

ASTL

1QFY23 Result Review: BUY Stance Maintained

Equity Research | Engineering | Tuesday, 25 October, 2022



ASTL has announced its 1QFY23 result where it posted a profit after tax of Rs204mn (EPS: Rs0.69) as compared to the profit after tax of Rs702mn (EPS: Rs2.36) in the same period last year, down by 70.9% YoY. We note that this decline is attributed to the decrease in volumetric sales.

The company has posted a revenue of Rs9.8bn against Rs11.84bn in SPLY, recording a decline of 17.1% YoY. The gross margin has improved to 16.2% as compared to 14.3% in SPLY. SG&A expenses have dropped by 8% YoY to Rs383mn as compared to Rs416mn during SPLY.

Other income has decreased by 95.2% YoY. Lastly, finance cost has been increased by 139.3% YoY to Rs928mn. Moreover, effective taxation has decreased to 4.8%.

ASTL is currently trading at a FY23E P/E of 8.58x. Further, the scrip is trading at a FY23E P/B of 0.46x which offers a discount of 19% relative to its 3-year average of 0.57x. We have a **BUY** stance on the scrip with a DCF based Jun-23 TP of Rs 35 which provides an upside potential of 39%.

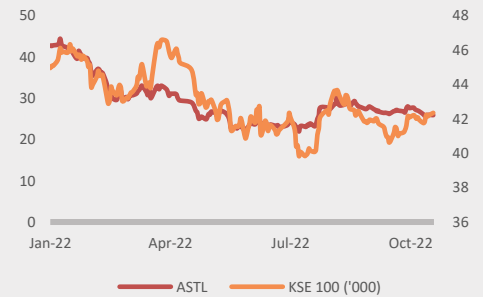
Rupees' millions	1QFY23	1QFY22	YoY	FY22	FY21	YoY
Net Sales	9,820	11,844	17.1% ▼	58,184	39,218	48.4% ▲
Cost of Sales	-8,231	-10,152	18.9% ▼	-51,693	-34,676	49.1% ▲
Gross Profit	1,589	1,692	6.1% ▼	6,491	4,542	42.9% ▲
SG&A Expenses	-383	-416	8.0% ▼	-1,940	-1,500	29.3% ▲
Other Expenses	-65	-70	7.5% ▼	-192	-54	253.6% ▲
Operating Profit	1,140	1,205	5.4% ▼	4,360	2,988	45.9% ▲
Other Income	2	40	95.2% ▼	25	24	1.6% ▲
Finance Cost	-928	-388	139.3% ▲	-2,307	-1,628	41.7% ▲
Profit Before Taxation	214	857	75.0% ▼	2,078	1,384	50.2% ▲
Taxation	-10	-155	93.4% ▼	-753	-16	4695.7% ▲
Profit After Taxation	204	702	70.9% ▼	1,326	1,368	3.1% ▼
Earnings Per Share	0.69	2.36	70.9% ▼	4.46	4.61	3.1% ▼
Dividend	0.00	0.00		0.00	0.00	
Bonus	-	-		-	-	
Gross Margin	16.2%	14.3%	1.9% ▲	11.2%	11.6%	0.4% ▼
SG&A Expenses to Sales	-3.9%	-3.5%	0.4% ▲	-3.3%	-3.8%	0.5% ▼
Other Income to Sales	0.0%	0.3%	0.3% ▼	0.0%	0.1%	0.0% ▼
Ex. Gain / (Loss) to Sales	-3.9%	-3.5%	0.4% ▲	-3.3%	-3.8%	0.5% ▼
Effective Taxation	-4.8%	-18.1%	13.4% ▼	-36.2%	-1.1%	35.1% ▲
Net Margin	2.1%	5.9%	3.8% ▼	2.3%	3.5%	1.2% ▼

Source: ACPL Research, Company Financials

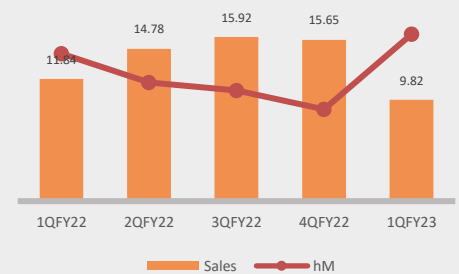
Key Statistics

Symbol	ASTL
TP - Jun 23	35
LDGP	25.11
Upside (%)	39
Free Float ('mn)	74
Market Cap. (Rs.'mn)	7,663

