

PTL has announced its 1QFY22 result where it posted a profit after tax of Rs110mn (EPS: Rs0.66) as compared to profit after tax of Rs254mn (EPS: Rs1.51) in the same period last year, down by 56.5% YoY.

The company has posted a revenue of Rs4.9bn against Rs4.4bn in SPLY, recording a growth of 11.3% YoY. We note that this growth is attributed to the increase in volumetric sales.

The gross margin has been decreased to 9.1% as compared to 15.5% in SPLY due to the depreciation of PKR. SG&A expenses have increased by 15% YoY to Rs244mn as compared to Rs212mn during SPLY.

Lastly, the finance cost has been decreased by 2.1% YoY to Rs98mn as compared to Rs100mn during SPLY.

Going forward, we expect the company's bottom line to surge amid the rise in automobile sales and the recovery of PKR against USD. PTL is currently trading at FY22E PE of 9.39x. We have a **BUY** stance on the scrip with a DCF based Jun-22 TP of Rs 65 which provides an upside potential of 46%. Further, the scrip also provides a dividend yield of 4% which makes the total return of 50%.

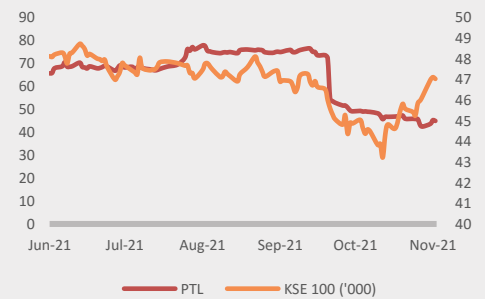
Rupees' millions	1QFY22	1QFY21	YoY	FY21	FY20	YoY
Net Sales	4,911	4,411	11.3% ▲	16,202	11,585	39.9% ▲
Cost of Sales	-4,464	-3,727	19.8% ▲	-13,731	-9,908	38.6% ▲
Gross Profit	447	684	34.7% ▼	2,471	1,677	47.3% ▲
SG&A Expenses	-244	-212	15.0% ▲	-877	-676	29.8% ▲
Other Charges	-8	-25	66.1% ▼	-87	-29	193.3% ▲
Operating Profit	194	447	56.6% ▼	1,507	972	55.1% ▲
Other Income	15	5	203.5% ▲	42	6	550.3% ▲
Finance Cost	-98	-100	2.1% ▼	-328	-598	45.2% ▼
Profit Before Taxation	111	352	68.4% ▼	1,220	380	221.3% ▲
Taxation	-1	-98	99.1% ▼	-369	-128	188.3% ▲
Profit After Taxation	110	254	56.5% ▼	851	252	238.0% ▲
Earnings Per Share	0.66	1.51	56.5% ▼	5.07	1.80	181.7% ▲
Dividend	0.00	0.00		2.00	0.00	
Bonus	0%	0.00		20%	0%	
Gross Margin	9.1%	15.5%	6.4% ▼	15.2%	14.5%	0.8% ▲
SG&A Expenses to Sales	-5.0%	-4.8%	0.2% ▼	-5.4%	-5.8%	0.4% ▼
Other Income to Sales	0.3%	0.1%	0.2% ▲	0.3%	0.1%	0.2% ▲
Ex. Gain / (Loss) to Sales	-5.0%	-4.8%	0.2% ▼	-5.4%	-5.8%	0.4% ▼
Effective Taxation	-0.8%	-27.9%	27.0% ▲	-30.2%	-33.7%	3.5% ▼
Net Margin	2.2%	5.8%	3.5% ▼	5.3%	2.2%	3.1% ▲

Source: ACPL Research, Company Financials

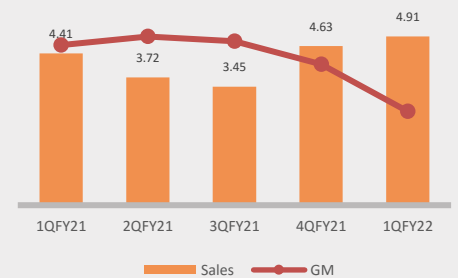
Key Statistics

Symbol	PTL
TP - Jun 22	65.00
LDPCP	44.95
Upside (%)	46
Free Float ('mn)	42
Market Cap. (Rs.'mn)	7,570

