

CPHL has announced its 9MFY22 result where it posted a profit after tax of Rs550mn (EPS: Rs2.41) as compared to profit after tax of Rs352mn (EPS: Rs1.54) in the same period last year, up by 56.4% YoY.

The company has posted a revenue of Rs7.589bn against Rs5.795bn in SPLY, recording a growth of 31% YoY. We note that this surge is attributed to the increase in volumetric sales.

The gross margin has been increased slightly to 13.9% as compared to 13.5% during SPLY on account of lower input cost.

SG&A expenses have been increased by 43% YoY to Rs300mn as compared to Rs210mn during SPLY.

Finance cost has been increased by 28% YoY to Rs52mn as compared to Rs41mn during SPLY. Lastly, the effective taxation has been decreased to 29.5% as compared to 29.6% during SPLY.

CPHL is currently trading at FY22E PE of 11.89x. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs50 which provides an upside potential of 40%.

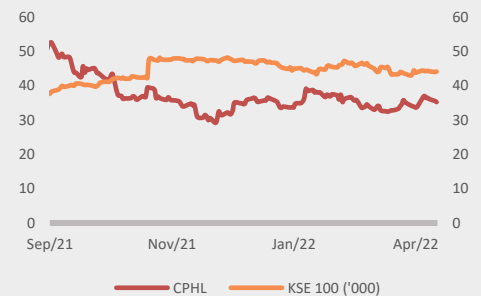
Rupees' millions	3QFY22	3QFY21	YoY	9MFY22	9MFY21	YoY
Net Sales	2,748	1,780	54.4% ▲	7,589	5,795	31.0% ▲
Cost of Sales	-2,395	-1,605	49.2% ▲	-6,534	-5,015	30.3% ▲
Gross Profit	353	175	101.7% ▲	1,055	780	35.1% ▲
SG&A Expenses	-42	-21	96.4% ▲	-300	-210	43.0% ▲
Other Expenses	-24	-8	190.1% ▲	-57	-35	63.0% ▲
Operating Profit	288	146	97.5% ▲	698	536	30.2% ▲
Other Income	45	3	1557.1% ▲	135	5	2689.2% ▲
Finance Cost	-18	-19	2.7% ▼	-52	-41	28.3% ▲
Profit Before Taxation	315	130	142.7% ▲	780	500	56.1% ▲
Taxation	-108	-31	252.7% ▲	-230	-148	55.3% ▲
Profit After Taxation	207	99	108.8% ▲	550	352	56.4% ▲
Earnings Per Share	0.91	0.43	108.8% ▲	2.41	1.54	56.4% ▲
Dividend	0.00	0.00	-	0.00	0.00	-
Bonus	0%	0%	-	0%	0%	-
Gross Margin	12.9%	9.8%	3.0% ▲	13.9%	13.5%	0.4% ▲
SG&A Expenses to Sales	-1.5%	-1.2%	0.3% ▼	3.9%	3.6%	0.3% ▲
Other Expenses to Sales	-0.9%	-0.5%	0.4% ▼	-0.8%	-0.6%	0.1% ▼
Other Income to Sales	1.6%	0.2%	1.5% ▲	1.8%	0.1%	1.7% ▲
Effective Taxation	-34.2%	-23.5%	10.7% ▼	29.5%	29.6%	0.1% ▼
Net Margin	7.5%	5.6%	2.0% ▲	7.2%	6.1%	1.2% ▲

Source: ACPL Research, Company Financials

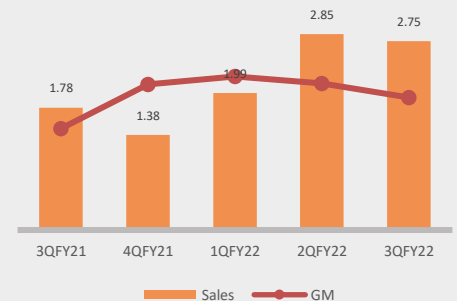
Key Statistics

Symbol	CPHL
TP - Dec 22	50.00
LDCCP	35.17
Upside	40%
Free Float (mn)	79
Market Cap. (Rs.mn)	7,813

