

PTL has announced its FY22 result where it posted a profit after tax of Rs420mn (EPS: Rs2.50) as compared to a profit after tax of Rs851mn (EPS: Rs5.07) in the same period last year, down by 50.6% YoY amid a lower gross margin and increase in finance cost.

The company has posted a revenue of Rs20.46bn against Rs16.20bn in SPLY, recording a growth of 26.3% YoY. We note that this growth is attributed to an increase in volumetric sales.

The gross margin has decreased to 11% as compared to 15.2% in SPLY due to the increase in raw material prices. SG&A expenses have increased by 19.7% YoY. Moreover, other income has increased by 356% to 190m as compared to 42m in SPLY. Lastly, the finance cost has increased by 98% YoY amid higher borrowing costs.

Although, import restrictions and frequent shutdowns of production plants have adversely impacted the outlook of the automobile sector, however, we expect the company to survive in such depressing times as around 80% of the company's revenue comes from the replacement market. PTL is currently trading at FY23E PE of 13.16x. Further, the scrip is trading at FY23E PB of 6.38. We have a **BUY** stance on the scrip with a DCF based Jun-23 TP of Rs42 which provides an upside potential of 29%.

Rupees' millions	4QFY4	4QFY21	YoY	FY22	FY21	YoY
Net Sales	6,552	4,628	41.6% ▲	20,460	16,202	26.3% ▲
Cost of Sales	-5,801	-3,996	45.1% ▲	-18,217	-13,731	32.7% ▲
Gross Profit	751	631	19.0% ▲	2,244	2,471	9.2% ▼
SG&A Expenses	-342	-252	35.4% ▲	-1,051	-877	19.7% ▲
Other Charges	-34	-17	96.2% ▲	-66	-87	24.2% ▼
Operating Profit	375	362	3.8% ▲	1,127	1,507	25.2% ▼
Other Income	141	25	457.9% ▲	190	42	356.0% ▲
Finance Cost	-242	-77	213.9% ▲	-650	-328	98.0% ▲
Profit Before Taxation	274	310	11.5% ▼	667	1,220	45.3% ▼
Taxation	-124	-111	11.5% ▲	-247	-369	33.1% ▼
Profit After Taxation	151	199	24.2% ▼	420	851	50.6% ▼
Earnings Per Share	0.90	1.18	24.2% ▼	2.50	5.07	50.6% ▼
Dividend	1.00	2.00		1.00	2.00	
Bonus	0%	20%		0%	20%	

Closing Period: Oct 19, 2022 - Oct 25, 2022

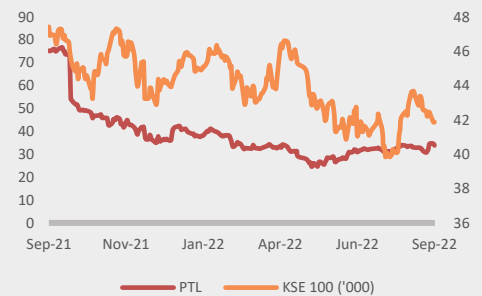
Gross Margin	11.5%	13.6%	2.2% ▼	11.0%	15.2%	4.3% ▼
SG&A Expenses to Sales	-5.2%	-5.5%	0.2% ▲	-5.1%	-5.4%	0.3% ▼
Other Income to Sales	2.1%	0.5%	1.6% ▲	0.9%	0.3%	0.7% ▲
Ex. Gain / (Loss) to Sales	-5.2%	-5.5%	0.2% ▲	-5.1%	-5.4%	0.3% ▼
Effective Taxation	-45.1%	-35.8%	9.3% ▼	-37.0%	-30.2%	6.8% ▲
Net Margin	2.3%	4.3%	2.0% ▼	2.1%	5.3%	3.2% ▼

Source: ACPL Research, Company Financials

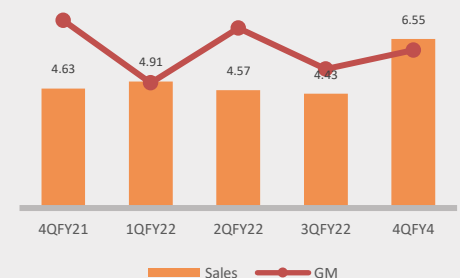
Key Statistics

Symbol	PTL
TP - Jun 23	42.00
LDCP	32.55
Upside (%)	29
Free Float ('mn)	50.4
Market Cap. (Rs.'mn)	5,493

