

PABC

1QCY22 Result Review: BUY Stance Maintained

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PABC has announced its 1QCY22 result where it posted a profit after tax of Rs611mn (EPS: Rs1.69) as compared to a profit after tax of Rs433mn (EPS: Rs1.20) in the same period last year, up by 41% YoY.

The company has posted a revenue of Rs2.62bn against Rs1.92n in SPLY, recording a growth of 37% YoY. We note that this growth is attributed to the increase in volumetric sales and higher retention prices.

The gross margin has been reduced to 32.9% as compared to 34.1% during SPLY. SG&A expenses went up by 89.6% YoY to Rs138mn as compared to Rs73mn during SPLY.

Furthermore, other income has been increased by 1515% YoY. Lastly, finance cost has been increased by 59.2% YoY to Rs96mn.

PABC is trading at a CY22E P/E of 4.4x. Moreover, the scrip is also trading at CY22 P/B of 1.57x. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs 50 which provides an upside potential of 58%. Further, the scrip also provides a dividend yield of 6%, which makes the total return of 64%.

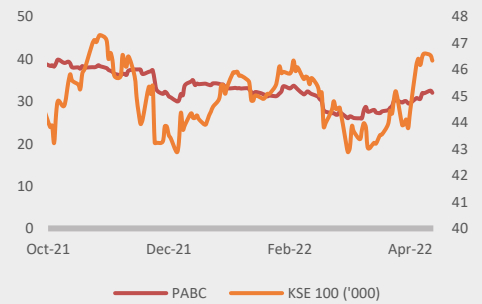
Rupees' millions	1QCY22	1QCY21	YoY	CY21	CY20	YoY
Net Sales	2,624	1,916	37.0% ▲	7,230	5,084	42.2% ▲
Cost of Sales	-1,760	-1,262	39.5% ▲	-4,665	-3,542	31.7% ▲
Gross Profit	864	654	32.1% ▲	2,565	1,542	66.4% ▲
SG&A Expenses	-138	-73	89.6% ▲	-316	-246	28.4% ▲
Other Expenses	-47	-68	31.1% ▼	-439	-168	161.7% ▲
Operating Profit	680	514	32.3% ▲	1,810	1,128	60.5% ▲
Other Income	43	3	1515.5% ▲	46	17	173.3% ▲
Finance Cost	-96	-60	59.2% ▲	-286	-423	32.5% ▼
Profit Before Taxation	627	456	37.4% ▲	1,571	722	117.8% ▲
Taxation	-17	-23	27.8% ▼	5	-87	106.1% ▼
Profit After Taxation	611	433	40.9% ▲	1,577	611	158.2% ▲
Earnings Per Share	1.69	1.20	40.9% ▲	4.37	1.69	158.2% ▲
Dividend	0.00	0.00		1.50	0.00	
Bonus	0.00	0.00		0.00	0.00	
Right	0.00	0.00		0.00	0.00	
Gross Margin	32.9%	34.1%	1.2% ▼	35.5%	30.3%	5.2% ▲
SG&A Expenses to Sales	-5.2%	-3.8%	1.5% ▲	-4.4%	-4.8%	0.5% ▼
Other Income to Sales	1.6%	0.1%	1.5% ▲	0.6%	0.3%	0.3% ▲
Ex. Gain / (Loss) to Sales	-5.2%	-3.8%	1.5% ▲	-4.4%	-4.8%	0.5% ▼
Effective Taxation	-2.7%	-5.1%	2.4% ▼	0.3%	-12.1%	11.7% ▼
Net Margin	23.3%	22.6%	0.6% ▲	21.8%	12.0%	9.8% ▲

Source: ACPL Research, Company Financials

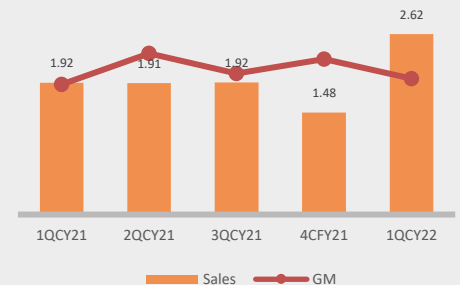
Key Statistics

Symbol	PABC
TP - Dec 22	50.00
LDPCP	31.77
Upside (%)	58
Free Float ('mn)	108
Market Cap. (Rs.'mn)	11,555

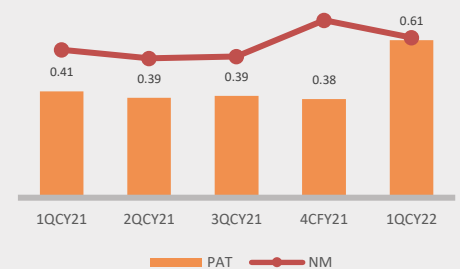
PABC vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



