

PABC

1QCY23 Result Review: BUY Stance Maintained

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PABC has announced its 1QCY23 result where it posted a profit after tax of Rs1.34bn (EPS: Rs3.72) as compared to a profit after tax of Rs0.61bn (EPS: Rs1.69) in the same period last year, up by 1.2x YoY amid higher volumetric sales.

The company has posted a revenue of Rs5.18bn against Rs2.62bn in SPLY, recording a growth of 97.4% YoY. The gross margin has improved to 39.5% as compared to 32.9% during SPLY.

SG&A expenses increased by 68.6% YoY to Rs0.23bn while other operating expenses increased by 4.79x to Rs0.27bn. Finance cost increased by 64.6% YoY to Rs0.16bn on the back of increase in interest rate. Lastly, effective taxation has increased to 4.2% as compared to 2.7% during SPLY.

PABC is trading at a CY23E P/E of 3.5x. Moreover, the scrip is also trading at CY23E P/B of 1.25x. We have a **BUY** stance on the scrip with a DCF-based Dec-23 TP of Rs 65 which provides an upside potential of 28%.

Rupees' millions	1QCY23	1QCY22	YoY	CY22	CY21	YoY
Net Sales	5,180	2,624	97.4% ▲	14,153	7,230	95.8% ▲
Cost of Sales	-3,134	-1,760	78.1% ▲	-9,425	-4,665	102.0% ▲
Gross Profit	2,046	864	136.7% ▲	4,728	2,565	84.3% ▲
SG&A Expenses	-232	-138	68.6% ▲	-874	-324	169.8% ▲
Other Expenses	-270	-47	479.5% ▲	-537	-439	22.4% ▲
Operating Profit	1,544	680	127.1% ▲	3,317	1,802	84.1% ▲
Other Income	15	43	65.5% ▼	223	46	380.2% ▲
Finance Cost	-157	-96	64.6% ▲	-409	-277	47.4% ▲
Profit Before Taxation	1,401	627	123.4% ▲	3,131	1,571	99.3% ▲
Taxation	-59	-17	252.5% ▲	-429	5	8122.5% ▼
Profit After Taxation	1,343	611	119.9% ▲	2,703	1,577	71.4% ▲
Earnings Per Share	3.72	1.69	119.9% ▲	7.48	4.37	71.4% ▲
Dividend	0.00	0.00		0.00	1.50	
Bonus	0.00	0.00		0.00	0.00	
Right	0.00	0.00		0.00	0.00	
Gross Margin	39.5%	32.9%	6.6% ▲	33.4%	35.5%	2.1% ▼
SG&A Expenses to Sales	-4.5%	-5.2%	0.8% ▼	-6.2%	-4.5%	1.7% ▲
Other Income to Sales	0.3%	1.6%	1.3% ▼	1.6%	0.6%	0.9% ▲
Other Expenses to Sales	-5.2%	-1.8%	3.4% ▲	-3.8%	-6.1%	2.3% ▼
Effective Taxation	-4.2%	-2.7%	1.5% ▲	-13.7%	0.3%	13.3% ▲
Net Margin	25.9%	23.3%	2.6% ▲	19.1%	21.8%	2.7% ▼

Key Statistics

Symbol	PABC
TP - Dec 23	65.00
LDPCP	50.69
Upside (%)	28
Free Float ('mn)	90
Market Cap. (Rs.'mn)	18,305

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	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	5,084	7,230	14,153	20,719	22,789	24,791	27,166
Cost of sales	- 3,542	- 4,665	- 9,425	- 12,551	- 14,429	- 16,026	- 17,917
Gross profit	1,542	2,565	4,728	8,169	8,360	8,764	9,248
Distribution expenses	- 87	- 108	- 514	- 402	- 442	- 481	- 527
Administration expenses	- 159	- 216	- 360	- 526	- 578	- 679	- 744
Other operating expenses	- 191	- 439	- 537	- 1,079	- 1,026	- 1,116	- 1,223
Operating Profit	1,104	1,802	3,317	6,162	6,314	6,489	6,755
Other operating income	17	46	223	59	61	63	65
Finance cost	- 423	- 277	- 409	- 692	- 572	- 469	- 366
Profit before taxation	698	1,571	3,131	5,528	5,803	6,083	6,454
Taxation	- 87	5	- 429	- 232	- 243	- 255	- 271
Profit after taxation	611	1,577	2,703	5,297	5,559	5,828	6,183
EPS	1.69	4.37	7.48	14.67	15.39	16.14	17.12

