

PABC

1HCY22 Result Review: BUY Stance Maintained

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PABC has announced its 1HCY22 result where it posted a profit after tax of Rs1.58bn (EPS: Rs4.37) as compared to a profit after tax of Rs800mn (EPS: Rs2.21) in the same period last year, up by 97% YoY.

The company has posted a revenue of Rs6.5bn against Rs3.83n in SPLY, recording a growth of 70% YoY. We note that this growth is attributed to the increase in volumetric sales and higher retention prices.

The gross margin has slightly improved to 35.6% as compared to 35.3% during SPLY. SG&A expenses went up by 81% YoY to Rs275mn as compared to Rs152mn during SPLY.

Furthermore, effective taxation has been increased to 6.4% as compared to 3.1% SPLY amid additional taxes imposed by the government. Lastly, finance cost has been increased by 42.1% YoY to Rs198mn.

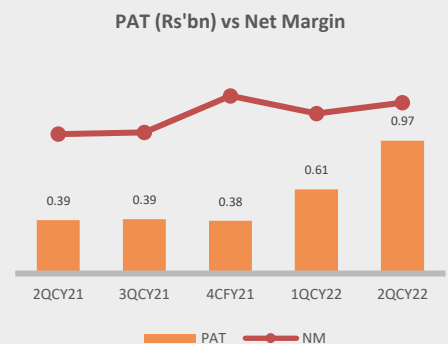
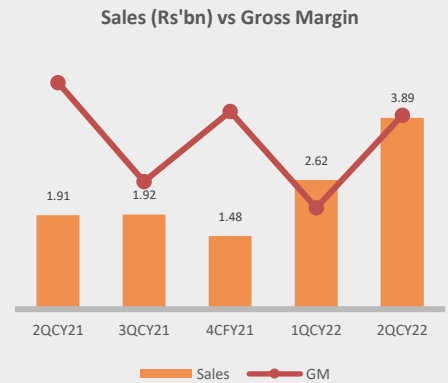
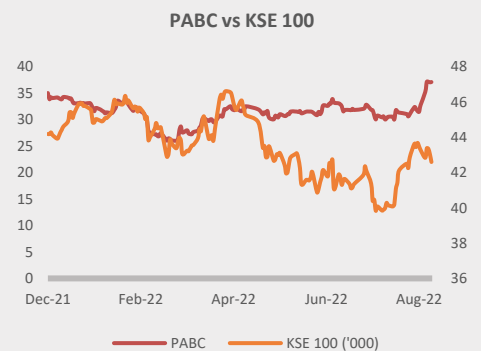
Going forward, the enhanced production capacity from 700m to 950m cans p.a. will enhance the sales potential. PABC is trading at a CY22E P/E of 4.41x. Moreover, the scrip is also trading at CY22E P/B of 1.77x. We have a **BUY** stance on the scrip with a DCF based Jun-23 TP of Rs 50 which provides an upside potential of 30%. Further, the scrip also provides a dividend yield of 6%, which makes the total return of 36%.

Rupees' millions	2QCY22	2QCY21	YoY	1HCY22	1HCY21	YoY
Net Sales	3,886	1,911	103.4% ▲	6,510	3,826	70.1% ▲
Cost of Sales	-2,431	-1,165	108.7% ▲	-4,191	-2,476	69.2% ▲
Gross Profit	1,455	746	95.0% ▲	2,319	1,350	71.8% ▲
SG&A Expenses	-138	-80	73.2% ▲	-275	-152	81.0% ▲
Other Expenses						
Operating Profit	-240	-206	16.5% ▲	-286	-238	20.2% ▲
	1,077	460	133.9% ▲	1,757	959	83.1% ▲
Other Income						
Finance Cost	83	4	1952.2% ▲	126	5	2369.4% ▲
Profit Before Taxation	-103	-80	29.1% ▲	-198	-140	42.1% ▲
Taxation	1,057	385	174.7% ▲	1,685	825	104.2% ▲
Profit After Taxation	-91	2	4109.9% ▲	-108	-25	326.1% ▲
	966	387	149.5% ▲	1,577	800	97.2% ▲
Earnings Per Share						
Dividend	2.68	1.07	149.5% ▲	4.37	2.21	98.0% ▲
Bonus	0.00	0.00		0.00	0.00	
Right	0.00	0.00		0.00	0.00	
Gross Margin	37.4%	39.0%	1.6% ▼	35.6%	35.3%	0.3% ▲
SG&A Expenses to Sales	-3.5%	-4.2%	0.6% ▼	-4.2%	-4.0%	0.3% ▲
Other Income to Sales	2.1%	0.2%	1.9% ▲	1.9%	0.1%	1.8% ▲
Ex. Gain / (Loss) to Sales	-3.5%	-4.2%	0.6% ▼	-4.2%	-4.0%	0.3% ▲
Effective Taxation	-8.6%	0.6%	8.0% ▲	-6.4%	-3.1%	3.3% ▲
Net Margin	24.9%	20.3%	4.6% ▲	24.2%	20.9%	3.3% ▲

