

AGP has announced its 1QCY22 result where it posted profit after tax of Rs450mn (EPS: Rs1.61) as compared to profit after tax of Rs384mn (EPS: Rs1.37) in the same period last year, up by 17.4% YoY.

The company has posted a revenue of Rs2.499bn against Rs1.642bn in SPLY, recording a growth of 52.2% YoY. We note that this surge is attributed to the increase in volumetric sales.

The gross margin has been decreased to 50.2% as compared to 56.3% during SPLY on account of higher input cost.

SG&A expenses have been increased by 49.2% YoY to Rs634mn as compared to Rs425mn during SPLY.

Finance cost has been decreased by 50.9% YoY to Rs15mn as compared to Rs30mn during SPLY.

Lastly, the effective taxation has been increased to 19.7% as compared to 16.9% during SPLY.

AGP is currently trading at CY22E PE of 13.03x. Further, the scrip is also trading at CY22E PB of 2.29x which offers a discount of 19% relative to its 3-year historical average of 2.83%. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs100 which provides an upside potential of 19%. Furthermore, it also offers a dividend yield of 4% which makes a total return of 23%.

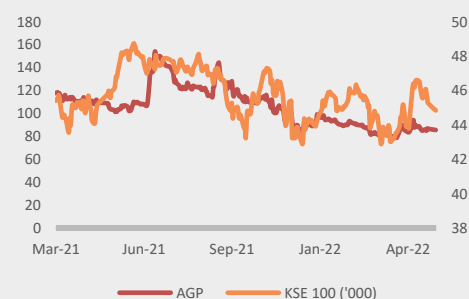
Rupees' millions	1QCY22	1QCY21	YoY	CY21	CY20	YoY
Net Sales	2,499	1,642	52.2% ▲	7,420	6,946	6.8% ▲
Cost of Sales	-1,245	717	273.7% ▼	3,303	3,086	7.0% ▲
Gross Profit	1,254	925	35.5% ▲	4,117	3,861	6.6% ▲
SG&A Expenses	634	425	49.2% ▲	1,615	1,404	15.0% ▲
Other Expenses	63	35	83.6% ▲	157	183	14.2% ▼
Operating Profit	557	466	19.5% ▲	1,955	2,047	4.5% ▼
Other Income	19	26	25.9% ▼	46	32	46.0% ▲
Finance Cost	15	30	50.9% ▼	89	152	41.2% ▼
Profit Before Taxation	561	462	21.5% ▲	1,911	1,927	0.8% ▼
Taxation	111	78	41.8% ▲	346	339	2.1% ▲
Profit After Taxation	450	384	17.4% ▲	1,565	1,587	1.4% ▼
Earnings Per Share	1.61	1.37	17.4% ▲	5.59	5.67	1.4% ▼
Dividend	0.00	0.00		2.50	2.00	
Bonus	0%	0%		0%	0%	
Gross Margin	50.2%	56.3%	6.2% ▼	55.5%	55.6%	0.1% ▼
SG&A Expenses to Sales	-25.4%	25.9%	51.2% ▼	21.8%	20.2%	1.6% ▲
Other Expenses to Sales	-2.5%	2.1%	4.6% ▼	2.1%	2.6%	0.5% ▼
Other Income to Sales	0.8%	1.6%	0.8% ▼	0.6%	0.5%	0.2% ▲
Effective Taxation	-19.7%	16.9%	36.7% ▼	18.1%	17.6%	0.5% ▲
Net Margin	18.0%	23.4%	5.3% ▼	21.1%	22.9%	1.8% ▼

Source: ACPL Research, Company Financials

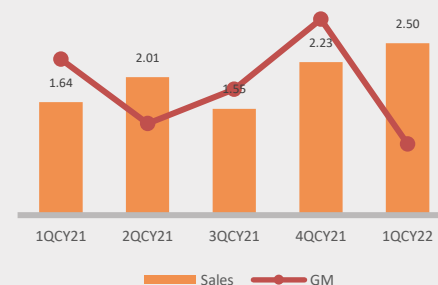
Key Statistics

Symbol	AGP
TP - Dec 22	100
LDCP	84
Upside	19%
Free Float (mn)	84
Market Cap. (Rs.mn)	23,587

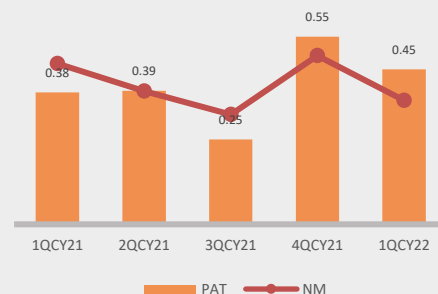
AGP vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