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales		42.2%	95.8%	46.4%	10.0%	8.8%	9.6%
Cost of sales		31.7%	102.0%	33.2%	15.0%	11.1%	11.8%
Gross profit		66.4%	84.3%	72.8%	2.3%	4.8%	5.5%
Distribution expenses		23.1%	377.8%	-21.8%	10.0%	8.8%	9.6%
Administration expenses		36.5%	66.5%	45.9%	10.0%	17.4%	9.6%
Other operating expenses		129.2%	22.4%	101.0%	-4.9%	8.8%	9.6%
Operating Profit		63.2%	84.1%	85.8%	2.5%	2.8%	4.1%
Other operating income		173.3%	380.2%	-73.7%	3.5%	3.5%	3.6%
Finance cost		-34.5%	47.4%	69.2%	-17.3%	-18.1%	-22.0%
Profit before taxation		125.2%	99.3%	76.6%	5.0%	4.8%	6.1%
Taxation		-106.1%	-8122.5%	-45.9%	5.0%	4.8%	6.1%
Profit after taxation		158.2%	71.4%	96.0%	5.0%	4.8%	6.1%
EPS		158.2%	71.4%	96.0%	5.0%	4.8%	6.1%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
GP Margin	%	30.32	35.48	33.41	39.43	36.68	35.35	34.04
NP Margin	%	12.01	21.81	19.10	25.56	24.39	23.51	22.76
OP Margin	%	21.72	24.93	23.44	29.74	27.71	26.17	24.86
ROE	%	19.42	33.40	39.27	42.54	30.87	24.45	20.60
ROCE	%	7.93	15.49	22.84	31.82	25.38	21.23	18.53
ROA	%	6.94	12.96	17.60	25.97	20.53	17.10	14.91
Cost per can		8.41	8.73	12.94	13.16	14.41	15.25	16.23
EBITDA per can		3.03	3.67	4.84	6.76	6.69	6.59	6.57

Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Current	x	1.18	1.29	1.73	2.27	2.86	3.41	3.91
Acid-test	x	0.27	0.62	0.41	0.79	1.35	1.86	2.29
Cash to current liab.	x	0.05	0.06	0.17	0.48	1.05	1.56	2.00

Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Average Inventory	'mn	1,594	1,923	3,175	4,405	5,072	5,806	6,588
Inventory Turnover	x	-2	-2	-3	-3	-3	-3	-3
Inventory Days		164	150	123	128	128	132	134
Receivables Days		32	28	25	25	25	25	25
Payables Days		-58	-103	-100	-100	-100	-100	-100
Operating Cycle		254	281	248	253	253	257	259
Utilization	%	59	74	78	79	83	88	92
Export Revenue	%	35	33	39	44	46	48	49
Local Revenue	%	65	67	61	56	54	52	51

Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
EPS		1.7	4.4	7.5	14.7	15.4	16.1	17.1
DPS		0.0	1.5	0.0	0.0	0.0	0.0	0.0
Div. Yield	%	0.0	7,603.5	0.0	0.0	0.0	0.0	0.0
Dividend Cover		0.0	2.9	0.0	0.0	0.0	0.0	0.0
BVPS		8.7	13.1	19.1	34.5	49.9	66.0	83.1
Payout	%	0.0	34.4	0.0	0.0	0.0	0.0	0.0
Retention	%	80.0	65.6	100.0	100.0	100.0	100.0	100.0
No. of Shares	'mn	361.1	361.1	361.1	361.1	361.1	361.1	361.1
P/E		30.0	11.6	6.8	3.5	3.3	3.1	3.0
Sales per share		14.1	20.0	39.2	57.4	63.1	68.7	75.2
P/BV		5.8	3.9	2.7	1.5	1.0	0.8	0.6
Price to Sales		3.6	2.5	1.3	0.9	0.8	0.7	0.7

Gearing Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Debt to Equity	x	1.4	1.2	0.7	0.3	0.2	0.2	0.1
L.T. Debt to Equity	x	0.9	0.6	0.4	0.2	0.1	0.1	0.0
Total Debt to Assets		0.5	0.4	0.3	0.2	0.1	0.1	0.1
L.T. Debt to Assets		0.3	0.2	0.2	0.1	0.1	0.1	0.0
Interest Cover	x	-2.6	-6.5	-8.1	-8.9	-11.0	-13.8	-18.5

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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