

AGHA has announced its 9MFY21 result where it posted profit after tax of Rs1.6bn (EPS: Rs2.77) as compared to a profit after tax of Rs1bn (EPS: Rs1.76) in the same period last year, up by 57.4% YoY.

The company has posted a revenue of Rs15.6bn against Rs10.9bn in SPLY, recording a growth of 43% YoY. We note that this growth is attributed to the increase in volumetric sales and higher retention prices amid revival of construction activities.

The gross margin has been squeezed to 20.5% as compared to 24.5% during SPLY. SG&A expenses went up by 99.1% YoY to Rs269mn as compared to Rs135mn during SPLY.

Furthermore, other income and finance cost have been declined by 4% YoY and 38.6% YoY respectively during the period.

AGHA is trading at a FY21E P/E of 8.01x. We maintain our **BUY** stance on the scrip with a DCF based Dec-21 TP of Rs 35 which provides an upside potential of 25%.

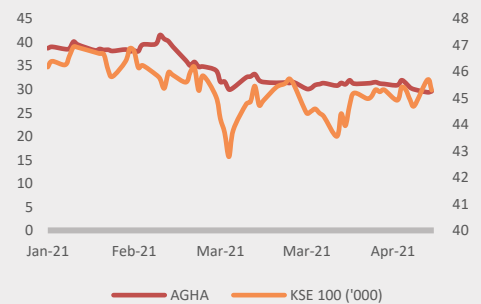
Rupees' millions	3QFY21	3QFY20	YoY	9MFY21	9MFY20	YoY
Net Sales	5,281	3,842	37.4% ▲	15,559	10,884	43.0% ▲
Cost of Sales	-4,170	-2,886	44.5% ▲	-12,370	-8,217	50.5% ▲
Gross Profit	1,111	956	16.2% ▲	3,189	2,667	19.6% ▲
SG&A Expenses	-155	-76	103.0% ▲	-269	-135	99.1% ▲
Other Expenses	-65	-32	103.4% ▲	-165	-83	100.2% ▲
Operating Profit	891	848	5.1% ▲	2,534	2,297	10.3% ▲
Other Income	35	101	65.8% ▼	184	192	4.0% ▼
Finance Cost	-376	-509	26.2% ▼	-909	-1,481	38.6% ▼
Profit Before Taxation	550	440	25.1% ▲	1,810	1,008	79.5% ▲
Taxation	-9	-161	94.3% ▼	-212	7	2948.5% ▼
Profit After Taxation	541	278	94.5% ▲	1,598	1,015	57.4% ▲
Earnings Per Share	0.94	0.48	94.5% ▲	2.77	1.76	57.4% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	0.00	0.00		0.00	0.00	
Gross Margin	21.0%	24.9%	3.8% ▼	20.5%	24.5%	4.0% ▼
SG&A Expenses to Sales	-2.9%	-2.0%	0.9% ▲	-1.7%	-1.2%	0.5% ▲
Other Income to Sales	0.7%	2.6%	2.0% ▼	1.2%	1.8%	0.6% ▼
Ex. Gain / (Loss) to Sales	-2.9%	-2.0%	0.9% ▲	-1.7%	-1.2%	0.5% ▲
Effective Taxation	-1.7%	-36.7%	35.1% ▼	-11.7%	0.7%	11.0% ▲
Net Margin	10.2%	7.2%	3.0% ▲	10.3%	9.3%	0.9% ▲

Source: ACPL Research, Company Financials

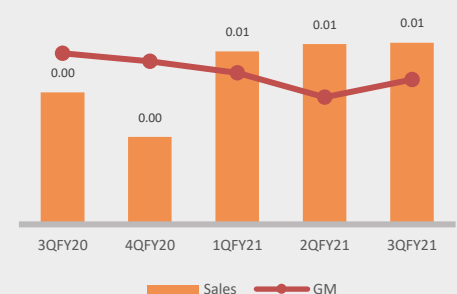
Key Statistics

Symbol	AGHA
TP - Dec 21	35.00
LDGP	27.90
Upside (%)	25
Free Float ('mn)	120
Market Cap. (Rs.'mn)	16,073

