

PABC

CY22 Result Review: BUY Stance Maintained

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PABC has announced its CY22 result where it posted a profit after tax of Rs2.70bn (EPS: Rs7.48) as compared to a profit after tax of Rs1.58bn (EPS: Rs4.37) in the same period last year, up by 71.4% YoY amid higher volumetric sales.

The company has posted a revenue of Rs14.15bn against Rs7.23bn in SPLY, recording a growth of 95.8% YoY.

The gross margin has slightly dropped to 33.4% as compared to 35.5% during SPLY. SG&A expenses went up by 169.8% YoY to Rs874mn as compared to Rs324mn during SPLY.

Furthermore, effective taxation has been increased to 13.7% as compared to 0.3% SPLY amid additional taxes imposed by the government. A surge in other income by Rs223mn supported the bottom line. Lastly, finance cost has been increased by 47.4% YoY to Rs409mn.

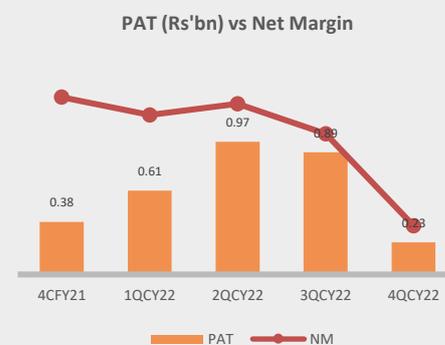
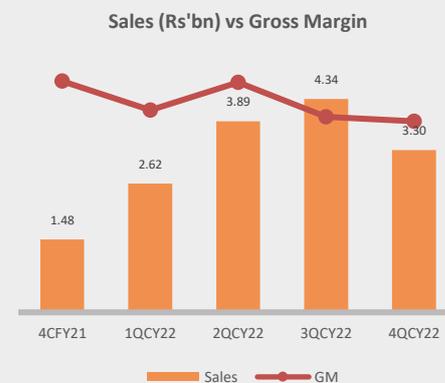
Going forward, PABC is trading at a CY23E P/E of 4.20x. Moreover, the scrip is also trading at CY23E P/B of 1.28x. We have a **BUY** stance on the scrip with a DCF-based Dec-23 TP of Rs 47 which provides an upside potential of 24%.

Rupees' millions	4QCY22	4CFY21	YoY	CY22	CY21	YoY
Net Sales	3,302	1,482	122.8% ▲	14,153	7,230	95.8% ▲
Cost of Sales	-2,275	-924	146.1% ▲	-9,425	-4,665	102.0% ▲
Gross Profit	1,027	558	84.1% ▲	4,728	2,565	84.3% ▲
SG&A Expenses	-330	-80	310.8% ▲	-874	-324	169.8% ▲
Other Expenses	-162	-90	80.1% ▲	-537	-438	22.5% ▲
Operating Profit	535	388	38.1% ▲	3,317	1,803	84.0% ▲
Other Income	44	31	42.8% ▲	223	46	380.2% ▲
Finance Cost	-70	-71	1.2% ▼	-409	-277	47.4% ▲
Profit Before Taxation	509	347	46.6% ▲	3,131	1,572	99.2% ▲
Taxation	-274	36	860.1% ▲	-429	5	8122.5% ▼
Profit After Taxation	235	383	38.6% ▼	2,703	1,577	71.4% ▲
Earnings Per Share	0.65	1.06	38.6% ▼	7.48	4.37	71.4% ▲
Dividend	0.00	1.50		0.00	1.50	
Bonus	0.00	0.00		0.00	0.00	
Right	0.00	0.00		0.00	0.00	
Gross Margin	31.1%	37.6%	6.5% ▼	33.4%	35.5%	2.1% ▼
SG&A Expenses to Sales	-10.0%	-5.4%	4.6% ▲	-6.2%	-1.5%	4.7% ▲
Other Income to Sales	1.3%	2.1%	0.7% ▼	1.6%	0.6%	0.9% ▲
Ex. Gain / (Loss) to Sales	-10.0%	-5.4%	4.6% ▲	-6.2%	-1.5%	4.7% ▲
Effective Taxation	-53.8%	10.4%	43.4% ▲	-13.7%	0.3%	13.3% ▲
Net Margin	7.1%	25.8%	18.7% ▼	19.1%	21.8%	2.7% ▼

Source: ACPL Research, Company Financials

Key Statistics

Symbol	PABC
TP - Dec 23	47.00
LDPC	37.82
Upside (%)	24
Free Float ('mn)	90
Market Cap. (Rs.'mn)	13,657



