2%	32.6%	32.0%	14.8%	-2.4%	9.3%
Selling and promotion expenses	-18.2%	72.7%	33.7%	57.5%	18.8%	9.6%	9.4%
Administration expenses	17.2%	29.6%	10.0%	8.2%	18.8%	9.6%	9.4%
Other operating expenses	9.9%	-373.4%	72.3%	323.1%	18.8%	9.6%	9.4%
Operating Profit	17.6%	60.7%	33.0%	16.5%	13.3%	-7.0%	9.3%
Other operating income	-17.5%	18.0%	-18.3%	7.3%	18.8%	9.6%	9.4%
Finance cost	42.3%	50.1%	-17.2%	7.2%	0.0%	-33.6%	-50.6%
Profit before taxation	8.3%	129.0%	83.8%	20.8%	20.3%	5.1%	24.7%
Taxation	16.3%	-195.1%	236.0%	-4.6%	20.3%	5.1%	24.7%
Profit after taxation	6.4%	60.7%	64.8%	27.3%	20.3%	5.1%	24.7%
EPS	6.4%	60.7%	64.8%	27.3%	20.3%	5.1%	24.7%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	19.38	25.30	22.67	23.13	22.36	19.91	19.89
OP Margin	%	16.61	23.03	19.95	17.88	17.11	14.66	14.64
NP Margin	%	7.33	9.20	10.25	10.09	10.22	9.80	11.16
ROE	%	13.18	17.23	18.53	17.15	17.36	15.49	16.45
ROCE	%	7.92	11.35	12.12	13.95	16.42	14.35	14.78
ROA	%	3.49	4.54	6.23	7.87	9.81	9.59	11.27

Liquidity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.20	1.08	1.28	0.98	1.10	1.21	1.27
Acid-test	x	0.32	0.28	0.35	0.43	0.47	0.51	0.53
Cash to current liab.	x	0.02	0.00	0.06	0.07	0.07	0.07	0.07

Activity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Inventory Turnover	x	0.57	0.51	0.71	1.11	1.66	1.61	1.59
Receivables Days		389	381	267	100	100	100	100
Inventory Days		117	104	74	15	15	15	15
Payables Days		23	49	24	25	25	25	25
Operating Cycle		483	437	317	90	90	90	90

Investment Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
EPS	Rs.	1.27	2.04	3.37	4.28	5.15	5.42	6.76
DPS	Rs.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Div. Yield	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Cover	x	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	Rs.	10.22	13.49	22.83	27.12	32.27	37.69	44.44
Payout	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retention	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00
No. of Shares	'mn	605	605	605	605	605	605	605
P/E		16.06	9.99	6.06	4.76	3.96	3.77	3.02
Sales per share		17.33	22.20	32.83	42.48	50.44	55.30	60.52
P/BV		2.00	1.51	0.89	0.75	0.63	0.54	0.46
Price to Sales		1.18	0.92	0.62	0.48	0.40	0.37	0.34

Gearing Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Debt to Equity	x	2.58	2.16	1.39	0.61	0.47	0.37	0.30
L.T. Debt to Equity	x	0.94	0.69	0.68	0.07	0.04	0.02	0.00
Interest Cover	x	1.53	1.82	2.81	3.04	3.46	4.89	10.83

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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- 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%

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Market Weight	Neutral
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