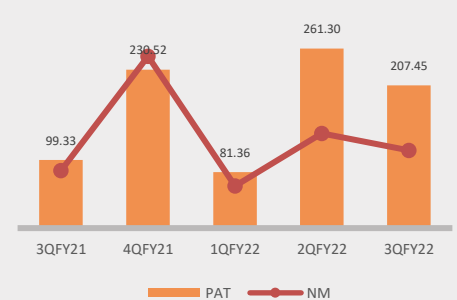
CPHL vs KSE 100



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	2,607	3,528	5,795	9,690	12,597	15,082	17,713
Cost of sale	2,276	3,088	5,015	8,275	11,066	13,258	15,558
Gross profit	331	440	780	1,415	1,531	1,823	2,154
Administration expenses	104	93	111	320	416	498	585
Marketing and selling expenses	90	88	99	82	107	128	151
Other operating expenses	8	15	35	78	101	121	142
Operating Profit	128	243	536	936	907	1,077	1,278
Other operating income	5	7	5	174	208	249	292
Finance cost	18	44	41	64	14	9	8
Profit before taxation	105	192	490	697	686	819	977
Taxation	86	61	148	314	330	395	468
Profit after taxation	28	146	352	732	771	922	1,093
EPS	0.12	0.64	1.54	3.20	3.37	4.03	4.78

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	30.1%	35.3%	64.3%	67.2%	30.0%	19.7%	17.4%
Cost of sale	30.8%	35.7%	62.4%	65.0%	33.7%	19.8%	17.3%
Gross profit	25.9%	32.9%	77.5%	81.3%	8.2%	19.1%	18.1%
Administration expenses	59.2%	-10.1%	18.3%	189.4%	30.0%	19.7%	17.4%
Marketing and selling expenses	45.7%	-2.9%	12.8%	-16.8%	30.0%	19.7%	17.4%
Other operating expenses	-2.2%	78.6%	133.1%	119.8%	30.0%	19.7%	17.4%
Operating Profit	0.7%	89.5%	120.9%	77.4%	-0.5%	18.8%	18.5%
Other operating income	0.3%	56.5%	-35.4%	3516.5%	19.2%	19.7%	17.4%
Finance cost	25.5%	137.9%	-7.2%	57.6%	-78.7%	-32.9%	-7.8%
Profit before taxation	-2.2%	78.6%	133.1%	119.8%	30.0%	19.7%	17.4%
Taxation		-29.2%	141.6%	112.0%	5.3%	19.6%	18.6%
Profit after taxation	-76.2%	423.8%	141.5%	108.1%	5.3%	19.6%	18.6%
EPS	19.9%	9.8%	-1.4%	25.9%	2.2%	7.3%	7.3%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	12.69	12.46	13.47	14.61	12.15	12.09	12.16
NP Margin	%	1.07	4.13	6.07	7.55	6.12	6.11	6.17
OP Margin	%	5.23	7.33	9.85	10.46	8.00	7.94	8.01
ROE	%	3.32	14.81	8.06	13.76	12.65	13.14	13.48
ROCE	%	2.85	11.93	7.54	13.21	12.35	12.91	13.28
ROA	%	2.11	5.89	5.41	9.18	8.76	9.22	9.54
Liquidity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.17	1.11	2.45	2.37	2.66	2.90	3.07
Acid-test	x	1.02	1.02	2.34	2.26	2.56	2.81	2.99
Cash to current liab.	x	0.26	0.07	1.67	1.22	1.25	1.45	1.61
Activity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Inventory Turnover	x	15	6	6	6	6	6	6
Inventory Days		25	59	61	61	61	61	61
Receivables Days		32	24	23	23	23	23	23
Payables Days		9	55	59	59	59	59	59
Operating Cycle		47	27	25	25	25	25	25
Investment Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
EPS	Rs.	0.12	0.64	1.54	3.20	3.37	4.03	4.78
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.	3.67	4.30	19.11	23.29	26.66	30.70	35.48
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	228	228	228	228	228	228	228
P/E		294.16	56.16	23.25	11.17	10.61	8.87	7.48
Sales per share		11.41	15.44	25.37	42.41	55.14	66.01	77.53
P/BV		9.76	8.32	1.87	1.54	1.34	1.17	1.01
Price to Sales		11.41	15.44	25.37	42.41	55.14	66.01	77.53
Gearing Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Debt to Equity	x	0.33	0.37	0.12	0.08	0.01	0.01	0.01
Interest Cover	x	12.08	7.71	15.68	18.56	89.19	158.10	202.99

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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