1HFY23 Result Review: BUY Stance Maintained

Equity Research | Cement | Wednesday, 22 February, 2023

MLCF has announced its 1HFY23 result where it posted a profit after tax of Rs3.56bn (EPS: Rs3.31) as compared to a profit after tax of Rs2.40bn (EPS: Rs2.24) in the SPLY, which increased by 47.9% YoY due to improved gross margins amid decrease in coal prices.

The company has posted a revenue of Rs30.05bn against Rs22.12bn in SPLY, recording a growth of 35.8% YoY amid an increase in cement bags' prices.

The gross margin has improved to 28.8% as compared to 25.9% in SPLY. SG&A expenses have increased by 27.6% YoY. Moreover, effective taxation has clocked at 32.4% as compared to 28.6% in SPLY.

MLCF is currently trading at a FY23E P/E of 3.9x. Moreover, the scrip is also trading at a FY23E P/B of 0.36x which offers a discount of 45% relative to its historical 3-year average of 0.67x. We have a **BUY** stance on the scrip with a DCF-based Dec-23 TP of Rs30 which provides an upside potential of 35%.

Rupees' millions	2QFY23	2QFY22	YoY	1HFY23	1HFY22	YoY
Net Sales	17,224	12,226	40.9% 🔺	30,051	22,121	35.8% 🔺
Cost of Sales	-12,152	-8,425	44.2% 🔺	-21,410	-16,392	30.6% 🔺
Gross Profit	5,072	3,801	33.5% 🔺	8,641	5,729	50.8% 🔺
SG&A Expenses	-777	-611	27.3% 🔺	-1,564	-1,226	27.6% 🔺
Other Expenses	-257	-303	15.3% 🔺	-630	-467	34.8% 🔺
Operating Profit	4,038	2,887	39.9% 🔺	6,448	4,037	59.7% 🔺
Other Income	52	29	79.2% 🔺	60	40	48.5% 🔺
Finance Cost	-607	-380	59.7% 🔺	-1,250	-710	76.0% 🔺
Profit Before Taxation	3,483	2,536	37.4% 🔺	5,257	3,366	56.2% 🔺
Taxation	-1,138	-695	36.3% 🔻	-1,702	-963	76.7% 🔺
Profit After Taxation	2,346	1,841	27.4% 🔺	3,556	2,404	47.9% 🔺
Earnings Per Share	2.19	1.72	27.4% 🔺	3.31	2.24	47.9% 🔺
Dividend	-	-		-	-	
Bonus	-	-		-	-	
Gross Margin	29.4%	31.1%	1.6% 🔻	28.8%	25.9%	2.9% 🔺
SG&A Expenses to Sales	-4.5%	-5.0%	0.5% 🔻	-5.2%	-5.5%	0.3% 🔻
Other Income to Sales	0.3%	0.2%	0.1% 🔺	0.2%	0.2%	0.0% 🔺
Ex. Gain / (Loss) to Sales	-4.5%	-5.0%	0.5% 🔻	-5.2%	-5.5%	0.3% 🔻
Effective Taxation	-32.7%	-27.4%	5.3% 🔺	-32.4%	-28.6%	3.8% 🔺
Net Margin	13.6%	15.1%	1.4% 🔻	11.8%	10.9%	1.0% 🔺





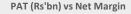
Key Statistics

Symbol	MLCF
TP - Dec 23	30.00
LDCP	22.36
Upside (%)	35
Free Float ('mn)	483
Market Cap. (Rs.'mn)	25,546





Sales (Rs'bn) vs Gross Margin





Sources: ACPL Research, Company Financials

Muhammad Ahmed

Phone: (+92) 42 38302028; Ext: 118 Email: mahmed@abbasiandcompany.com

Financial Projections

Rupees' millions	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	29,118	35,538	48,520	60,396	62,747	65,519	69,392
Cost of sale	29,845	28,135	36,244	43,813	44,779	46,811	49,404
Gross profit	- 728	7,403	12,275	16,583	17,968	18,707	19,989
Selling and promotion expenses	817	1,014	1,484	1,776	1,845	1,926	2,040
Administration expenses	785	813	971	1,365	1,418	1,481	1,568
Other operating expenses	90	524	952	1,268	1,318	1,376	1,457
Operating Profit	- 2,419	5,051	8,868	12,174	13,387	13,925	14,923
Other operating income	132	3,732	57	121	125	131	139
Finance cost	2,982	1,494	1,741	3,219	2,442	2,067	776
Profit before taxation	- 5,269	7,290	7,184	9,075	11,071	11,988	14,286
Taxation	- 426	1,035	3,557	2,921	3,554	3,840	4,567
Profit after taxation	- 4,843	6,254	3,626	6,154	7,517	8,148	9,719
EPS	- 4.51	5.83	3.38	5.73	7.00	7.59	9.06

