

AGHA has announced its FY21 result where it posted a profit after tax of Rs2bn (EPS: Rs3.53) as compared to a profit after tax of Rs1.2bn (EPS: Rs2.14) in the same period last year, up by 65% YoY.

The company has posted a revenue of Rs19.86bn against Rs13.43bn in SPLY, recording a growth of 48% YoY. We note that this growth is attributed to the increase in volumetric sales and higher retention prices amid the revival of construction activities.

The gross margin has been squeezed to 22.7% as compared to 24.3% during SPLY. SG&A expenses went up by 86.3% YoY to Rs285mn as compared to Rs153mn during SPLY. Furthermore, other income and finance costs have been declined by 18.3% YoY and 17.2% YoY respectively during the period.

AGHA is trading at a FY22E P/E of 8.20x. Moreover, the script is also trading at FY22E P/B of 1.08x which offers a discount of 28% relative to its historical 4-Year average of 1.5x. We maintain our **BUY** stance on the scrip with a DCF based Jun-22 TP of Rs 38 which provides an upside potential of 30%.

Rupees' millions	4QFY21	4QFY20	YoY	FY21	FY20	YoY
Net Sales	4,299	2,542	69.1% ▲	19,858	13,427	47.9% ▲
Cost of Sales	-2,985	-1,940	53.9% ▲	-15,356	-10,158	51.2% ▲
<b>Gross Profit</b>	<b>1,313</b>	<b>602</b>	<b>118.1% ▲</b>	<b>4,503</b>	<b>3,269</b>	<b>37.7% ▲</b>
SG&A Expenses	-93	-68	35.9% ▲	-285	-153	86.3% ▲
Other Expenses	-32	-32	0.0% ▲	-197	-115	72.3% ▲
<b>Operating Profit</b>	<b>1,189</b>	<b>502</b>	<b>136.8% ▲</b>	<b>3,723</b>	<b>2,799</b>	<b>33.0% ▲</b>
Other Income	55	101	45.5% ▼	239	293	18.3% ▼
Finance Cost	-500	-221	125.9% ▲	-1,409	-1,703	17.2% ▼
Profit Before Taxation	744	382	94.9% ▲	2,553	1,390	83.8% ▲
Taxation	-306	-161	89.4% ▲	-517	-154	236.0% ▲
<b>Profit After Taxation</b>	<b>438</b>	<b>220</b>	<b>98.9% ▲</b>	<b>2,036</b>	<b>1,236</b>	<b>64.8% ▲</b>

Earnings Per Share	0.76	0.38	98.9% ▲	3.53	2.14	64.8% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	5%	0.00		5%	0.00	

Closing Period: 15 Oct 2021 – 22 Oct 2021

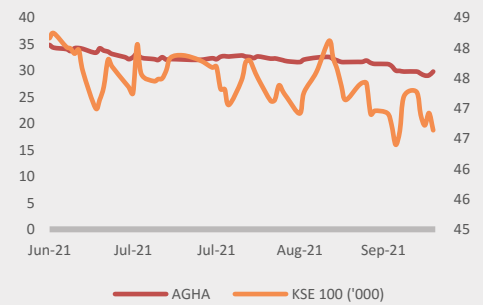
Gross Margin	30.6%	23.7%	6.9% ▲	22.7%	24.3%	1.7% ▼
SG&A Expenses to Sales	-2.2%	-2.7%	0.5% ▼	-1.4%	-1.1%	0.3% ▲
Other Income to Sales	1.3%	4.0%	2.7% ▼	1.2%	2.2%	1.0% ▼
Ex. Gain / (Loss) to Sales	-2.2%	-2.7%	0.5% ▼	-1.4%	-1.1%	0.3% ▲
Effective Taxation	-41.1%	-42.3%	1.2% ▼	-20.3%	-11.1%	9.2% ▲
Net Margin	10.2%	8.7%	1.5% ▲	10.3%	9.2%	1.1% ▲

Source: ACPL Research, Company Financials

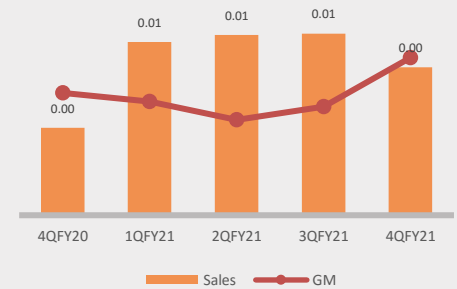
### Key Statistics

Symbol	AGHA
TP - Jun 22	38.00
LDCP	29.77
Upside (%)	30
Free Float ('mn)	120
Market Cap. (Rs.'mn)	16,073

