

PTL has announced its 9MFY22 result where it posted a profit after tax of Rs270mn (EPS: Rs1.61) as compared to profit after tax of Rs652mn (EPS: Rs3.88) in the same period last year, down by 58.7% YoY.

The company has posted a revenue of Rs13.908bn against Rs11.574bn in SPLY, recording a growth of 20.2% YoY. We note that this growth is attributed to the increase in the volumetric sales.

The gross margin has been decreased to 10.7% as compared to 15.9% in SPLY due to the increase in raw material prices. SG&A expenses have increased by 13.4% YoY to Rs709mn as compared to Rs625mn during SPLY.

Lastly, the finance cost has been increased by 62.5% YoY to Rs408mn as compared to Rs251mn during SPLY.

Going forward, we expect the company's bottom line to improve amid the rise in automobile sales and the commencement of additional capacities. PTL is currently trading at FY22E PE of 13.09x. Further the scrip is trading at FY22E PB of 5.08 which offers a discount of 4% with respect to its 3 year average of 5.29. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs 40 which provides an upside potential of 28%.

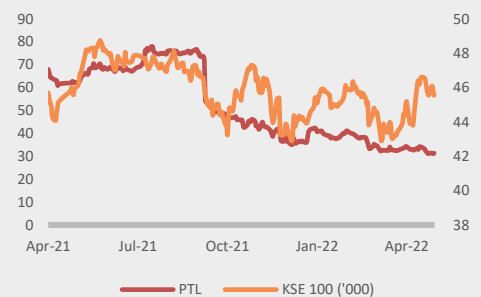
Rupees' millions	3QFY22	3QFY21	YoY	9MFY22	9MFY21	YoY
Net Sales	4,427	3,446	28.5% ▲	13,908	11,574	20.2% ▲
Cost of Sales	-3,980	-2,899	37.3% ▲	-12,416	-9,735	27.5% ▲
<b>Gross Profit</b>	<b>448</b>	<b>548</b>	<b>18.2% ▼</b>	<b>1,492</b>	<b>1,839</b>	<b>18.9% ▼</b>
SG&A Expenses	-230	-216	6.8% ▲	-709	-625	13.4% ▲
Other Charges	-4	-18	76.2% ▼	-31	-69	54.6% ▼
<b>Operating Profit</b>	<b>213</b>	<b>314</b>	<b>32.1% ▼</b>	<b>752</b>	<b>1,145</b>	<b>34.3% ▼</b>
Other Income	14	11	32.1% ▲	49	16	199.2% ▲
Finance Cost	-175	-72	141.6% ▲	-408	-251	62.5% ▲
Profit Before Taxation	52	252	79.3% ▼	393	911	56.8% ▼
Taxation	-42	-71	41.0% ▼	-123	-258	52.2% ▼
<b>Profit After Taxation</b>	<b>10</b>	<b>181</b>	<b>94.4% ▼</b>	<b>270</b>	<b>652</b>	<b>58.7% ▼</b>
			-			
<b>Earnings Per Share</b>	<b>0.06</b>	<b>1.08</b>	<b>94.4% ▼</b>	<b>1.61</b>	<b>3.88</b>	<b>58.7% ▼</b>
<b>Dividend</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	
<b>Bonus</b>	<b>0%</b>	<b>0.00</b>		<b>0%</b>	<b>0%</b>	
Gross Margin	10.1%	15.9%	5.8% ▼	10.7%	15.9%	5.2% ▼
SG&A Expenses to Sales	-5.2%	-6.3%	1.1% ▲	-5.1%	-5.4%	0.3% ▼
Other Income to Sales	0.3%	0.3%	0.0% ▲	0.4%	0.1%	0.2% ▲
Ex. Gain / (Loss) to Sales	-5.2%	-6.3%	1.1% ▲	-5.1%	-5.4%	0.3% ▼
Effective Taxation	-80.5%	-28.2%	52.3% ▼	-31.4%	-28.4%	3.0% ▲
<b>Net Margin</b>	<b>0.2%</b>	<b>5.2%</b>	<b>5.0% ▼</b>	<b>1.9%</b>	<b>5.6%</b>	<b>3.7% ▼</b>

Source: ACPL Research, Company Financials

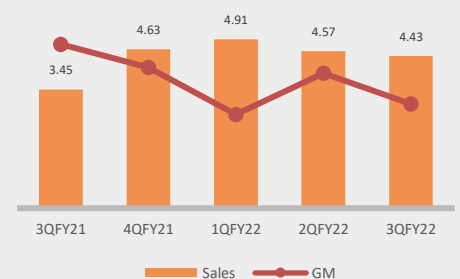
## Key Statistics

Symbol	PTL
TP - Dec 22	40.00
LDCP	31.29
Upside (%)	28
Free Float ('mn)	50.4
Market Cap. (Rs.'mn)	4,996