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	12.0%	22.1%	36.5%	24.5%	3.9%	4.4%	5.9%
Cost of sale	41.5%	-5.7%	28.8%	20.9%	2.2%	4.5%	5.5%
Gross profit	-114.8%	-1117.5%	65.8%	35.1%	8.4%	4.1%	6.8%
Selling and promotion expenses	-12.4%	24.1%	46.4%	19.7%	3.9%	4.4%	5.9%
Administration expenses	7.0%	3.7%	19.4%	40.5%	3.9%	4.4%	5.9%
Other operating expenses	-80.3%	482.4%	81.7%	33.2%	3.9%	4.4%	5.9%
Operating Profit	-186.6%	-308.8%	75.6%	37.3%	10.0%	4.0%	7.2%
Other operating income	206.9%	2727.8%	-98.5%	113.4%	3.9%	4.4%	5.9%
Finance cost	154.3%	-49.9%	16.5%	84.9%	-24.1%	-15.3%	-62.5%
Profit before taxation	-416.6%	-238.3%	-1.5%	26.3%	22.0%	8.3%	19.2%
Taxation	-314.1%	-343.2%	243.5%	-17.9%	21.6%	8.1%	18.9%
Profit after taxation	-430.5%	-229.1%	-42.0%	69.7%	22.1%	8.4%	19.3%
EPS	-430.5%	229.1%	-42.0%	69.7%	22.1%	8.4%	19.3%

