

AGP has announced its CY22 result where it posted profit after tax of Rs1.43bn (EPS: Rs5.1) as compared to profit after tax of Rs1,57bn (EPS: Rs5.9) in the same period last year, down by 8.7% YoY due to higher effective taxation.

The company has posted a revenue of Rs10.26bn against Rs7.42bn in SPLY, recording a growth of 38.3% YoY. We note that this surge is attributed to the increase in local volumetric sales.

The gross margin has been decreased to 50.9% as compared to 55.5% during SPLY on account of higher input cost related to devaluation of rupee, domestic inflation and logistical cost.

SG&A expenses have been increased by 47.5% YoY to Rs2.96bn as compared to Rs2.01bn during SPLY. Finance cost has increased by 52.5% YoY to Rs136mn as compared to Rs89mn during SPLY.

Lastly, the effective taxation has been increased to 29.4% as compared to 18.1% during SPLY.

AGP is currently trading at CY23E PE of 8.6x. Further, the scrip is also trading at CY23E PB of 1.39x which offers a discount of 19% relative to its 3-year historical average of 1.71. We have a **BUY** stance on the scrip with a DCF based Dec-23 TP of Rs70 which provides an upside potential of 25%. Furthermore, it also offers a dividend yield of 4% which makes a total return of 29%.

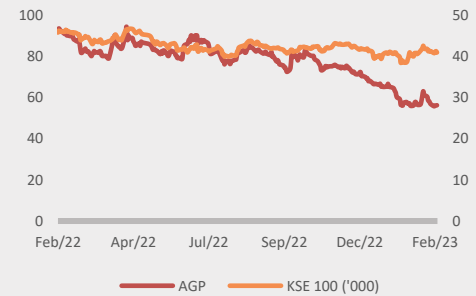
Rupees' millions	4QCY22	4QCY21	YoY	CY22	CY21	YoY
Net Sales	3,044	2,226	36.8% ▲	10,262	7,420	38.3% ▲
Cost of Sales	1,529	907	68.6% ▲	5,039	3,303	52.6% ▲
Gross Profit	1,515	1,319	14.9% ▲	5,223	4,117	26.8% ▲
SG&A Expenses	851	569	49.5% ▲	2,958	2,005	47.5% ▲
Other Expenses	36	56	36.3% ▼	238	157	51.2% ▲
Operating Profit	628	693	9.4% ▼	2,027	1,955	3.7% ▲
Other Income	15	5	176.8% ▲	131	46	183.3% ▲
Finance Cost	52	17	215.8% ▲	136	89	52.5% ▲
Profit Before Taxation	590	682	13.4% ▼	2,021	1,911	5.8% ▲
Taxation	143	136	5.2% ▲	593	346	71.2% ▲
Profit After Taxation	447	546	18.1% ▼	1,428	1,565	8.7% ▼
Earnings Per Share	1.60	1.95	18.1% ▼	5.10	5.59	8.7% ▼
Dividend	2.00	2.50	20.0% ▼	2.00	2.50	20.0% ▼
Bonus	0%	0%		0%	0%	
Closing Period: April 12, 2023 - April 19, 2023						
Gross Margin	49.8%	59.2%	9.5% ▼	50.9%	55.5%	4.6% ▼
SG&A Expenses to Sales	28.0%	25.6%	2.4% ▲	28.8%	27.0%	1.8% ▲
Other Expenses to Sales	1.2%	2.5%	1.4% ▼	2.3%	2.1%	0.2% ▲
Other Income to Sales	0.5%	0.2%	0.2% ▲	1.3%	0.6%	0.7% ▲
Effective Taxation	24.2%	19.9%	4.3% ▲	29.4%	18.1%	11.2% ▲
Net Margin	14.7%	24.5%	9.8% ▼	13.9%	21.1%	7.2% ▼

Source: ACPL Research, Company Financials

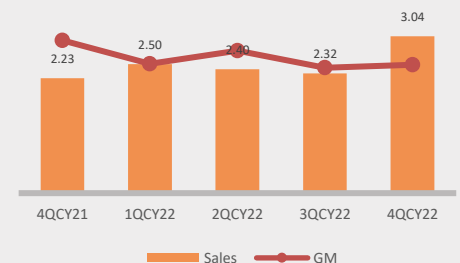
Key Statistics

Symbol	AGP
TP - Dec 23	70
LDGP	56.26
Upside	25%
Free Float (mn)	84
Market Cap. (Rs.mn)	15,948