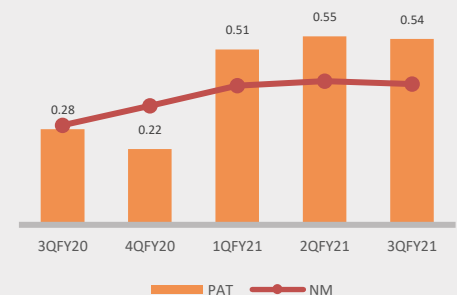
AGHA vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Net sales	10,688	10,482	13,427	20,811	26,014	29,916	33,805
Cost of sale	7,995	8,451	10,158	16,607	20,759	23,873	26,977
Gross profit	2,693	2,031	3,269	4,204	5,255	6,043	6,829
Administrative Expenses	180	208	202	291	364	419	473
Selling And Distribution	219	124	153	354	442	509	575
Operating Profit	2,295	1,700	2,914	3,559	4,448	5,116	5,781
Other Income/ (Expense)	-	113	42	178	312	359	406
Finance cost	419	1,135	1,703	1,302	1,445	2,263	2,065
Profit before taxation	1,763	607	1,390	2,507	3,316	3,212	4,122
Taxation	307	-	162	501	663	642	824
Profit after taxation	1,456	769	1,236	2,005	2,652	2,569	3,297
EPS	2.53	1.33	2.14	3.48	4.60	4.46	5.72

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Net sales		-1.9%	28.1%	55.0%	25.0%	15.0%	13.0%
Cost of sale		5.7%	20.2%	63.5%	25.0%	15.0%	13.0%
Gross profit		-24.6%	60.9%	28.6%	25.0%	15.0%	13.0%
Administrative Expenses		15.7%	-2.8%	44.1%	25.0%	15.0%	13.0%
Selling And Distribution		-43.5%	24.0%	130.9%	25.0%	15.0%	13.0%
Operating Profit		-25.9%	71.4%	22.1%	25.0%	15.0%	13.0%
Other Income/ (Expense)		-137.0%	325.9%	39.9%	25.0%	15.0%	13.0%
Finance cost		170.9%	50.1%	-23.5%	11.0%	56.6%	-8.8%
Profit before taxation		-65.6%	129.0%	80.4%	32.3%	3.1%	-28.3%
Taxation		-152.8%	195.1%	225.5%	32.3%	-3.1%	28.3%
Profit after taxation		-47.2%	60.7%	62.3%	32.3%	-3.1%	28.3%
EPS		-47.2%	60.7%	62.3%	32.3%	-3.1%	28.3%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
GP Margin	%	25.20	19.38	24.35	20.20	20.20	20.20	20.20
OP Margin	%	21.47	16.21	21.70	17.10	17.10	17.10	17.10
NP Margin	%	13.62	7.33	9.20	9.64	10.20	8.59	9.75
ROE	%	26.57	12.43	15.14	14.57	16.16	13.53	14.80
ROCE	%	21.23	13.11	19.77	19.25	24.78	26.86	26.54
ROA	%	7.47	3.14	4.12	5.09	6.34	5.94	7.70

Liquidity Ratios		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Current	x	1.11	1.20	1.08	1.20	1.23	1.30	1.52
Acid-test	x	0.33	0.32	0.28	0.32	0.36	0.38	0.51
Cash to current liab.	x	0.00	0.02	0.00	0.01	0.03	0.01	0.01

Activity Ratios		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Inventory Turnover	x	2	1	2	1	2	2	2
Receivables Days		102	117	104	104	104	104	104
Inventory Days		236	335	310	320	300	280	230
Payables Days		24	23	48	28	28	28	28
Operating Cycle		313	429	366	396	396	396	396

Investment Ratios		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
EPS	Rs.	2.53	1.33	2.14	3.48	4.60	4.46	5.72
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.	15.16	17.11	22.58	30.18	28.50	32.96	38.68
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	361	361	361	456	576	576	576
P/E		11.04	20.91	13.01	8.01	6.06	6.26	4.87
Sales per share		29.57	29.00	37.15	45.63	45.16	51.93	58.68
P/BV		1.84	1.63	1.24	0.92	0.98	0.85	0.72
Price to Sales		0.94	0.96	0.75	0.61	0.62	0.54	0.48

Gearing Ratios		FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Debt to Equity	x	2.14	2.59	2.39	1.69	1.39	1.12	0.78
L.T. Debt to Equity	x	0.58	0.91	0.83	0.39	0.13	0.04	0.02
Interest Cover	x	5.21	1.53	1.82	2.93	3.29	2.42	3.00

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
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