Source: ACPL Research, Company Financials

Key Ratios

OP Margin%4-3314-2116.2820.1621.3421.2521.51NP Margin%-16.657.4010.1010.1310.1310.239.9850.00ROE%-9.0011.625.526.887.938.233.9.98ROA%-9.0011.625.526.887.938.233.9.98ROA%-7.345.747.7111.3211.1211.7211.73Catperton'nn5.757.7211.3311.1211.7211.73RBTDA perton'nn7.730.2311.3311.672.403Adotestx0.070.0410.030.010.020.02Catrentx1.0211.7811.651.011.072.403Adotestx0.070.0410.05-0.260.010.280.955Adotestx0.070.0410.05-0.260.010.280.955Adotestx0.071.052.4232.6682.6702.702.900Intentory Unoverx1.751.7651.651.651.651.65Average Inventory'nn1.791.9652.4232.6682.6702.702.900Intentory Unoverx1.751.7651.761.751.751.751.751.751.751.751.751.751.751.751.751.751.75<	Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
NP Margin%16.6317.607.4710.1911.9812.4414.01NOE%-15.668.949.330.039.9850.00ROCE%9.0011.6255.256.687.9553.344.94ROA%-7.349.444.444.4210.0710.7310.84Cot per toinim57.577.7211.2611.2611.3511.7811.78EIDA per toinim57.577.7211.2611.2611.3511.8111.7812.72Correntx1.0814.4812.511.311.381.61.762.40.707.92.86	GP Margin	%	-2.50	20.83	25.30	27.46	28.64	28.55	28.81
NDE%-15.4616.668.949.3210.239.9850.40NDE%4.0911.625.526.887.758.3314.98ROA%7.7310.444.449.4210.7010.7310.84Cot per ton'nn5.756.677.7711.2611.1811.5211.75EBIDA per ton'nn0.140.921.1774.0674.2874.2874.2874.2874.2874.2874.2874.2874.2874.2874.2874.2474	OP Margin	%	-8.31	14.21	18.28	20.16	21.34	21.25	21.51
NOCE%9-90911.625.536.6887.7958.2.3334.948NCA%7.749.449.449.4210.7010.7310.14Cost per tonmm7.759.0211.74.064.264.124.38EBITDA per tonmm0.140.0211.174.064.264.294.38Current%1.081.481.251.131.881.672.40Add-text%0.070.020.030.010.041.022.40Add-text%0.070.020.030.010.041.022.40Add-text%0.070.020.030.010.041.022.40Add-text%0.070.060.030.010.041.021.021.02Add-text%7.020.047.26%7.26%7.267.26Add-text%7.021.067.267.277.7 <td< td=""><td>NP Margin</td><td>%</td><td>-16.63</td><td>17.60</td><td>7.47</td><td>10.19</td><td>11.98</td><td>12.44</td><td>14.01</td></td<>	NP Margin	%	-16.63	17.60	7.47	10.19	11.98	12.44	14.01
ROA%7.2.49.444.4.49.4.210.7010.7310.8.4Cart per ton'ma5.57.7211.1611.2611.2311.84BBTDA per ton'ma0.140.921.174.064.264.2811.83Equidity Natios'FY20A'FY21A'FY22A'FY28E <td< td=""><td>ROE</td><td>%</td><td>-15.46</td><td>16.66</td><td>8.94</td><td>9.32</td><td>10.23</td><td>9.98</td><td>50.40</td></td<>	ROE	%	-15.46	16.66	8.94	9.32	10.23	9.98	50.40
Cast perton'mn5.755.677.7211.2611.2611.2611.2511.78EBTDA perton'mn0.5750.5770.1110.5750.77211.2611.2611.2711.78EBTDA perton'mn0.05FY21AFY22AFY22EFY22EFY25EFY25EFY25ECurrent*0.020.010.0170.050.010.0270.02<	ROCE	%	-9.09	11.62	5.52	6.88	7.95	8.23	34.98
BBITDA per ton'mn0.140.921.174.064.264.294.38Indicitily RatiosFY22AFY22AFY23E </td <td>ROA</td> <td>%</td> <td>-7.34</td> <td>9.44</td> <td>4.41</td> <td>9.42</td> <td>10.70</td> <td>10.73</td> <td>10.84</td>	ROA	%	-7.34	9.44	4.41	9.42	10.70	10.73	10.84
Liquidity Ratios Prode	Cost per ton	'mn	5.75	5.67	7.72	11.26	11.26	11.52	11.78
Numericx1.081.481.251.131.381.672.40Acid testx0.270.220.190.100.170.051.12Cash to current liab.x0.070.020.010.280.050.010.280.95Activity RatiosFY20AFY22AFY2E <t< td=""><td>EBITDA per ton</td><td>'mn</td><td>0.14</td><td>0.92</td><td>1.17</td><td>4.06</td><td>4.26</td><td>4.29</td><td>4.38</td></t<>	EBITDA per ton	'mn	0.14	0.92	1.17	4.06	4.26	4.29	4.38
Currentx1.081.481.251.131.381.672.40Acid-testx0.270.220.190.100.170.051.12Cash to current liab.x0.070.020.010.280.290.010.280.99Activity RatiosFP20AFP22AFP22EFP22EFP22EFP22EFP22E792E792E792E792E0.2000.000.000.2000.9009.900 <td>Liquidity Ratios</td> <td></td> <td>FY20A</td> <td>FY21A</td> <td>FY22A</td> <td>FY23E</td> <td>FY24E</td> <td>FY25E</td> <td>FY26E</td>	Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
