

AGP has announced its CY21 result where it posted profit after tax of Rs1.565bn (EPS: Rs5.59) as compared to profit after tax of Rs1.587bn (EPS: Rs5.67) in the same period last year, down by 1.4% YoY.

The company has posted a revenue of Rs7.420bn against Rs6.946bn in SPLY, recording a growth of 6.8% YoY. We note that this surge is attributed to the increase in volumetric sales.

The gross margin has been decreased to 55.5% as compared to 55.6% during SPLY on account of higher input cost.

SG&A expenses have been increased by 15% YoY to Rs1.615bn as compared to Rs1.404bn during SPLY.

Finance cost has been decreased by 41% YoY to Rs89mn as compared to Rs152mn during SPLY.

Lastly, the effective taxation has been increased to 18.1% as compared to 17.6% during SPLY.

AGP is currently trading at CY22E PE of 10.29x. Further, the scrip is also trading at CY22E PB of 2.17x which offers a discount of 22% relative to its 3-year historical average of 2.78%. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs105 which provides an upside potential of 28%. Furthermore, it also offers a dividend yield of 4% which makes a total return of 32%.

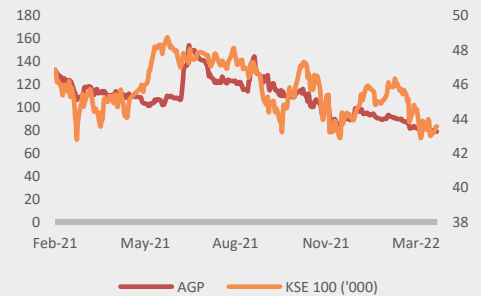
Rupees' millions	4QCY21	4QCY20	YoY	CY21	CY20	YoY
Net Sales	2,226	1,955	13.8% ▲	7,420	6,946	6.8% ▲
Cost of Sales	907	787	15.3% ▲	3,303	3,086	7.0% ▲
Gross Profit	1,319	1,168	12.9% ▲	4,117	3,861	6.6% ▲
SG&A Expenses	569	603	5.6% ▼	1,615	1,404	15.0% ▲
Other Expenses	46	35	30.0% ▲	157	183	14.2% ▼
Operating Profit	704	530	32.7% ▲	1,955	2,047	4.5% ▼
Other Income	-6	12	145.9% ▼	46	32	46.0% ▲
Finance Cost	17	30	45.0% ▼	89	152	41.2% ▼
Profit Before Taxation	682	512	33.1% ▲	1,911	1,927	0.8% ▼
Taxation	136	94	44.9% ▲	346	339	2.1% ▲
Profit After Taxation	546	418	30.4% ▲	1,565	1,587	1.4% ▼
Earnings Per Share	1.95	1.49	30.4% ▲	5.59	5.67	1.4% ▼
Dividend	2.50	1.00		2.50	2.00	
Bonus	0%	0%		0%	0%	
Closing Period: April 19, 2022 - April 26, 2022						
Gross Margin	59.2%	59.8%	0.5% ▼	55.5%	55.6%	0.1% ▼
SG&A Expenses to Sales	25.6%	30.8%	5.3% ▼	21.8%	20.2%	1.6% ▲
Other Expenses to Sales	2.0%	1.8%	0.3% ▲	2.1%	2.6%	0.5% ▼
Other Income to Sales	-0.2%	0.6%	0.9% ▼	0.6%	0.5%	0.2% ▲
Effective Taxation	19.9%	18.3%	1.6% ▲	18.1%	17.6%	0.5% ▲
Net Margin	24.5%	21.4%	3.1% ▲	21.1%	22.9%	1.8% ▼

Source: ACPL Research, Company Financials

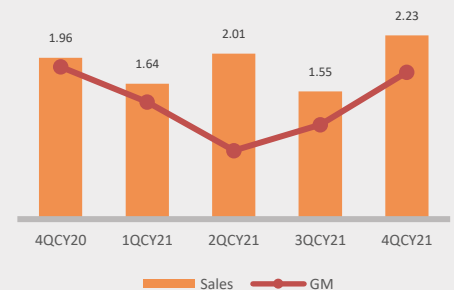
Key Statistics

Symbol	AGP
TP - Dec 22	105
LDPCP	82
Upside	28%
Free Float (mn)	84
Market Cap. (Rs.mn)	22,935

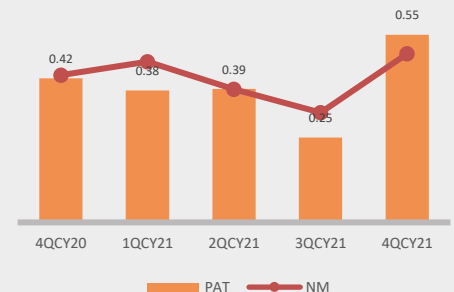
AGP vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



