

AGHA

9MFY23 Result Review: BUY Stance Maintained

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AGHA has announced its 9MFY23 result where it posted a profit after tax of Rs0.70bn (EPS: Rs1.17) as compared to a profit after tax of Rs1.74bn (EPS: Rs2.88) in the same period last year, down by 59.5% YoY amid a decrease in volumetric sales.

The company has posted a revenue of Rs15.45bn against Rs18.71bn in SPLY, recording a decline of 17.4% YoY. The gross margin has slightly improved to 23.4% as compared to 22.8% during SPLY.

SG&A expenses increased by 14.5% YoY to Rs0.59bn as compared to Rs0.51bn during SPLY. Other expenses dropped by 65.8% to Rs0.17bn while other income surged by 74.5% to Rs0.36bn as compared to the Rs0.21bn during SPLY. Lastly, finance cost increased by 60.6% YoY to Rs2.26bn while effective taxation surged to 27.3% as compared to 16.4% during the SPLY.

AGHA is trading at a FY23E P/E of 7.49x. Moreover, the scrip is also trading at FY23E P/B of 0.43x which offers a discount of 30% relative to its historical 3-Year average of 0.61x. We maintain our **BUY** stance on the scrip with a DCF-based Dec-23 TP of Rs14 which provides an upside potential of 20%.

Rupees' millions	3QFY23	3QFY22	YoY	9MFY23	9MFY22	YoY
Net Sales	5,689	6,145	7.4% ▼	15,452	18,713	17.4% ▼
Cost of Sales	-4,316	-4,717	8.5% ▼	-11,832	-14,441	18.1% ▼
Gross Profit	1,373	1,429	3.9% ▼	3,620	4,272	15.3% ▼
SG&A Expenses	-241	-116	108.3% ▲	-586	-512	14.5% ▲
Other Expenses	-102	-59	72.5% ▲	-164	-479	65.8% ▼
Operating Profit	1,029	1,254	17.9% ▼	2,870	3,282	12.5% ▼
Other Income	79	70	11.6% ▲	361	207	74.5% ▲
Finance Cost	-752	-664	13.3% ▲	-2,263	-1,408	60.6% ▲
Profit Before Taxation	356	660	46.1% ▼	969	2,080	53.4% ▼
Taxation	-53	-98	46.3% ▼	-264	-341	22.4% ▼
Profit After Taxation	303	562	46.1% ▼	705	1,740	59.5% ▼
Earnings Per Share	0.50	0.93	46.1% ▼	1.17	2.88	59.5% ▼
Dividend	0.00	0.00		0.00	0.00	
Bonus	0.00	0.00		0.00	0.00	
Gross Margin	24.1%	23.2%	0.9% ▲	23.4%	22.8%	0.6% ▲
SG&A Expenses to Sales	-4.2%	-1.9%	2.4% ▲	-3.8%	-2.7%	1.1% ▲
Other Income to Sales	1.4%	1.1%	0.2% ▲	2.3%	1.1%	1.2% ▲
Ex. Gain / (Loss) to Sales	-4.2%	-1.9%	2.4% ▲	-3.8%	-2.7%	1.1% ▲
Effective Taxation	-14.8%	-14.8%	0.0% ▼	-27.3%	-16.4%	10.9% ▲
Net Margin	5.3%	9.1%	3.8% ▼	4.6%	9.3%	4.7% ▼

Source: ACPL Research, Company Financials

Key Statistics

Symbol	AGHA
TP - Dec 23	14.00
LDPC	11.72
Upside (%)	20
Free Float ('mn)	151
Market Cap. (Rs.'mn)	7,089