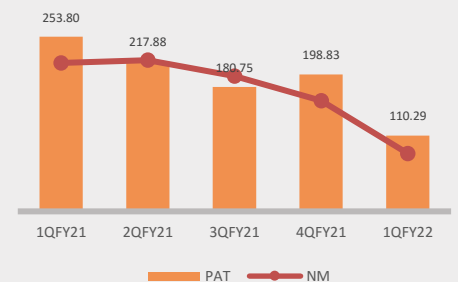
PTL vs KSE 100



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	19,442	20,220	21,029	21,870
Cost of sale	8,441	9,908	13,731	17,498	18,198	18,926	19,683
Gross profit	1,338	1,677	2,471	1,944	2,022	2,103	2,187
Selling And Distribution	306	415	581	700	728	757	787
Administrative Expenses	259	261	296	272	283	294	306
Other Expenses	40	29	87	39	40	42	44
Other Income	2	6	42	62	65	67	70
Operating Profit	735	978	1,548	995	1,035	1,077	1,120
Finance cost	404	598	328	335	358	332	299
Profit before taxation	331	380	1,220	660	677	745	821
Taxation	116	128	369	191	196	216	238
Profit after taxation	214	252	851	469	481	529	583
EPS	1.53	1.80	6.08	3.35	3.44	3.78	4.16

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	14.1%	18.5%	39.9%	20.0%	4.0%	4.0%	4.0%
Cost of sale	13.4%	17.4%	38.6%	27.4%	4.0%	4.0%	4.0%
Gross profit	18.2%	25.3%	47.3%	-21.3%	4.0%	4.0%	4.0%
Selling And Distribution	18.3%	35.4%	40.2%	20.5%	4.0%	4.0%	4.0%
Administrative Expenses	31.5%	0.8%	13.5%	-8.1%	4.0%	4.0%	4.0%
Other Expenses	30.0%	-26.7%	193.3%	-55.1%	4.0%	4.0%	4.0%
Other Income	-97.3%	221.7%	550.3%	49.5%	4.0%	4.0%	4.0%
Operating Profit	2.0%	33.1%	58.3%	-35.7%	4.0%	4.0%	4.0%
Finance cost	40.2%	48.0%	-45.2%	2.2%	6.7%	-7.3%	-9.9%
Profit before taxation	-23.5%	14.9%	221.3%	-45.9%	2.6%	10.0%	10.2%
Taxation	65.2%	10.1%	188.3%	-48.1%	2.6%	10.0%	10.2%
Profit after taxation	-40.8%	17.5%	238.0%	-44.9%	2.6%	10.0%	10.2%
EPS	-40.8%	17.5%	238.0%	-44.9%	2.6%	10.0%	10.2%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	13.69	14.48	15.25	10.00	10.00	10.00	10.00
NP Margin	%	2.19	2.17	5.25	2.41	2.38	2.52	2.67
OP Margin	%	7.51	8.44	9.56	5.12	5.12	5.12	5.12
ROE	%	6.42	6.97	18.57	9.82	9.67	10.13	10.55
Liquidity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.09	1.11	1.68	2.17	2.14	2.11	2.08
Quick	x	0.71	0.68	0.94	1.26	1.26	1.27	1.27
Activity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Inventory Turnover	x	5.32	6.12	5.59	5.11	4.81	5.14	5.52
Inventory Days		68.66	59.59	65.32	71.39	75.96	71.06	66.15
Receivables Days		70.70	76.88	70.00	77.00	74.00	71.00	68.00
Payables Days		23.34	27.29	18.00	15.00	15.00	15.00	15.00
Operating Cycle		116.02	109.18	117.32	133.39	134.96	127.06	119.15
Investment Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
DPS		0.00	0.00	2.00	2.00	2.00	2.00	2.00
Div. Yield	%	0.00	0.00	4.45	4.45	4.45	4.45	4.45
Retention	%	100.00	100.00	67.11	40.26	41.79	47.07	51.97
Payout	%	0.00	0.00	32.89	59.74	58.21	52.93	48.03
No. of Shares	('m)	140.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS		1.53	1.80	6.08	3.35	3.44	3.78	4.16
BVPS		7.00	7.20	10.71	7.39	6.21	5.03	3.84
P/E	x	29.36	24.99	7.39	13.43	13.08	11.90	10.79
Sales per share		69.85	82.75	115.73	138.87	144.43	150.21	156.22
P/BV	x	6.42	6.24	4.20	6.08	7.24	8.94	11.69
P/S	x	0.64	0.54	0.39	0.32	0.31	0.30	0.29
Solvency Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Total Debt to Equity	x	0.97	1.14	1.06	0.95	0.88	0.81	0.73
L.T Debt to Equity	x	0.13	0.14	0.33	0.22	0.17	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
- IV. Sum of Parts Valuation

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

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