Sources: ACPL Research, Company Financials

Muhammad Ahmed

Phone: (+92) 42 38302028; Ext: 118

Email: mahmed@abbasiandcompany.com

Financial Projections

Rupees' millions	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	6,253	6,946	7,420	9,054	9,706	10,404	11,153
Cost of sale	2,594	3,086	3,303	3,694	3,960	4,245	4,551
Gross profit	3,659	3,861	4,117	5,360	5,746	6,159	6,603
Administration expenses	158	227	391	366	392	420	451
Marketing and selling expenses	1,294	1,404	1,615	1,950	2,091	2,241	2,402
Other operating expenses	167	183	157	186	199	213	229
Operating Profit	2,040	2,047	1,955	2,858	3,064	3,285	3,521
Other operating income	11	32	46	27	29	31	33
Finance cost	227	152	89	99	220	228	239
Profit before taxation	1,825	1,927	1,911	2,787	2,873	3,088	3,315
Taxation	378	339	346	555	573	615	661
Profit after taxation	1,446	1,587	1,565	2,231	2,300	2,472	2,655
EPS	5.17	5.67	5.59	7.97	8.22	8.83	9.48

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
Net sales	16.2%	11.1%	6.8%	22.0%	7.2%	7.2%	7.2%
Cost of sale	10.8%	19.0%	7.0%	11.8%	7.2%	7.2%	7.2%
Gross profit	20.3%	5.5%	6.6%	30.2%	7.2%	7.2%	7.2%
Administration expenses	24.1%	43.6%	72.4%	-6.4%	7.2%	7.2%	7.2%
Marketing and selling expenses	12.2%	8.5%	15.0%	20.8%	7.2%	7.2%	7.2%
Other operating expenses	10.2%	9.7%	-14.2%	18.1%	7.2%	7.2%	7.2%
Operating Profit	26.8%	0.3%	-4.5%	46.2%	7.2%	7.2%	7.2%
Other operating income	-33.6%	180.4%	46.0%	-41.1%	7.2%	7.2%	7.2%
Finance cost	13.5%	-33.1%	-41.2%	10.6%	122.9%	3.6%	4.8%
Profit before taxation	28.0%	5.6%	-0.8%	45.8%	3.1%	7.5%	7.4%
Taxation	72.8%	-10.3%	2.1%	60.3%	3.1%	7.5%	7.4%
Profit after taxation	19.9%	9.8%	-1.4%	42.6%	3.1%	7.5%	7.4%
EPS	19.9%	9.8%	-1.4%	42.6%	3.1%	7.5%	7.4%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY19A	CY20A	CY21E	CY22E	CY23E	CY24E	CY25E
GP Margin	%	58.52	55.58	55.49	59.20	59.20	59.20	59.20
NP Margin	%	23.13	22.85	21.09	24.64	23.70	23.76	23.80
OP Margin	%	32.63	29.47	26.34	31.57	31.57	31.57	31.57
ROE	%	19.38	19.33	16.78	21.10	19.45	18.76	18.13
ROCE	%	17.53	18.28	15.63	20.49	19.31	18.68	18.06
ROA	%	15.06	15.58	13.04	15.11	13.41	12.46	11.66
Liquidity Ratios		CY19A	CY20A	CY21E	CY22E	CY23E	CY24E	CY25E
Current	x	1.64	1.71	3.56	3.41	4.45	5.34	6.14
Acid-test	x	1.14	1.25	1.54	1.47	1.57	1.59	1.59
Cash to current liab.	x	0.09	0.25	1.69	1.49	2.41	3.29	4.10
Activity Ratios		CY19A	CY20A	CY21E	CY22E	CY23E	CY24E	CY25E
Inventory Turnover	x	3	3	3	2	2	2	2
Inventory Days		143	140	143	200	200	200	200
Receivables Days		33	39	32	44	41	41	41
Payables Days		119	119	119	200	200	200	200
Operating Cycle		56	60	55	44	41	41	41
Investment Ratios		CY19A	CY20A	CY21A	CY22E	CY23E	CY24E	CY25E
EPS	Rs.	5.17	5.67	5.59	7.97	8.22	8.83	9.48
DPS	Rs.	3.25	2.00	2.50	3.50	3.75	4.00	4.25
Div. Yield	%	3.96	2.44	3.05	4.27	4.57	4.88	5.18
Dividend Cover	x	1.59	2.83	2.24	2.28	2.19	2.21	2.23
BVPS	Rs.	26.65	29.32	33.31	37.78	42.24	47.07	52.30
Payout	%	62.92	35.28	44.73	43.92	45.64	45.30	44.83
Retention	%	37.08	64.72	55.27	56.08	54.36	54.70	55.17
No. of Shares	mn	280	280	280	280	280	280	280
P/E		15.87	14.46	14.67	10.29	9.98	9.29	8.65
Sales per share		22.33	24.81	26.50	32.34	34.66	37.16	39.83
P/BV		3.08	2.80	2.46	2.17	1.94	1.74	1.57
Price to Sales		4.77	4.29	4.02	3.29	3.07	2.87	2.67
Gearing Ratios		CY19A	CY20A	CY21E	CY22E	CY23E	CY24E	CY25E
Debt to Equity	x	19.29	12.97	9.27	4.63	0.45	0.00	0.00
Interest Cover	x	8.99	13.48	21.89	28.94	13.91	14.40	14.73

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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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

BRANCH OFFICE

42 - Mall Road, Lahore

Phone: (+92) 42 37320707

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com