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	CY20	CY21	CY22	CY23E	CY24E	CY25E	CY26E
Net sales	5,084	7,230	14,153	16,984	20,380	23,845	27,899
Cost of sale	- 3,542	- 4,665	- 9,425	- 11,807	- 14,699	- 17,728	- 21,187
Gross profit	1,542	2,565	4,728	5,176	5,681	6,117	6,711
Admin & Selling Expenses	- 246	- 324	- 874	- 905	- 1,086	- 1,271	- 1,347
Other operating expenses	- 191	- 439	- 537	- 644	- 773	- 905	- 919
Operating Profit	1,104	1,802	3,317	3,627	3,822	3,941	4,445
Other operating income	17	46	223	268	321	376	440
Finance cost	- 423	- 277	- 409	- 502	- 445	- 394	- 349
Profit before taxation	698	1,571	3,131	3,393	3,699	3,923	4,536
Taxation	- 87	5	- 429	- 140	- 147	- 155	- 164
Profit after taxation	611	1,577	2,703	3,252	3,552	3,769	4,372
EPS	1.69	4.37	7.48	9.01	9.84	10.44	12.11

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY20	CY21	CY22	CY23E	CY24E	CY25E	CY26E
Net sales	5.7%	42.2%	95.8%	20.0%	20.0%	17.0%	17.0%
Cost of sale	-5.2%	31.7%	102.0%	25.3%	24.5%	20.6%	19.5%
Gross profit	43.8%	66.4%	84.3%	9.5%	9.8%	7.7%	9.7%
Admin & Selling Expenses	-8.9%	31.7%	169.8%	3.5%	20.0%	17.0%	6.0%
Other operating expenses	858.6%	129.2%	22.4%	20.0%	20.0%	17.0%	1.6%
Operating Profit	41.2%	63.2%	84.1%	9.3%	5.4%	3.1%	12.8%
Other operating income	-71.5%	173.3%	380.2%	20.0%	20.0%	17.0%	17.0%
Finance cost	-26.7%	-34.5%	47.4%	22.7%	-11.4%	-11.5%	-11.4%
Profit before taxation	164.7%	125.2%	99.3%	8.4%	9.0%	6.1%	15.6%
Taxation	-26.1%	-106.1%	-8122.5%	-67.3%	4.5%	5.6%	6.3%
Profit after taxation	319.2%	158.2%	71.4%	20.3%	9.2%	6.1%	16.0%
EPS	319.2%	158.2%	71.4%	20.3%	9.2%	6.1%	16.0%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY20	CY21	CY22	CY23E	CY24E	CY25E	CY26E
GP Margin	%	30.32	35.48	33.41	30.48	0.28	0.26	0.24
OP Margin	%	21.72	24.93	23.44	21.35	0.19	0.17	0.16
NP Margin	%	12.01	21.81	19.10	19.15	0.17	0.16	0.16
ROE	%	19.42	33.40	36.41	30.47	0.25	0.21	0.20
ROCE	%	19.42	33.40	36.41	30.47	0.25	0.21	0.20
ROA	%	7.03	12.87	19.81	21.54	0.21	0.20	0.21

Liquidity Ratios		CY20	CY21	CY22	CY23E	CY24E	CY25E	CY26E
Current	x	1.18	1.32	2.16	2.46	2.71	2.95	3.23
Acid-test	x	0.36	0.67	0.58	0.69	0.77	0.86	1.00

Activity Ratios		CY20	CY21	CY22	CY23E	CY24E	CY25E	CY26E
Inventory Turnover	x	3	2	3	2	2	2	2
Inventory Days		1594	2,253	4241	5,313	6614	7,978	9534
Receivables Days		415	415	473	642	1,101	1001	1,155
Payables Days		404	561	1310	1,019	1276	1,589	1916
Operating Cycle		1605	2,165	3573	5,395	6339	7,544	8903

Investment Ratios		CY20	CY21	CY22	CY23E	CY24E	CY25E	CY26E
EPS	Rs.	1.69	4.37	7.48	9.01	9.84	10.44	12.11
DPS	Rs.	0.00	1.50	0.00	2.50	3.00	3.00	3.50
Div. Yield	%	0.00	3.97	0.00	6.61	7.93	7.93	9.25
Dividend Cover	x	0.00	2.91	0.00	3.60	3.28	3.48	3.46
BVPS	Rs.	8.71	13.07	20.56	29.56	39.40	49.84	61.94
Payout	%	0.00	34.36	0.00	27.76	30.50	28.75	28.91
Retention	%	100.00	65.64	100.00	72.24	69.50	71.25	71.09
No. of Shares	'000	361	361	361	361	361	361	361
P/E		22.36	8.66	5.05	4.20	3.84	3.62	3.12
Sales per share		14.08	20.02	39.19	47.03	56.44	66.03	77.26
P/BV		4.34	2.89	1.84	1.28	0.96	0.76	0.61
Price to Sales		2.69	1.89	0.96	0.80	0.67	0.57	0.49

Gearing Ratios		CY20	CY21	CY22E	CY23E	CY24E	CY25E	CY26E
Debt to Equity	x	1.30	1.04	0.61	0.37	0.24	0.16	0.10
L.T. Debt to Equity	x	0.91	0.56	0.42	0.23	0.13	0.07	0.03
Interest Cover	x	3.15	7.43	9.24	8.27	9.90	11.64	14.77

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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