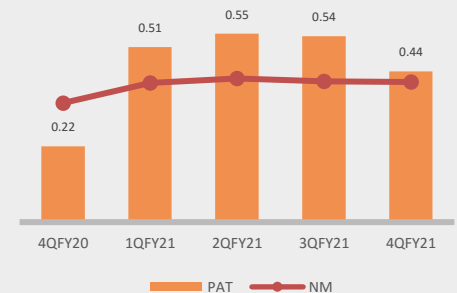
### AGHA vs KSE 100



### 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	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Net sales	10,688	10,482	13,427	19,858	22,638	24,449	26,405
Cost of sale	7,995	8,451	10,158	15,356	18,111	19,315	20,596
<b>Gross profit</b>	<b>2,693</b>	<b>2,031</b>	<b>3,269</b>	<b>4,503</b>	<b>4,528</b>	<b>5,134</b>	<b>5,809</b>
Administrative Expenses	180	208	202	297	272	293	317
Selling And Distribution	219	124	153	285	340	367	396
<b>Operating Profit</b>	<b>2,295</b>	<b>1,700</b>	<b>2,914</b>	<b>3,920</b>	<b>3,916</b>	<b>4,474</b>	<b>5,096</b>
Other Income/ (Expense)	-	113	42	42	48	52	56
Finance cost	419	1,135	1,703	1,409	1,342	1,909	1,657
Profit before taxation	1,763	607	1,390	2,553	2,622	2,617	3,495
Taxation	307	-	162	517	531	530	708
<b>Profit after taxation</b>	<b>1,456</b>	<b>769</b>	<b>1,236</b>	<b>2,036</b>	<b>2,091</b>	<b>2,087</b>	<b>2,787</b>
EPS	<b>2.53</b>	<b>1.33</b>	<b>2.14</b>	<b>3.53</b>	<b>3.63</b>	<b>3.62</b>	<b>4.84</b>

Source: ACPL Research, Company Financials

## Horizontal Analysis

	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Net sales		-1.9%	28.1%	47.9%	14.0%	8.0%	8.0%
Cost of sale		5.7%	20.2%	51.2%	17.9%	6.7%	6.6%
<b>Gross profit</b>		<b>-24.6%</b>	<b>60.9%</b>	<b>37.7%</b>	<b>0.6%</b>	<b>13.4%</b>	<b>13.1%</b>
Administrative Expenses		15.7%	-2.8%	46.8%	-8.5%	8.0%	8.0%
Selling And Distribution		-43.5%	24.0%	86.3%	19.0%	8.0%	8.0%
<b>Operating Profit</b>		<b>-25.9%</b>	<b>71.4%</b>	<b>34.6%</b>	<b>-0.1%</b>	<b>14.2%</b>	<b>13.9%</b>
Other Income/ (Expense)		-137.0%	325.9%	-76.5%	14.0%	8.0%	8.0%
Finance cost		170.9%	50.1%	-17.2%	-4.7%	42.2%	-13.2%
Profit before taxation		-65.6%	129.0%	83.8%	2.7%	0.2%	-33.5%
Taxation		-152.8%	195.1%	236.0%	2.7%	-0.2%	33.5%
<b>Profit after taxation</b>		<b>-47.2%</b>	<b>60.7%</b>	<b>64.8%</b>	<b>2.7%</b>	<b>-0.2%</b>	<b>33.5%</b>
EPS		<b>-47.2%</b>	<b>60.7%</b>	<b>64.8%</b>	<b>2.7%</b>	<b>-0.2%</b>	<b>33.5%</b>

Source: ACPL Research, Company Financials

## Key Ratios

Profitability Ratios		FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
GP Margin	%	25.20	19.38	24.35	22.67	20.00	21.00	22.00
OP Margin	%	21.47	16.21	21.70	19.74	17.30	18.30	19.30
NP Margin	%	13.62	7.33	9.20	10.25	9.23	8.54	10.55
ROE	%	26.57	12.43	15.14	14.76	13.16	11.61	13.42
ROCE	%	21.23	13.11	19.77	19.99	21.22	23.36	23.65
ROA	%	7.47	3.14	4.12	5.35	5.40	5.47	7.62

Liquidity Ratios		FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Current	x	1.11	1.20	1.08	1.21	1.23	1.31	1.58
Acid-test	x	0.33	0.32	0.28	0.33	0.36	0.38	0.53
Cash to current liab.	x	0.00	0.02	0.00	0.01	0.03	0.01	0.01

Activity Ratios		FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Inventory Turnover	x	2	1	2	1	2	2	2
Receivables Days		102	117	104	104	104	104	104
Inventory Days		236	335	310	320	300	280	230
Payables Days		24	23	48	28	28	28	28
Operating Cycle		313	429	366	396	396	396	396

Investment Ratios		FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
EPS	Rs.	2.53	1.33	2.14	3.53	3.63	3.62	4.84
DPS	Rs.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Div. Yield	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Cover	x	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	Rs.	15.16	17.11	22.58	30.25	27.58	31.20	36.04
Payout	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retention	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00
No. of Shares	'mn	361	361	361	456	576	576	576
P/E		11.78	22.31	13.88	8.42	8.20	8.22	6.15
Sales per share		29.57	29.00	37.15	43.54	39.30	42.44	45.84
P/BV		1.96	1.74	1.32	0.98	1.08	0.95	0.83
Price to Sales		1.01	1.03	0.80	0.68	0.76	0.70	0.65

Gearing Ratios		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Debt to Equity	x	2.14	2.59	2.39	1.60	1.29	0.98	0.64
L.T. Debt to Equity	x	0.58	0.91	0.83	0.39	0.13	0.04	0.02
Interest Cover	x	5.21	1.53	1.82	2.81	2.95	2.37	3.11

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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- 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%

Sector Rating	Sector Outlook
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Market Weight	Neutral
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