cash to current liab.x0.070.080.05-0.260.010.080.95Activity RatiosPY200PY200PY220PY226		х	1.08	1.48	1.25	1.13	1.38	1.67	2.40
Activity Ratios FY20A FY21A FY20A FY23E									1.12
Average inventoryimm1,7591,9652,4232,6682,6702,7602,900Inventory Turnoverx17141516171717inventory Days2323242223232323 <td< td=""><td>Cash to current liab.</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.95</td></td<>	Cash to current liab.								0.95
Average inventoryimm1,7591,9652,4232,6682,6702,7602,900Inventory Turnoverx17141516171717inventory Days2323242223232323 <td< td=""><td>Activity Pation</td><td></td><td>EV20A</td><td>EV21A</td><td>EV22A</td><td>EV22E</td><td>EV24E</td><td>EV2EE</td><td>EV26E</td></td<>	Activity Pation		EV20A	EV21A	EV22A	EV22E	EV24E	EV2EE	EV26E
Inventory Turnoverx117118115116117117Inventory Days222222222222222222Receivables Days3919161616161616Payables Days9797979295959595Operating Cycle377335115657757757Utilization%888680447495051Export Revenue%979793829292929292Export Revenue%97979388979797979797Export Revenue%919.89.87.67.47.0	•	'mn							
Inventory Days2225242225242221Receivables Days39191616161616Payables Days37375355555555Operating Cycle37535156575757Ullization%887723333333Local Revenue%97939897979797Export Revenue%10.558.870.020.2									
Receivables Days191616161616Payables Days97979295959595Operating Cycle-37-53-51-56-57-57-57Utilization%89868047495051Export Revenue%79999997979797Export Market Share%0.40.60.20.20.20.20.2Coal Market Share%10.59.89.87.67.47.17.0Total Market Share%10.69.89.87.67.47.17.0Total Market Share%10.69.89.87.67.47.17.0Total Market Share%10.69.89.87.67.47.17.0Total Market Share%10.59.89.87.67.47.17.0Total Market Share%10.69.89.87.67.47.17.0Total Market Share%10.59.89.87.37.07.59.06DPSRs.8.4.515.833.385.737.007.599.06Dividend Coverx0.000.000.000.000.000.000.000.00Dividend Coverx0.000.000.000.000.000.000.000.000.00		^							
Payables Days99997992995995995Operating Cycle									
Operating Cycle1.375.53-5.51-5.56-5.757.57Utilization%889866804.749.955.51Export Revenue%3723333Local Revenue%9799399897977977977Export Ravenue%9.019.020.020.020.020.020.020.02Cocal Market Share%0.108.779.007.006.86.66.55.5Cocal Market Share%0.108.779.007.006.86.66.5Utilization%0.008.779.000.000.000.000.00Dotal Market Share%0.000.000.000.000.000.000.000.00Drestment RatiosFY20AFY21AFY22AFY23EFY24EFY25EFY25EEPSRs-4.513.4983.7796.1496.8497.000.00Dividend Coverx0.00<									
Ulization%89868047495051Export Revenue%3723333333Local Revenue%979398979797979797Export Market Share%0.40.60.2									
Export Revenue%3723033Local Revenue%97939897979797Export Market Share%0.40.60.20.20.20.20.2Local Market Share%12.69.89.87.67.47.17.0Total Market Share%12.69.89.87.67.47.17.0Total Market Share%12.69.89.87.67.47.17.0Total Market Share%12.69.89.87.67.47.17.0Total Market Share%0.07.89.07.99.069.0		%							
Lacal Revenue%97939897979797Export Market Share%0.40.60.20.20.20.20.2Local Market Share%12.69.89.87.67.47.17.0Total Market Share%10.98.79.07.06.86.66.5Investment RatiosFY20AFY21AFY22AFY23EFY25EFY25EEPSRs.4.015.833.385.737.007.599.06DPSRs.4.000.000.000.000.000.000.00Divided Coverx0.000.000.000.000.000.000.00BVPSRs.29.1834.9837.7961.4968.4976.0811.97Payout%0.000.000.000.000.000.000.000.00No. of Shares0001.0731.0731.0731.0731.0731.0731.0731.073P/BV.0003.846.623.903.192.952.47Sales per share0.020.070.640.590.360.330.291.44P/BV.0070.640.590.360.330.291.44Debt to Equityx0.700.430.620.360.290.210.44LT. Debt to Equityx0.740.480.46 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>									