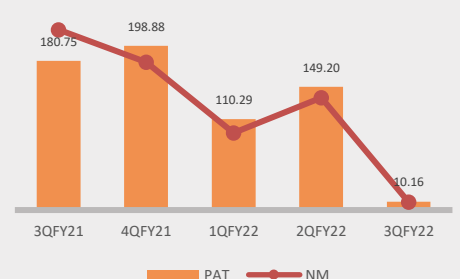
## PTL vs KSE 100



## 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	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	9,779	11,585	16,202	18,956	22,179	25,949	30,361
Cost of sale	8,441	9,908	13,731	16,871	19,628	22,836	26,566
<b>Gross profit</b>	<b>1,338</b>	<b>1,677</b>	<b>2,471</b>	<b>2,085</b>	<b>2,551</b>	<b>3,114</b>	<b>3,795</b>
Selling And Distribution	306	415	581	663	798	934	1,123
Administrative Expenses	259	261	296	303	355	415	486
Other Expenses	40	29	87	57	67	78	91
Other Income	2	6	42	66	78	91	106
<b>Operating Profit</b>	<b>735</b>	<b>978</b>	<b>1,548</b>	<b>1,128</b>	<b>1,408</b>	<b>1,778</b>	<b>2,201</b>
Finance cost	404	598	328	554	618	641	665
Profit before taxation	331	380	1,220	574	791	1,137	1,536
Taxation	116	128	369	172	237	341	461
<b>Profit after taxation</b>	<b>214</b>	<b>252</b>	<b>851</b>	<b>402</b>	<b>554</b>	<b>796</b>	<b>1,075</b>
EPS	<b>1.28</b>	<b>1.50</b>	<b>5.07</b>	<b>2.39</b>	<b>3.29</b>	<b>4.74</b>	<b>6.40</b>

Source: ACPL Research, Company Financials

## Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	14.1%	18.5%	39.9%	17.0%	17.0%	17.0%	17.0%
Cost of sale	13.4%	17.4%	38.6%	22.9%	16.3%	16.3%	16.3%
<b>Gross profit</b>	<b>18.2%</b>	<b>25.3%</b>	<b>47.3%</b>	<b>-15.6%</b>	<b>22.3%</b>	<b>22.1%</b>	<b>21.9%</b>
Selling And Distribution	18.3%	35.4%	40.2%	14.2%	20.3%	17.0%	20.3%
Administrative Expenses	31.5%	0.8%	13.5%	2.4%	17.0%	17.0%	17.0%
Other Expenses	30.0%	-26.7%	193.3%	-34.3%	17.0%	17.0%	17.0%
Other Income	-97.3%	221.7%	550.3%	59.5%	17.0%	17.0%	17.0%
<b>Operating Profit</b>	<b>2.0%</b>	<b>33.1%</b>	<b>58.3%</b>	<b>-27.2%</b>	<b>24.9%</b>	<b>26.2%</b>	<b>23.8%</b>
Finance cost	40.2%	48.0%	-45.2%	68.8%	11.5%	3.7%	3.8%
Profit before taxation	-23.5%	14.9%	221.3%	-53.0%	37.8%	43.8%	35.1%
Taxation	65.2%	10.1%	188.3%	-53.3%	37.8%	43.8%	35.1%
<b>Profit after taxation</b>	<b>-40.8%</b>	<b>17.5%</b>	<b>238.0%</b>	<b>-52.8%</b>	<b>37.8%</b>	<b>43.8%</b>	<b>35.1%</b>
EPS	<b>-40.8%</b>	<b>17.5%</b>	<b>238.0%</b>	<b>-52.8%</b>	<b>37.8%</b>	<b>43.8%</b>	<b>35.1%</b>

Source: ACPL Research, Company Financials

## Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	13.69	14.48	15.25	11.00	11.50	12.00	12.50
NP Margin	%	2.19	2.17	5.25	2.12	2.50	3.07	3.54
OP Margin	%	7.51	8.44	9.56	5.95	6.35	6.85	7.25
ROE	%	6.42	6.97	12.94	7.43	9.29	11.78	13.74
Liquidity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.09	1.11	1.53	1.46	1.61	1.68	1.78
Quick	x	0.71	0.68	0.93	0.82	0.94	1.00	1.09
Activity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Inventory Turnover	x	5.32	6.12	5.34	4.87	5.01	5.28	5.66
Inventory Days		68.66	59.59	68.31	74.99	72.88	69.09	64.45
Receivables Days		70.70	76.88	74.43	70.00	74.00	72.00	72.00
Payables Days		23.34	27.29	23.73	23.73	23.73	23.73	23.73
Operating Cycle		116.02	109.18	119.01	121.26	123.15	117.36	112.71
Investment Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
DPS		0.00	0.00	2.00	0.00	0.00	0.00	0.00
Div. Yield	%	0.00	0.00	6.39	0.00	0.00	0.00	0.00
Retention	%	100.00	100.00	60.53	100.00	100.00	100.00	100.00
Payout	%	0.00	0.00	39.47	0.00	0.00	0.00	0.00
No. of Shares	('m)	168.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS		1.28	1.50	5.07	2.39	3.29	4.74	6.40
BVPS		5.83	6.00	13.63	6.16	5.17	4.19	3.20
P/E	x	24.53	20.87	6.18	13.09	9.50	6.61	4.89
Sales per share		58.21	68.96	96.44	112.84	132.02	154.46	180.72
P/BV	x	5.36	5.21	2.30	5.08	6.05	7.47	9.77
P/S	x	0.54	0.45	0.32	0.28	0.24	0.20	0.17
Solvency Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Total Debt to Equity	x	0.97	1.14	0.93	1.06	0.97	0.87	0.76
L.T Debt to Equity	x	0.13	0.14	0.25	0.19	0.15	0.10	0.07

Source: ACPL Research, Company Financials

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<b>TP</b>	Target Price	<b>CAGR</b>	Compound Annual Growth Rate	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DCF</b>	Discounted Cash Flows
<b>PE</b>	Price to Earnings Ratio	<b>PB</b>	Price to Book Ratio	<b>BVPS</b>	Book Value Per Share
<b>EPS</b>	Earnings Per Share	<b>DPS</b>	Dividend Per Share	<b>ROE</b>	Return of Equity
<b>ROA</b>	Return on Assets	<b>SOTP</b>	Sum of the Parts	<b>LDCP</b>	Last Day Closing Price

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- III. Relative Valuation Model
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