

PTL has announced its 1QFY23 result where it posted a loss after tax of Rs267mn (LPS: Rs1.59) as compared to a profit after tax of Rs110mn (EPS: Rs0.66) in the same period last year, down by 342.3% YoY amid a lower gross margin and increase in finance cost.

The company has posted a revenue of Rs4.49bn against Rs4.91bn in SPLY, recording a decline of 8.5% YoY. The gross margin has squeezed to 8.2% as compared to 9.1% in SPLY due to the increase in the cost of raw materials.

Furthermore, SG&A expenses have increased by 24.1% YoY to Rs303mn. Moreover, other income has increased by 48.7% to Rs23m as compared to Rs15m in SPLY. In addition, the finance cost has surged by 235.5% YoY to Rs328mn owing to higher interest rates.

PTL is currently trading at FY23E PB of 4.02 which offers a discount of 51% relative to its historical 3-year average of 2.66x. We have a **BUY** stance on the scrip with a DCF based Jun-23 TP of Rs35 which provides an upside potential of 30%.

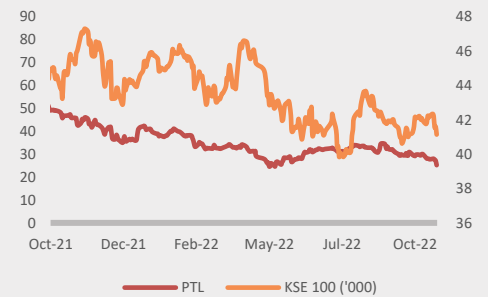
Rupees' millions	1QFY23	1QFY22	YoY	FY22	FY21	YoY
Net Sales	4,491	4,911	8.5% ▼	20,460	16,202	26.3% ▲
Cost of Sales	-4,123	-4,464	7.6% ▼	-18,217	-13,731	32.7% ▲
Gross Profit	368	447	17.6% ▼	2,244	2,471	9.2% ▼
SG&A Expenses	-303	-244	24.1% ▲	-1,051	-877	19.7% ▲
Other Charges	-6	-8	26.2% ▼	-66	-87	24.2% ▼
Operating Profit	59	194	69.8% ▼	1,127	1,507	25.2% ▼
Other Income	23	15	48.7% ▲	190	42	356.0% ▲
Finance Cost	-328	-98	235.5% ▲	-650	-328	98.0% ▲
Profit Before Taxation	-247	111	322.4% ▼	667	1,220	45.3% ▼
Taxation	-20	-1	2116.3% ▲	-247	-369	33.1% ▼
Profit After Taxation	-267	110	342.3% ▼	420	851	50.6% ▼
Earnings Per Share	-1.59	0.66	342.3% ▼	2.50	5.07	50.6% ▼
Dividend	0.00	0.00		1.00	2.00	
Bonus	0%	0%		0%	20%	
Gross Margin	8.2%	9.1%	0.9% ▼	11.0%	15.2%	4.3% ▼
SG&A Expenses to Sales	-6.7%	-5.0%	1.8% ▼	-5.1%	-5.4%	0.3% ▼
Other Income to Sales	0.5%	0.3%	0.2% ▲	0.9%	0.3%	0.7% ▲
Ex. Gain / (Loss) to Sales	-6.7%	-5.0%	1.8% ▼	-5.1%	-5.4%	0.3% ▼
Effective Taxation	8.1%	-0.8%	8.9% ▲	-37.0%	-30.2%	6.8% ▲
Net Margin	-6.0%	2.2%	8.2% ▼	2.1%	5.3%	3.2% ▼

Source: ACPL Research, Company Financials

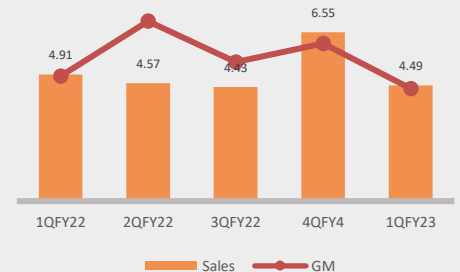
Key Statistics

Symbol	PTL
TP - Jun 23	35
LDCP	27
Upside (%)	30
Free Float ('mn)	50.4
Market Cap. (Rs.'mn)	4,536