Export Market Share%0.40.60.20.20.20.20.2Local Market Share%11.69.89.87.67.47.17.0Total Market Share%10.98.79.07.06.86.65.5Investment RatiosFY20AFY21AFY22AFY22EFY2EEFY2EEEPSRs.4.4515.833.385.737.007.599.06Dr5Rs.0.000.000.000.000.000.000.000.00Divield Coverx0.000.000.000.000.000.000.000.00BVPSRs.29.1834.9837.7961.4966.897.681.0731.073Payout%0.000.000.000.000.000.000.000.000.00Reteinion%10.031.0731.0731.0731.0731.0731.0731.073P/E0.003.846.623.903.192.577.441.04P/E0.003.846.623.903.192.031.073P/E10.0110.071.0731.0731.0731.0731.0731.073P/E5003.846.623.903.192.577.44P/E10.041.051.051.041.041.041.04P/E50.550.60.5950.60.59 <td>•</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	•								
Local Market Share%12.69.89.87.67.47.17.0Total Market Share%10.98.79.07.06.86.66.5Total Market Share%10.98.79.07.06.86.66.5Investment RatiosFY20AFY21AFY22AFY23EFY25EFY25EFY26EEPSRs.4.515.833.385.737.007.599.06DPSRs.0.000.000.000.000.000.000.00Dividend Coverx0.000.000.000.000.000.000.00BVPSRs.29.1834.9837.7961.4968.4976.0817.97Payout%0.000.000.000.000.000.000.000.00Retention%10.01000100010001000100010001000No. of Shares'0003.846.623.903.131.073 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
Total Market Share%10.98.79.07.06.86.66.5Investment RatiosFY20AFY21AFY22AFY23EFY23EFY25EFY25EEPSRs.4.515.833.385.737.007.599.06DPSRs.0.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.000.000.000.00Div. Yield%0.00<	•								
EPSRs4.515.833.385.737.007.599.06DPSRs.0.000.000.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.000.000.00Divdend Coverx0.000.000.000.000.000.000.000.000.000.00BVPSRs.29.1834.9837.7961.4968.4976.6817.97Payout%0.000.000.000.000.000.000.000.00Retention%0.001.001.001.001.001.001.001.00No. of Shares'0001.0731.0731.0731.0731.0731.0731.0731.073P/E0.003.846.623.903.192.952.47Sales per share'0001.073.1145.2056.2758.4661.0464.65P/BV0.820.680.490.400.380.330.291.24Price to Sales0.820.680.490.400.380.350.35Debt to EquityX0.700.430.620.360.290.210.44LT. Debt to EquityX0.480.480.460.270.210.140.55									6.5
EPSRs4.515.833.385.737.007.599.06DPSRs.0.000.000.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.000.000.00Divdend Coverx0.000.000.000.000.000.000.000.000.000.00BVPSRs.29.1834.9837.7961.4968.4976.6817.97Payout%0.000.000.000.000.000.000.000.00Retention%0.001.001.001.001.001.001.001.00No. of Shares'0001.0731.0731.0731.0731.0731.0731.0731.073P/E0.003.846.623.903.192.952.47Sales per share'0001.073.1145.2056.2758.4661.0464.65P/BV0.820.680.490.400.380.330.291.24Price to Sales0.820.680.490.400.380.350.35Debt to EquityX0.700.430.620.360.290.210.44LT. Debt to EquityX0.480.480.460.270.210.140.55									
PSRs.0.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.000.00Div. Yield%0.000.000.000.000.000.000.000.00Dividend CoverX0.000.000.000.000.000.000.000.00BVPSRs.29.1834.9837.7961.4968.4976.0817.97Payout%0.000.000.000.000.000.000.000.00Retention%0.001.0031.0031.0031.0031.0031.0031.003No. of Shares'0001.0031.0731.0731.0731.0731.0731.0731.0731.073P/E50.5050.5758.4661.0466.657.9063.630.290.12464.65P/BV0.070.640.590.660.330.291.247.24FY25EFY26EDet to EquityX0.700.430.620.360.290.210.44LT. Debt to EquityX0.480.340.460.270.210.140.14		_							
Div. Yield % 0.00									
Dividend Cover x 0.00 0.00 0.00 0.00 0.00 0.00 BVPS Rs. 29.18 34.98 37.79 61.49 68.49 76.08 17.97 Payout % 0.00									
BVPSRs.29.1834.9837.7961.4968.4976.0817.97Payout%0.000.000.000.000.000.000.000.00Retention%100100100100100100100100No. of Shares'0001,0731,0731,0731,0731,0731,0731,0731,073P/E0.003.846.623.903.192.952.47Sales per share0.070.640.590.660.330.292.47P/BV0.820.680.490.400.380.330.291.24Price to Sales0.820.680.490.400.380.370.35Cearing RatiosFY220AFY22AFY22AFY23EFY25EFY25EDebt to Equityx0.480.340.620.360.290.210.44LT. Debt to Equityx0.480.340.460.270.210.140.55									
Payout % 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 Retention % 100									
Retention % 100									
