

PABC

CY21 Result Review: BUY Stance Maintained

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PABC has announced its CY21 result where it posted a profit after tax of Rs1.58bn (EPS: Rs4.37) as compared to a profit after tax of Rs611mn (EPS: Rs1.69) in the same period last year, up by 158% YoY.

The company has posted a revenue of Rs7.23bn against Rs5.08n in SPLY, recording a growth of 42% YoY. We note that this growth is attributed to the increase in volumetric sales and higher retention prices.

The gross margin has been expanded to 35.5% as compared to 30.3% during SPLY. SG&A expenses went up by 28.4% YoY to Rs316mn as compared to Rs246mn during SPLY.

Furthermore, an increase in the other income by 173% YoY and the decrease in the finance cost 32.5% YoY contributed to the upsurge of the bottom line.

PABC is trading at a CY22E P/E of 6.16x. Moreover, the scrip is also trading at CY22 P/B of 1.59x which offers a discount of 49% relative to its historical 3-year average of 3.11x. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs 40 which provides an upside potential of 43%.

Rupees' millions	4QCY21	4QCY20	YoY	CY21	CY20	YoY
Net Sales	1,482	1,132	30.9% ▲	7,230	5,084	42.2% ▲
Cost of Sales	-924	-566	63.3% ▲	-4,665	-3,542	31.7% ▲
Gross Profit	558	566	1.5% ▼	2,565	1,542	66.4% ▲
SG&A Expenses	-72	-97	25.7% ▼	-316	-246	28.4% ▲
Other Expenses	-91	-111	18.7% ▼	-439	-168	161.7% ▲
Operating Profit	395	358	10.4% ▲	1,810	1,128	60.5% ▲
Other Income	31	11	188.4% ▲	46	17	173.3% ▲
Finance Cost	-79	-74	7.4% ▲	-286	-423	32.5% ▼
Profit Before Taxation	347	295	17.5% ▲	1,571	722	117.8% ▲
Taxation	36	-19	289.8% ▼	5	-87	106.1% ▼
Profit After Taxation	383	252	51.7% ▲	1,577	611	158.2% ▲
Earnings Per Share	1.06	0.70	51.7% ▲	4.37	1.69	158.2% ▲
Dividend	1.50	0.00		1.50	0.00	
Bonus	0.00	0.00		0.00	0.00	
Right	0.00	0.00		0.00	0.00	

Closing Period: 17 May 2022 – 23 May 2022

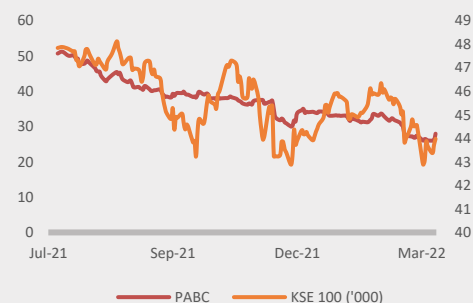
	4QCY21	4QCY20	YoY	CY21	CY20	YoY
Gross Margin	37.6%	50.0%	12.4% ▼	35.5%	30.3%	5.2% ▲
SG&A Expenses to Sales	-4.9%	-8.6%	3.7% ▼	-4.4%	-4.8%	0.5% ▼
Other Income to Sales	2.1%	0.9%	1.1% ▲	0.6%	0.3%	0.3% ▲
Ex. Gain / (Loss) to Sales	-4.9%	-8.6%	3.7% ▼	-4.4%	-4.8%	0.5% ▼
Effective Taxation	10.4%	-6.4%	4.0% ▲	0.3%	-12.1%	11.7% ▼
Net Margin	25.8%	22.3%	3.5% ▲	21.8%	12.0%	9.8% ▲

Source: ACPL Research, Company Financials

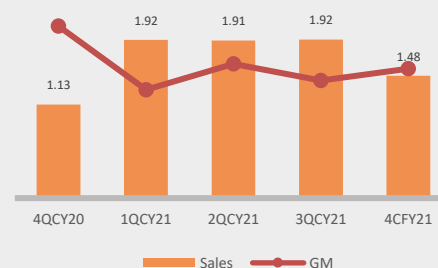
Key Statistics

Symbol	PABC
TP - Dec 22	40.00
LDCP	27.95
Upside (%)	43
Free Float ('mn)	108
Market Cap. (Rs.'mn)	10,356