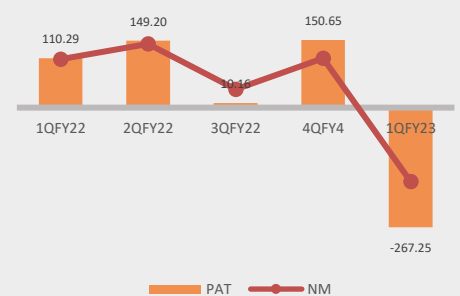
PTL vs KSE 100



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	11,585	16,202	20,460	19,449	22,367	25,722	28,294
Cost of sale	9,908	13,731	18,217	17,857	19,455	22,244	24,327
Gross profit	1,677	2,471	2,244	1,593	2,912	3,478	3,967
Selling And Distribution	415	581	687	912	797	916	1,008
Administrative Expenses	261	296	363	399	422	485	533
Other Expenses	29	87	66	27	31	36	39
Other Income	6	42	190	98	112	90	99
Operating Profit	978	1,548	1,317	352	1,775	2,131	2,485
Finance cost	598	328	650	1,314	712	732	755
Profit before taxation	380	1,220	667	-	962	1,398	1,731
Taxation	128	369	247	318	351	461	571
Profit after taxation	252	851	420	-	1,280	937	1,160
EPS	1.50	5.07	2.50	-	3.84	4.24	6.90

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	18.5%	39.9%	26.3%	-4.9%	15.0%	15.0%	10.0%
Cost of sale	17.4%	38.6%	32.7%	-2.0%	8.9%	14.3%	9.4%
Gross profit	25.3%	47.3%	-9.2%	-29.0%	82.8%	19.4%	14.1%
Selling And Distribution	35.4%	40.2%	18.3%	32.7%	-12.7%	15.0%	10.0%
Administrative Expenses	0.8%	13.5%	22.6%	9.9%	5.7%	15.0%	10.0%
Other Expenses	-26.7%	193.3%	-24.2%	-58.8%	15.0%	15.0%	10.0%
Other Income	221.7%	550.3%	356.0%	-48.5%	15.0%	-19.9%	10.0%
Operating Profit	33.1%	58.3%	-14.9%	-73.3%	404.7%	20.0%	16.6%
Finance cost	48.0%	-45.2%	98.0%	102.2%	-45.8%	2.9%	3.0%
Profit before taxation	14.9%	221.3%	-45.3%	44.2%	10.5%	31.5%	23.8%
Taxation	10.1%	188.3%	-33.1%	28.6%	10.5%	31.5%	23.8%
Profit after taxation	17.5%	238.0%	-50.6%	53.4%	10.5%	31.5%	23.8%
EPS	17.5%	238.0%	-50.6%	53.4%	10.5%	31.5%	23.8%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
GP Margin	%	14.48	15.25	10.97	8.19	13.02	13.52	14.02
NP Margin	%	2.17	5.25	2.05	-3.31	3.18	3.64	4.09
OP Margin	%	8.44	9.56	6.44	1.81	7.94	8.28	8.78
ROE	%	6.97	12.94	6.13	-12.46	12.69	15.18	16.87
Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Current	x	1.11	1.52	1.09	0.85	0.81	0.86	0.84
Quick	x	0.68	0.93	0.63	0.46	0.46	0.50	0.51
Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Inventory Turnover	x	6.12	5.34	4.81	4.23	4.68	5.10	5.46
Inventory Days		59.59	68.31	75.89	86.34	78.02	71.51	66.80
Receivables Days		76.88	74.43	76.68	74.00	72.00	72.00	69.00
Payables Days		27.29	23.73	32.91	32.91	32.91	32.91	32.91
Operating Cycle		109.18	119.01	119.65	127.43	117.11	110.61	102.89
Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
DPS		0.00	2.00	1.00	0.00	1.50	2.00	3.00
Div. Yield	%	0.00	7.41	3.70	0.00	5.56	7.41	11.11
Retention	%	100.00	60.53	60.03	60.03	60.03	60.03	60.03
Payout	%	0.00	39.47	39.97	39.97	39.97	39.97	39.97
No. of Shares	('m)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS		1.50	5.07	2.50	-3.84	4.23	5.57	6.88
BVPS		6.00	13.44	18.38	6.71	4.35	4.35	2.27
P/E	x	18.01	5.33	10.79	0.00	6.38	4.85	3.92
Sales per share		68.96	96.44	121.79	115.77	133.14	153.11	168.42
P/BV	x	4.50	2.01	1.47	4.02	6.20	6.20	11.91
P/S	x	0.39	0.28	0.22	0.23	0.20	0.18	0.16
Solvency Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Total Debt to Equity	x	1.14	0.83	1.33	1.93	1.93	1.82	1.64
L.T Debt to Equity	x	0.14	0.15	0.23	0.22	0.13	0.12	0.06

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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SELL	Less than and equal to -5%

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