Sources: ACPL Research, Company Financials

Muhammad Ahmed

Phone: (+92) 42 38302028; Ext: 118

Email: mahmed@abbasiandcompany.com

Financial Projections

Rupees' millions	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	6,253	6,946	7,420	9,996	11,409	13,025	14,874
Cost of sale	2,594	3,086	3,303	4,968	5,670	6,473	7,392
Gross profit	3,659	3,861	4,117	5,028	5,739	6,551	7,482
Administration expenses	158	227	391	360	411	469	535
Marketing and selling expenses	1,294	1,404	1,615	2,180	2,488	2,841	3,244
Other operating expenses	167	183	157	254	290	331	378
Operating Profit	2,040	2,047	1,955	2,234	2,550	2,911	3,324
Other operating income	11	32	46	77	88	100	115
Finance cost	227	152	89	62	218	229	240
Profit before taxation	1,825	1,927	1,911	2,249	2,419	2,782	3,199
Taxation	378	339	346	444	478	550	632
Profit after taxation	1,446	1,587	1,565	1,805	1,942	2,233	2,567
EPS	5.17	5.67	5.59	6.45	6.93	7.97	9.17

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	16.2%	11.1%	6.8%	34.7%	14.1%	14.2%	14.2%
Cost of sale	10.8%	19.0%	7.0%	50.4%	14.1%	14.2%	14.2%
Gross profit	20.3%	5.5%	6.6%	22.1%	14.1%	14.2%	14.2%
Administration expenses	24.1%	43.6%	72.4%	-7.9%	14.1%	14.2%	14.2%
Marketing and selling expenses	12.2%	8.5%	15.0%	35.0%	14.1%	14.2%	14.2%
Other operating expenses	10.2%	9.7%	-14.2%	61.5%	14.1%	14.2%	14.2%
Operating Profit	26.8%	0.3%	-4.5%	14.3%	14.1%	14.2%	14.2%
Other operating income	-33.6%	180.4%	46.0%	66.9%	14.1%	14.2%	14.2%
Finance cost	13.5%	-33.1%	-41.2%	-30.9%	253.7%	4.8%	4.8%
Profit before taxation	28.0%	5.6%	-0.8%	17.7%	7.6%	15.0%	15.0%
Taxation	72.8%	-10.3%	2.1%	28.2%	7.6%	15.0%	15.0%
Profit after taxation	19.9%	9.8%	-1.4%	15.4%	7.6%	15.0%	15.0%
EPS	19.9%	9.8%	-1.4%	15.4%	7.6%	15.0%	15.0%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
GP Margin	%	58.52	55.58	55.49	50.30	50.30	50.30	50.30
NP Margin	%	23.13	22.85	21.09	18.06	17.02	17.14	17.26
OP Margin	%	32.63	29.47	26.34	22.35	22.35	22.35	22.35
ROE	%	19.38	19.33	16.48	17.54	17.04	17.66	18.22
ROCE	%	17.53	18.28	16.22	17.24	16.87	17.51	18.08
ROA	%	15.06	15.58	13.97	13.64	12.26	12.11	11.99
Liquidity Ratios		CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Current	x	1.64	1.71	1.65	3.55	3.51	4.07	4.60
Acid-test	x	1.14	1.25	1.34	2.06	1.58	1.58	1.58
Cash to current liab.	x	0.09	0.25	0.21	1.35	1.82	2.38	2.91
Activity Ratios		CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Inventory Turnover	x	3	3	3	3	3	3	3
Inventory Days		143	140	121	121	121	121	121
Receivables Days		33	39	40	34	32	32	32
Payables Days		119	99	118	130	130	130	130
Operating Cycle		56	80	44	26	23	23	23
Investment Ratios		CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
EPS	Rs.	5.17	5.67	5.59	6.45	6.93	7.97	9.17
DPS	Rs.	3.25	2.00	2.50	3.00	3.00	3.50	4.00
Div. Yield	%	3.87	2.38	2.98	3.57	3.57	4.17	4.76
Dividend Cover	x	1.59	2.83	2.24	2.15	2.31	2.28	2.29
BVPS	Rs.	26.65	29.32	33.91	36.76	40.69	45.16	50.33
Payout	%	62.92	35.28	44.73	46.53	43.27	43.89	43.63
Retention	%	37.08	64.72	55.27	53.47	56.73	56.11	56.37
No. of Shares	mn	280	280	280	280	280	280	280
P/E		16.26	14.82	15.03	13.03	12.11	10.53	9.16
Sales per share		22.33	24.81	26.50	35.70	40.75	46.52	53.12
P/BV		3.15	2.86	2.48	2.29	2.06	1.86	1.67
Price to Sales		4.53	4.08	3.82	2.83	2.48	2.17	1.90
Gearing Ratios		CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Debt to Equity	x	21.64	12.97	10.41	1.07	0.30	0.23	0.16
Interest Cover	x	8.99	13.48	21.89	36.18	11.67	12.72	13.86

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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- III. Relative Valuation Model
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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