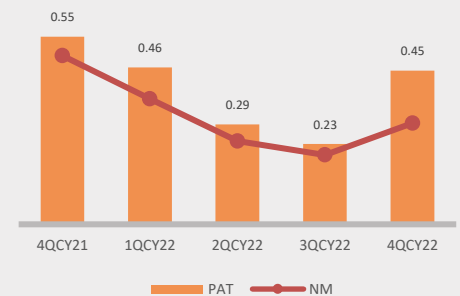
AGP vs KSE 100



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	CY20A	CY21A	CY22A	CY23E	CY24E	CY25E	CY26E
Net sales	6,946	7,420	10,262	12,052	13,601	15,357	17,349
Cost of sale	3,086	3,303	5,039	6,056	6,835	7,717	8,718
Gross profit	3,861	4,117	5,223	5,996	6,767	7,640	8,631
Administration expenses	227	391	407	458	517	584	659
Marketing and selling expenses	1,404	1,615	2,552	2,911	3,285	3,709	4,190
Other operating expenses	183	157	238	142	160	181	205
Operating Profit	2,047	1,955	2,027	2,485	2,805	3,167	3,577
Other operating income	32	46	131	59	67	75	85
Finance cost	152	89	136	211	221	231	241
Profit before taxation	1,927	1,911	2,021	2,333	2,650	3,011	3,421
Taxation	339	346	593	501	569	646	734
Profit after taxation	1,587	1,565	1,428	1,833	2,082	2,365	2,687
EPS	5.67	5.59	5.10	6.55	7.43	8.45	9.60

Source: ACPL Research, Company Financials

Horizontal Analysis

	CY20A	CY21A	CY22A	CY23E	CY24E	CY25E	CY26E
Net sales	11.1%	6.8%	38.3%	17.4%	12.9%	12.9%	13.0%
Cost of sale	19.0%	7.0%	52.6%	20.2%	12.9%	12.9%	13.0%
Gross profit	5.5%	6.6%	26.8%	14.8%	12.9%	12.9%	13.0%
Administration expenses	43.6%	72.4%	4.1%	12.6%	12.9%	12.9%	13.0%
Marketing and selling expenses	8.5%	15.0%	58.0%	14.1%	12.9%	12.9%	13.0%
Other operating expenses	9.7%	-14.2%	51.2%	-40.2%	12.9%	12.9%	13.0%
Operating Profit	0.3%	-4.5%	3.7%	22.6%	12.9%	12.9%	13.0%
Other operating income	180.4%	46.0%	183.3%	-54.8%	12.9%	12.9%	13.0%
Finance cost	-33.1%	-41.2%	52.5%	54.8%	4.8%	4.8%	4.4%
Profit before taxation	5.6%	-0.8%	5.8%	15.4%	13.6%	13.6%	13.6%
Taxation	-10.3%	2.1%	71.2%	-15.6%	13.6%	13.6%	13.6%
Profit after taxation	9.8%	-1.4%	-8.7%	28.3%	13.6%	13.6%	13.6%
EPS	9.8%	-1.4%	-8.7%	28.3%	13.6%	13.6%	13.6%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		CY20A	CY21A	CY22A	CY23E	CY24E	CY25E	CY26E
GP Margin	%	55.58	55.49	50.89	49.75	49.75	49.75	49.75
NP Margin	%	22.85	21.09	13.92	15.21	15.31	15.40	15.49
OP Margin	%	29.47	26.34	19.75	20.62	20.62	20.62	20.62
ROE	%	19.33	16.48	14.01	16.18	16.56	16.86	17.16
ROCE	%	18.28	16.22	13.76	16.02	16.42	16.74	17.05
ROA	%	15.58	13.97	11.10	11.92	11.60	11.42	11.27
Liquidity Ratios		CY20A	CY21A	CY22A	CY23E	CY24E	CY25E	CY26E
Current	x	1.71	1.65	3.23	3.21	3.58	4.07	4.53
Acid-test	x	1.25	1.34	2.10	1.66	1.56	1.56	1.57
Cash to current liab.	x	0.25	0.21	0.99	1.44	1.92	2.40	2.86
Activity Ratios		CY20A	CY21A	CY22A	CY23E	CY24E	CY25E	CY26E
Inventory Turnover	x	3	3	3	3	3	3	3
Inventory Days		140	121	121	121	121	121	121
Receivables Days		39	40	35	32	32	32	32
Payables Days		99	118	130	130	130	130	130
Operating Cycle		80	44	26	24	23	23	23
Investment Ratios		CY20A	CY21A	CY22A	CY23E	CY24E	CY25E	CY26E
EPS	Rs.	5.67	5.59	5.10	6.55	7.43	8.45	9.60
DPS	Rs.	2.00	2.50	2.00	2.50	3.00	3.25	3.75
Div. Yield	%	3.55	4.44	3.55	4.44	5.33	5.78	6.67
Dividend Cover	x	2.83	2.24	2.55	2.62	2.48	2.60	2.56
BVPS	Rs.	29.32	33.91	36.41	40.45	44.89	50.08	55.93
Payout	%	35.28	44.73	39.21	38.19	40.35	38.48	39.08
Retention	%	64.72	55.27	60.79	61.81	59.65	61.52	60.92
No. of Shares	mn	280	280	280	280	280	280	280
P/E		9.92	10.07	11.03	8.60	7.57	6.66	5.86
Sales per share		24.81	26.50	36.65	43.04	48.58	54.85	61.96
P/BV		1.92	1.66	1.55	1.39	1.25	1.12	1.01
Price to Sales		2.82	2.64	1.91	1.63	1.44	1.28	1.13
Gearing Ratios		CY20A	CY21A	CY22A	CY23E	CY24E	CY25E	CY26E
Debt to Equity	x	12.97	10.41	1.08	0.31	0.23	0.16	0.07
Interest Cover	x	13.48	21.89	14.89	11.79	12.70	13.69	14.82

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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