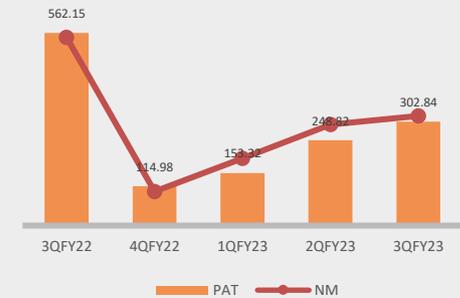
AGHA vs KSE 100



Sales (Rs'mn) 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	13,427	19,858	25,648	30,449	36,843	44,212	51,064
Cost of sale	10,030	15,356	20,158	25,496	31,262	37,887	43,783
Gross profit	3,397	4,503	5,490	4,952	5,581	6,325	7,282
Selling and promotion expenses	213	285	354	420	508	610	704
Administration expenses	270	297	335	397	481	577	666
Other operating expenses	115	197	681	323	390	468	541
Operating Profit	2,799	3,723	4,121	3,813	4,202	4,670	5,370
Other operating income	293	239	303	712	862	1,034	1,194
Finance cost	1,703	1,409	2,136	3,090	2,817	2,735	2,134
Profit before taxation	1,390	2,553	2,288	1,435	2,247	2,969	4,431
Taxation	154	517	434	488	764	1,010	1,506
Profit after taxation	1,236	2,036	1,855	947	1,483	1,960	2,924
EPS	2.04	3.37	3.07	1.57	2.45	3.24	4.83

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	28.1%	47.9%	29.2%	18.7%	21.0%	20.0%	15.5%
Cost of sale	18.7%	53.1%	31.3%	26.5%	22.6%	21.2%	15.6%
Gross profit	67.2%	32.6%	21.9%	-9.8%	12.7%	13.3%	15.1%
Selling and promotion expenses	72.7%	33.7%	23.9%	18.7%	21.0%	20.0%	15.5%
Administration expenses	29.6%	10.0%	12.8%	18.7%	21.0%	20.0%	15.5%
Other operating expenses	-373.4%	72.3%	245.1%	-52.6%	21.0%	20.0%	15.5%
Operating Profit	-	33.0%	10.7%	-7.5%	10.2%	11.1%	15.0%
Other operating income	18.0%	-18.3%	26.7%	134.9%	21.0%	20.0%	15.5%
Finance cost	50.1%	-17.2%	51.6%	44.7%	-8.8%	-2.9%	-22.0%
Profit before taxation	129.0%	83.8%	-10.4%	-37.3%	56.6%	32.1%	49.2%
Taxation	-195.1%	236.0%	-16.2%	12.5%	56.6%	32.1%	49.2%
Profit after taxation	60.7%	64.8%	-8.9%	-48.9%	56.6%	32.1%	49.2%
EPS	60.7%	64.8%	-8.9%	-48.9%	56.6%	32.1%	49.2%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
GP Margin	%	25.30	22.67	21.41	16.26	15.15	14.31	14.26
OP Margin	%	23.03	19.95	17.25	14.86	13.74	12.90	12.86
NP Margin	%	9.20	10.25	7.23	3.11	4.03	4.43	5.73
ROE	%	17.23	18.53	12.58	5.87	8.55	10.27	13.59
ROCE	%	11.35	12.12	11.51	10.49	11.20	12.33	13.86
ROA	%	4.54	6.23	4.82	2.20	3.28	4.24	6.17

Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Current	x	1.08	1.28	1.13	1.16	1.04	0.93	0.78
Acid-test	x	0.28	0.35	0.29	0.59	0.44	0.31	0.21
Cash to current liab.	x	0.00	0.06	0.01	0.29	0.17	0.07	0.02

Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Inventory Turnover	x	0.51	0.71	0.79	0.98	1.23	1.25	1.26
Receivables Days		381	267	100	100	100	100	100
Inventory Days		104	74	15	15	15	15	15
Payables Days		49	24	25	25	25	25	25
Operating Cycle		437	317	90	90	90	90	90

Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
EPS	Rs.	2.04	3.37	3.07	1.57	2.45	3.24	4.83
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.	13.49	22.83	25.90	27.46	29.92	33.16	37.99
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	605	605	605	605	605	605	605
P/E		5.74	3.48	3.82	7.49	4.78	3.62	2.42
Sales per share		22.20	32.83	42.40	50.34	60.91	73.09	84.42
P/BV		0.87	0.51	0.45	0.43	0.39	0.35	0.31
Price to Sales		0.53	0.36	0.28	0.23	0.19	0.16	0.14

Gearing Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Debt to Equity	x	2.16	1.39	1.46	0.93	0.90	0.85	0.89
L.T. Debt to Equity	x	0.69	0.68	0.56	0.00	0.00	0.00	0.00
Interest Cover	x	1.82	2.81	2.07	1.46	1.80	2.09	3.08

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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SELL	Less than and equal to -5%

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