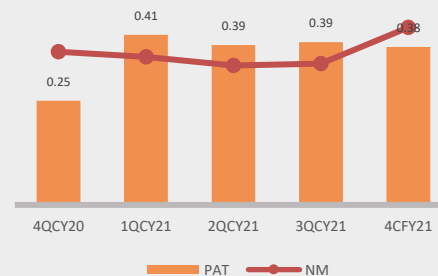
PABC vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	4,809	5,084	7,230	7,591	8,781	10,033	10,956
Cost of sale	- 3,737	- 3,542	- 4,665	- 5,186	- 5,967	- 6,777	- 7,376
Gross profit	1,072	1,542	2,565	2,406	2,815	3,256	3,580
Admin & Selling Expenses	- 270	- 246	- 316	- 266	- 307	- 351	- 383
Other operating expenses	- 20	- 191	- 917	- 304	- 351	- 401	- 438
Operating Profit	782	1,104	1,333	1,836	2,156	2,504	2,758
Other operating income	60	17	46	114	132	150	164
Finance cost	- 578	- 423	- 286	- 248	- 218	- 189	- 159
Profit before taxation	264	698	1,093	1,702	2,069	2,465	2,763
Taxation	- 118	- 87	5	- 130	- 107	- 105	- 105
Profit after taxation	146	611	1,099	1,572	1,962	2,360	2,658
EPS	0.40	1.69	4.37	4.54	5.65	6.78	7.63

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	133.8%	5.7%	42.2%	5.0%	15.7%	14.3%	9.2%
Cost of sale	64.2%	-5.2%	31.7%	11.2%	15.1%	13.6%	8.8%
Gross profit	-588.4%	43.8%	66.4%	-6.2%	17.0%	15.7%	9.9%
Admin & Selling Expenses	-7.1%	-8.9%	28.4%	-15.8%	15.7%	14.3%	9.2%
Other operating expenses		858.6%	378.7%	-66.9%	15.7%	14.3%	9.2%
Operating Profit	-253.3%	41.2%	20.7%	37.8%	17.4%	16.1%	10.2%
Other operating income	948.7%	-71.5%	173.3%	145.1%	15.7%	14.3%	9.2%
Finance cost	21.7%	-26.7%	-32.5%	-13.2%	-11.9%	-13.5%	-15.7%
Profit before taxation	-126.9%	164.7%	56.7%	55.7%	21.6%	19.1%	12.1%
Taxation	-165.2%	-26.1%	-106.1%	-2540.7%	-17.9%	-1.5%	-0.8%
Profit after taxation	-118.2%	319.2%	79.9%	43.1%	24.8%	20.3%	12.7%
EPS	-114.9%	319.2%	158.3%	3.9%	24.4%	20.0%	12.5%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
GP Margin	%	22.29	30.32	35.48	32.57	32.93	0.33	0.34
OP Margin	%	16.26	21.72	25.05	25.07	25.43	0.26	0.26
NP Margin	%	3.03	12.01	21.81	21.59	23.22	0.24	0.25
ROE	%	5.75	19.42	33.41	25.77	24.28	0.23	0.20
ROCE	%	5.75	19.42	33.41	25.77	24.28	0.23	0.20
ROA	%	1.63	6.94	15.67	14.76	16.88	0.18	0.18

Liquidity Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Current	x	0.84	1.18	2.08	2.44	2.91	3.51	4.21
Acid-test	x	0.39	0.36	0.55	0.83	1.20	1.71	2.35

Activity Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Inventory Turnover	x	3	3	3	2	2	2	2
Inventory Days		1189	1,594	2074	2,334	2685	3,050	3319
Receivables Days		277	415	473	492	555	643	734
Payables Days		212	404	561	498	560	645	732
Operating Cycle		1254	1,605	1986	2,327	2680	3,047	3321

Investment Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
EPS	Rs.	0.40	1.69	4.37	4.54	5.65	6.78	7.63
DPS	Rs.	0.00	0.00	1.50	1.50	1.50	2.00	2.50
Div. Yield	%	0.00	0.00	5.37	5.37	5.37	7.16	8.94
Dividend Cover	x	0.00	0.00	2.91	3.03	3.77	3.39	3.05
BVPS	Rs.	7.02	8.71	13.07	17.61	23.26	30.04	37.66
Payout	%	0.00	0.00	34.35	33.05	26.56	29.51	32.78
Retention	%	100.00	100.00	65.65	66.95	73.44	70.49	67.22
No. of Shares	'Mn	361	361	361	361	361	361	361
P/E		69.28	16.53	6.40	6.16	4.95	4.12	3.67
Sales per share		13.32	14.08	20.02	21.02	24.32	27.78	30.34
P/BV		3.98	3.21	2.14	1.59	1.20	0.93	0.74
Price to Sales		2.10	1.99	1.40	1.33	1.15	1.01	0.92

Gearing Ratios		CY19	CY20	CY21	CY22E	CY23E	CY24E	CY25E
Debt to Equity	x	1.96	1.30	0.78	0.56	0.35	0.22	0.13
L.T. Debt to Equity	x	1.12	0.91	0.66	0.47	0.28	0.16	0.08
Interest Cover	x	1.88	3.20	7.23	9.09	12.00	15.90	20.60

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%

Sector Rating	Sector Outlook
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Market Weight	Neutral
Underweight	Negative

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