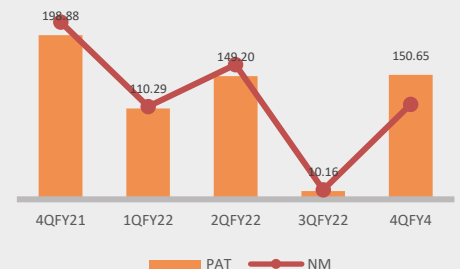
PTL vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

Muhammad Salman

Phone: (+92) 42 38302028; Ext: 116
Email: salman@abbasiandcompany.com

Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	9,779	11,585	16,202	20,460	24,552	27,008	29,708
Cost of sale	8,441	9,908	13,731	18,217	21,737	23,776	26,005
Gross profit	1,338	1,677	2,471	2,244	2,815	3,232	3,703
Selling And Distribution	306	415	581	687	762	920	1,012
Administrative Expenses	259	261	296	363	519	538	592
Other Expenses	40	29	87	66	128	141	155
Other Income	2	6	42	190	209	230	104
Operating Profit	735	978	1,548	1,317	1,615	1,862	2,048
Finance cost	404	598	328	650	975	1,070	1,121
Profit before taxation	331	380	1,220	667	639	792	926
Taxation	116	128	369	247	224	277	324
Profit after taxation	214	252	851	420	416	515	602
EPS	1.28	1.50	5.07	2.50	2.47	3.06	3.58

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	14.1%	18.5%	39.9%	26.3%	20.0%	10.0%	10.0%
Cost of sale	13.4%	17.4%	38.6%	32.7%	19.3%	9.4%	9.4%
Gross profit	18.2%	25.3%	47.3%	-9.2%	25.5%	14.8%	14.6%
Selling And Distribution	18.3%	35.4%	40.2%	18.3%	10.9%	20.7%	10.0%
Administrative Expenses	31.5%	0.8%	13.5%	22.6%	42.8%	3.8%	10.0%
Other Expenses	30.0%	-26.7%	193.3%	-24.2%	95.7%	10.0%	10.0%
Other Income	-97.3%	221.7%	550.3%	356.0%	10.0%	10.0%	-54.7%
Operating Profit	2.0%	33.1%	58.3%	-14.9%	22.6%	15.3%	10.0%
Finance cost	40.2%	48.0%	-45.2%	98.0%	50.1%	9.7%	4.8%
Profit before taxation	-23.5%	14.9%	221.3%	-45.3%	-4.2%	23.8%	17.0%
Taxation	65.2%	10.1%	188.3%	-33.1%	-9.3%	23.8%	17.0%
Profit after taxation	-40.8%	17.5%	238.0%	-50.6%	-1.1%	23.8%	17.0%
EPS	-40.8%	17.5%	238.0%	-50.6%	-1.1%	23.8%	17.0%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	%	13.69	14.48	15.25	10.97	11.47	11.97	12.47
NP Margin	%	2.19	2.17	5.25	2.05	1.69	1.91	2.03
OP Margin	%	7.51	8.44	9.56	6.44	6.58	6.89	6.89
ROE	%	6.42	6.97	12.94	8.00	7.55	8.85	9.75
Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	1.09	1.11	1.53	1.33	1.39	1.33	1.34
Quick	x	0.71	0.68	0.93	0.75	0.81	0.79	0.83
Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Inventory Turnover	x	5.32	6.12	5.34	5.04	5.07	5.13	5.50
Inventory Days		68.66	59.59	68.31	72.41	72.02	71.20	66.41
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	118.67	122.29	119.46	114.68
Investment Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
DPS		0.00	0.00	2.00	1.00	1.00	1.00	1.50
Div. Yield	%	0.00	0.00	6.14	3.07	3.07	3.07	4.61
Retention	%	100.00	100.00	60.53	60.03	60.03	60.03	60.03
Payout	%	0.00	0.00	39.47	39.97	39.97	39.97	39.97
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	2.50	2.47	3.06	3.58
BVPS		5.83	6.00	13.63	5.94	5.10	4.37	3.64
P/E	x	25.52	21.71	6.42	13.01	13.16	10.63	9.08
Sales per share		58.21	68.96	96.44	121.79	146.14	160.76	176.83
P/BV	x	5.58	5.42	2.39	5.48	6.38	7.44	8.93
P/S	x	0.56	0.47	0.34	0.27	0.22	0.20	0.18
Solvency Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Total Debt to Equity	x	0.97	1.14	0.93	1.27	1.34	1.36	1.32
L.T Debt to Equity	x	0.13	0.14	0.25	0.19	0.16	0.13	0.10

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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Market Weight	Neutral
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RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com