No. of Shares'0001,0731,0731,0731,0731,0731,0731,073P/E0.003.846.623.903.192.952.47Sales per share27.1333.1145.2056.2758.4661.0464.65P/BV0.000.820.680.490.300.330.291.24Price to Sales0.820.680.490.400.380.370.35Gearing RatiosFY20AFY21AFY22AFY23EFY24EFY25EFY26EDebt to Equityx0.700.430.620.360.290.210.440.15	· · · · · · · · · · · · · · · · · · ·								
P/E 0.00 3.84 6.62 3.90 3.19 2.95 2.47 Sales per share 27.13 33.11 45.20 56.27 58.46 61.04 64.65 P/BV 0.77 0.64 0.59 0.36 0.33 0.29 1.24 Price to Sales 0.82 0.68 0.49 0.40 0.38 0.37 0.35 Gearing Ratios FY20A FY20A FY21A FY22A FY23E FY24E FY25E FY25E Debt to Equity x 0.70 0.43 0.62 0.36 0.29 0.21 0.44 LT. Debt to Equity x 0.48 0.34 0.46 0.27 0.21 0.14									
Sales per share 27.13 33.11 45.20 56.27 58.46 61.04 64.65 P/BV 0.77 0.64 0.59 0.36 0.33 0.29 1.24 Price to Sales 0.82 0.68 0.49 0.40 0.38 0.37 0.35 Gearing Ratios FY20A FY21A FY22A FY22A FY24E FY25E FY26E Debt to Equity x 0.70 0.43 0.62 0.36 0.29 0.21 0.44 LT. Debt to Equity x 0.78 0.34 0.62 0.36 0.29 0.21 0.44		000							
P/BV 0.77 0.64 0.59 0.36 0.33 0.29 1.24 Price to Sales 0.82 0.68 0.49 0.40 0.38 0.37 0.35 Gearing Ratios FY20A FY21A FY22A FY22A FY24E FY25E FY26E Debt to Equity x 0.70 0.43 0.62 0.36 0.29 0.21 0.44 LT. Debt to Equity x 0.48 0.34 0.46 0.27 0.21 0.14									
Price to Sales 0.82 0.68 0.49 0.40 0.38 0.37 0.35 Gearing Ratios FY20A FY21A FY22A FY23E FY24E FY25E FY25E Debt to Equity X 0.70 0.43 0.62 0.36 0.29 0.21 0.44 LT. Debt to Equity X 0.48 0.34 0.46 0.27 0.21 0.14	•								
Gearing Ratios FY20A FY21A FY22A FY22A FY22B FY2B									0.35
Debt to Equity x 0.70 0.43 0.62 0.36 0.29 0.21 0.44 L.T. Debt to Equity x 0.48 0.34 0.46 0.27 0.21 0.14 0.15									
L.T. Debt to Equity x 0.48 0.34 0.46 0.27 0.21 0.14 0.15	Gearing Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
	Debt to Equity	Х	0.70	0.43	0.62	0.36	0.29	0.21	0.44
Interest Cover x -0.81 3.38 5.09 3.78 5.48 6.74 19.24	L.T. Debt to Equity	х	0.48	0.34	0.46	0.27	0.21	0.14	0.15
	Interest Cover	х	-0.81	3.38	5.09	3.78	5.48	6.74	19.24

Source: ACPL Research, Company Financials

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment--banking relationships, with the companies referred to in this report, Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months

All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Abbasi & Company (Private) Limited. Action could be taken for unauthorized reproduction, distribution or publication

VALIDITY OF THE PUBLICATION OR REPORT

The information in this publication or report is, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report. The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

DEFINITION OF TERMS

ТР	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

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

RATINGS CRITERIA

Abbasi & Company (Private) Limited employs a three-tier ratings system to rate a stock and sector, as mentioned below, which is based upon the level of expected return for a specific stock and outlook of sector. The rating is based on the following with stated time horizon

Stock Rating	Expected Total Return	Sector Rating	Sector Outlook
BUY	Greater than 15%	Overweight	Positive
HOLD	Between -5% to 15%	Market Weight	Neutral
SELL	Less than and equal to -5%	Underweight	Negative

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

RESEARCH DISSEMINATION POLICY

Abbasi & Company (Private) Limited endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time

OTHER DISCLOSURES

The research analyst is primarily involved in the preparation of this report, certifies that:

- I. The views expressed in this report accurately reflect his/her personal views about the subject company/stock /sector and economy
- II. No part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

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