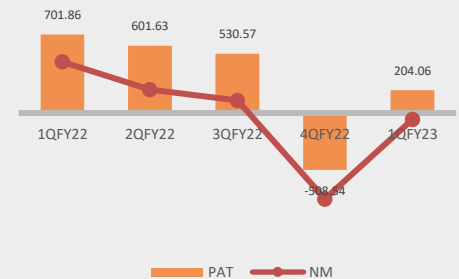
ASTL vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	26,532	39,218	58,184	42,294	50,270	62,020	69,278
Cost of sale	24,719	34,676	51,693	35,859	43,276	53,851	60,556
Gross profit	1,813	4,542	6,491	6,435	6,994	8,169	8,722
Selling and promotion expenses	682	946	1,204	888	1,056	1,613	1,870
Administration expenses	503	555	736	677	804	992	998
Other operating expenses	94	124	186	262	132	163	104
Operating Profit	533	2,918	4,365	4,608	5,001	5,400	5,750
Other operating income	8	24	25	8	9	25	28
Finance cost	2,299	1,628	2,307	3,703	3,246	3,321	3,344
Profit before taxation	- 1,943	1,384	2,078	913	1,765	2,104	2,433
Taxation	- 701	16	753	44	84	101	116
Profit after taxation	- 1,242	1,368	1,326	870	1,680	2,003	2,317
EPS	- 4.18	4.61	4.46	2.93	5.66	6.75	7.80

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	-7.2%	47.8%	48.4%	-27.3%	18.9%	23.4%	11.7%
Cost of sale	-5.6%	40.3%	49.1%	-30.6%	20.7%	24.4%	12.5%
Gross profit	-25.2%	150.5%	42.9%	-0.9%	8.7%	16.8%	6.8%
Selling and promotion expenses	-4.8%	38.6%	27.3%	-26.2%	18.9%	52.8%	16.0%
Administration expenses	0.4%	10.2%	32.7%	-8.1%	18.9%	23.4%	0.5%
Other operating expenses	433.1%	31.1%	50.6%	40.6%	-49.5%	23.4%	-36.4%
Operating Profit	-55.1%	447.1%	49.6%	5.6%	8.5%	8.0%	6.5%
Other operating income	15.1%	195.3%	1.6%	-68.9%	18.9%	174.2%	11.7%
Finance cost	82.1%	-29.2%	41.7%	60.5%	-12.3%	2.3%	0.7%
Profit before taxation	-2793.1%	171.2%	50.2%	-56.0%	93.2%	19.2%	15.7%
Taxation	601.1%	102.2%	4695.7%	-94.2%	93.2%	19.2%	15.7%
Profit after taxation	-3884.0%	210.2%	-3.1%	-34.4%	93.2%	19.2%	15.7%
EPS	-3884.0%	210.2%	-3.1%	-34.4%	93.2%	19.2%	15.7%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
GP Margin	%	6.83	11.58	11.16	15.22	13.91	13.17	12.59
OP Margin	%	1.34	7.68	7.54	10.91	9.97	8.75	8.34
NP Margin	%	-4.68	3.49	2.28	2.06	3.34	3.23	3.34
ROE	%	-10.71	10.99	9.08	5.54	9.90	10.65	11.05
ROCE	%	1.10	8.41	10.97	10.54	10.93	10.90	10.64
ROA	%	-3.83	3.82	3.32	1.99	3.67	4.02	4.27

Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
Current	x	0.96	0.97	1.00	0.90	0.96	1.06	1.16
Acid-test	x	0.34	0.41	0.28	0.44	0.45	0.47	0.53
Cash to current liab.	x	0.03	0.02	0.02	0.30	0.28	0.27	0.31

Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
Inventory Turnover	x	3	5	4	4	4	4	4
Inventory Days		115	63	78	70	70	70	70
Receivables Days		25	15	19	19	19	19	19
Payables Days		69	59	51	51	51	51	51
Operating Cycle		71	20	46	39	39	39	39

Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
EPS	Rs.	-4.18	4.61	4.46	2.93	5.66	6.75	7.80
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.	36.87	46.94	51.36	54.29	59.95	66.69	74.49
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	297	297	297	297	297	297	297
P/E		0.00	5.45	5.63	8.58	4.44	3.72	3.22
Sales per share		89.33	132.04	195.90	142.40	169.25	208.81	233.25
P/BV		0.68	0.53	0.49	0.46	0.42	0.38	0.34
Price to Sales		0.28	0.19	0.13	0.18	0.15	0.12	0.11

Gearing Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
Debt to Equity	x	1.66	1.11	1.23	1.35	1.19	1.04	0.91
L.T. Debt to Equity	x	0.57	0.43	0.40	0.34	0.27	0.21	0.17
Interest Cover	x	0.15	1.85	1.90	1.25	1.54	1.63	1.73

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

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