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	10,845	11,387	11,956	12,554
Cost of sale	- 3,737	- 3,542	- 4,665	- 5,186	- 5,967	- 6,777	- 7,376
Gross profit	1,072	1,542	2,565	5,659	5,420	5,180	5,178
Admin & Selling Expenses	- 270	- 246	- 316	- 542	- 569	- 598	- 628
Other operating expenses	- 20	- 191	- 917	- 217	- 228	- 239	- 251
Operating Profit	782	1,104	1,333	4,900	4,623	4,343	4,299
Other operating income	60	17	46	190	199	209	220
Finance cost	- 578	- 423	- 286	- 248	- 218	- 189	- 159
Profit before taxation	264	698	1,093	4,842	4,604	4,363	4,359
Taxation	- 118	- 87	5	- 130	- 107	- 105	- 105
Profit after taxation	146	611	1,099	4,711	4,497	4,258	4,255
EPS	0.40	1.69	4.37	7.16	7.83	8.48	9.11

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	133.8%	5.7%	42.2%	50.0%	5.0%	5.0%	5.0%
Cost of sale	64.2%	-5.2%	31.7%	11.2%	15.1%	13.6%	8.8%
Gross profit	-588.4%	43.8%	66.4%	120.6%	-4.2%	-4.4%	0.0%
Admin & Selling Expenses	-7.1%	-8.9%	28.4%	71.7%	5.0%	5.0%	5.0%
Other operating expenses		858.6%	378.7%	-76.3%	5.0%	5.0%	5.0%
Operating Profit	-253.3%	41.2%	20.7%	267.7%	-5.6%	-6.1%	-1.0%
Other operating income	948.7%	-71.5%	173.3%	308.6%	5.0%	5.0%	5.0%
Finance cost	21.7%	-26.7%	-32.5%	-13.2%	-11.9%	-13.5%	-15.7%
Profit before taxation	-126.9%	164.7%	56.7%	342.8%	-4.9%	-5.2%	-0.1%
Taxation	-165.2%	-26.1%	-106.1%	-2540.7%	-17.9%	-1.5%	-0.8%
Profit after taxation	-118.2%	319.2%	79.9%	328.8%	-4.5%	-5.3%	-0.1%
EPS	-114.9%	319.2%	158.3%	63.9%	9.4%	8.4%	7.4%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
GP Margin	%	22.29	30.32	35.48	32.57	32.93	0.33	0.34
OP Margin	%	16.26	21.72	25.05	25.57	25.93	0.26	0.27
NP Margin	%	3.03	12.01	21.81	23.83	24.82	0.26	0.26
ROE	%	5.75	19.42	33.41	35.38	27.90	0.23	0.20
ROCE	%	5.75	19.42	33.41	35.38	27.90	0.23	0.20
ROA	%	1.63	6.94	15.67	21.45	20.46	0.19	0.18

Liquidity Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Current	x	0.84	1.18	2.08	3.01	3.89	4.75	5.66
Acid-test	x	0.39	0.36	0.55	1.40	2.18	2.95	3.80

Activity Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Inventory Turnover	x	3	3	3	2	2	2	2
Inventory Days		1189	1,594	2074	2,334	2685	3,050	3319
Receivables Days		277	415	473	492	555	643	734
Payables Days		212	404	561	498	560	645	732
Operating Cycle		1254	1,605	1986	2,327	2680	3,047	3321

Investment Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
EPS	Rs.	0.40	1.69	4.37	7.16	7.83	8.48	9.11
DPS	Rs.	0.00	0.00	1.50	2.00	2.50	2.50	2.50
Div. Yield	%	0.00	0.00	4.72	6.30	7.87	7.87	7.87
Dividend Cover	x	0.00	0.00	2.91	3.58	3.13	3.39	3.64
BVPS	Rs.	7.02	8.71	13.07	20.23	28.06	36.54	45.65
Payout	%	0.00	0.00	34.35	27.94	31.94	29.48	27.46
Retention	%	100.00	100.00	65.65	72.06	68.06	70.52	72.54
No. of Shares	'000	361	361	361	361	361	361	361
P/E		78.75	18.79	7.27	4.44	4.06	3.75	3.49
Sales per share		13.32	14.08	20.02	30.03	31.53	33.11	34.77
P/BV		4.53	3.65	2.43	1.57	1.13	0.87	0.70
Price to Sales		2.39	2.26	1.59	1.06	1.01	0.96	0.91

Gearing Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Debt to Equity	x	1.96	1.30	0.78	0.48	0.29	0.18	0.11
L.T. Debt to Equity	x	1.12	0.91	0.66	0.41	0.23	0.13	0.07
Interest Cover	x	1.88	3.20	7.23	12.91	15.60	19.15	23.96

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

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