Source: ACPL Research, Company Financials

Key Statistics

Symbol	PABC
TP - Jun 23	50.00
LDCP	38.78
Upside (%)	30
Free Float ('mn)	108
Market Cap. (Rs.'mn)	13,939



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	4,809	5,084	7,230	13,086	14,395	15,115	15,870
Cost of sale	- 3,737	- 3,542	- 4,665	- 8,333	- 10,740	- 13,599	- 16,364
Gross profit	1,072	1,542	2,565	4,753	3,655	1,516	- 494
Admin & Selling Expenses	- 270	- 246	- 316	- 550	- 605	- 635	- 667
Other operating expenses	- 20	- 191	- 917	- 576	- 633	- 665	- 698
Operating Profit	782	1,104	1,333	3,628	2,417	216	- 1,859
Other operating income	60	17	46	249	274	287	302
Finance cost	- 578	- 423	- 286	- 393	- 370	- 348	- 326
Profit before taxation	264	698	1,093	3,484	2,320	155	- 1,884
Taxation	- 118	- 87	5	- 216	- 171	- 180	- 189
Profit after taxation	146	611	1,099	3,268	2,149	- 25	- 2,072
EPS	0.40	1.69	4.37	8.80	8.96	9.68	10.37

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	133.8%	5.7%	42.2%	81.0%	10.0%	5.0%	5.0%
Cost of sale	64.2%	-5.2%	31.7%	78.6%	28.9%	26.6%	20.3%
Gross profit	-588.4%	43.8%	66.4%	85.3%	-23.1%	-58.5%	-132.6%
Admin & Selling Expenses	-7.1%	-8.9%	28.4%	74.1%	10.0%	5.0%	5.0%
Other operating expenses		858.6%	378.7%	-37.2%	10.0%	5.0%	5.0%
Operating Profit	-253.3%	41.2%	20.7%	172.3%	-33.4%	-91.1%	-960.3%
Other operating income	948.7%	-71.5%	173.3%	435.2%	10.0%	5.0%	5.0%
Finance cost	21.7%	-26.7%	-32.5%	37.6%	-5.8%	-6.0%	-6.3%
Profit before taxation	-126.9%	164.7%	56.7%	218.6%	-33.4%	-93.3%	-1313.3%
Taxation	-165.2%	-26.1%	-106.1%	-4134.7%	-20.7%	5.4%	4.9%
Profit after taxation	-118.2%	319.2%	79.9%	197.4%	-34.2%	-101.2%	8231.6%
EPS	-114.9%	319.2%	158.3%	101.4%	1.8%	8.1%	7.1%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
GP Margin	%	22.29	30.32	35.48	35.62	32.93	0.33	0.34
OP Margin	%	16.26	21.72	25.05	27.02	24.33	0.25	0.25
NP Margin	%	3.03	12.01	21.81	24.27	22.47	0.23	0.24
ROE	%	5.75	19.42	33.41	40.22	29.06	0.24	0.20
ROCE	%	5.75	19.42	33.41	40.22	29.06	0.24	0.20
ROA	%	1.63	6.94	15.56	24.20	21.00	0.19	0.18

Liquidity Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Current	x	0.84	1.18	2.04	2.88	3.55	4.09	4.59
Acid-test	x	0.39	0.36	0.54	0.88	1.33	1.67	2.02

Activity Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Inventory Turnover	x	3	3	3	3	3	2	2
Inventory Days		1189	1,594	2133	3,750	4833	6,119	7364
Receivables Days		277	415	473	496	792	951	1118
Payables Days		212	404	561	512	901	1,161	1470
Operating Cycle		1254	1,605	2045	3,733	4724	5,910	7012

Investment Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
EPS	Rs.	0.40	1.69	4.37	8.80	8.96	9.68	10.37
DPS	Rs.	0.00	0.00	1.50	2.50	2.50	3.00	3.00
Div. Yield	%	0.00	0.00	3.87	6.45	6.45	7.74	7.74
Dividend Cover	x	0.00	0.00	2.91	3.52	3.58	3.23	3.46
BVPS	Rs.	7.02	8.71	13.07	21.87	30.83	40.51	50.88
Payout	%	0.00	0.00	34.35	28.42	27.91	30.98	28.93
Retention	%	100.00	100.00	65.65	71.58	72.09	69.02	71.07
No. of Shares	'000	361	361	361	361	361	361	361
P/E		96.12	22.93	8.88	4.41	4.33	4.01	3.74
Sales per share		13.32	14.08	20.02	36.24	39.86	41.86	43.95
P/BV		5.53	4.45	2.97	1.77	1.26	0.96	0.76
Price to Sales		2.91	2.75	1.94	1.07	0.97	0.93	0.88

Gearing Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Debt to Equity	x	1.96	1.30	0.79	0.47	0.28	0.18	0.11
L.T. Debt to Equity	x	1.12	0.91	0.66	0.39	0.22	0.13	0.07
Interest Cover	x	1.88	3.20	7.23	10.23	10.90	12.33	13.89

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%

Sector Rating	Sector Outlook
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Market Weight	Neutral
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