

CPHL has announced its 1QFY22 result where it posted profit after tax of Rs81mn (EPS: Rs0.032) as compared to profit after tax of Rs66mn (EPS: Rs0.026) in the same period last year, up by 22.5% YoY.

The company has posted a revenue of Rs1.99bn against Rs1.28bn in SPLY, recording a growth of 55.8% YoY. We note that this surge is attributed to the increase in volumetric sales.

The gross margin has been increased to 14.9% as compared to 12.8% during SPLY on account of lower input cost.

SG&A expenses have been increased by 182.2% YoY to Rs185mn as compared to Rs66mn during SPLY.

Finance cost has been decreased by 9.4% YoY to Rs8mn as compared to Rs9mn during SPLY. Lastly, the effective taxation has been increased to 35% as compared to 19.4% during SPLY.

CPHL is currently trading at FY22E PE of 27x. We have a **Hold** stance on the scrip with a DCF based Jun-22 TP of Rs45 which provides an upside potential of 13%.

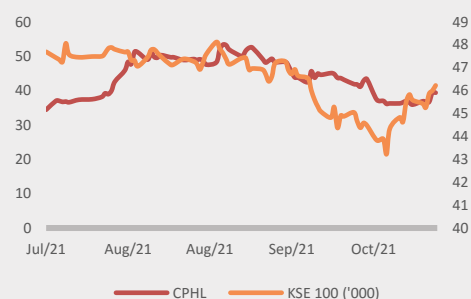
Rupees' millions	1QFY22	1QFY21	YoY	FY21	FY20	YoY
Net Sales	1,991	1,278	55.8% ▲	5,795	3,528	64.3% ▲
Cost of Sales	-1,695	-1,115	52.0% ▲	-5,015	-3,091	62.3% ▲
Gross Profit	296	163	81.8% ▲	780	437	78.6% ▲
SG&A Expenses	-185	-66	182.2% ▲	-210	-183	14.6% ▲
Other Expenses	-9	-8	6.4% ▲	-35	-15	133.1% ▲
Operating Profit	102	89	14.7% ▲	536	239	124.2% ▲
Other Income	31	2	1219.4% ▲	5	7	35.4% ▼
Finance Cost	-8	-9	9.4% ▼	-41	-44	7.2% ▼
Profit Before Taxation	125	82	51.6% ▲	500	203	146.8% ▲
Taxation	-44	-16	172.7% ▲	-148	-59	150.3% ▲
Profit After Taxation	81	66	22.5% ▲	352	143	145.3% ▲
Earnings Per Share	0.032	0.026	22.5% ▲	0.14	0.06	145.3% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	0%	0%		0%	0%	
Gross Margin	14.9%	12.8%	2.1% ▲	13.5%	12.4%	1.1% ▲
SG&A Expenses to Sales	-9.3%	-5.1%	4.2% ▼	-3.6%	-5.2%	1.6% ▲
Other Expenses to Sales	-0.4%	-0.6%	0.2% ▲	-0.6%	-0.4%	0.2% ▼
Other Income to Sales	1.5%	0.2%	1.4% ▲	0.1%	0.2%	0.1% ▼
Effective Taxation	-34.9%	-19.4%	54.3% ▲	-29.6%	-29.2%	58.8% ▲
Net Margin	4.1%	5.2%	1.1% ▼	6.1%	4.1%	2.0% ▲

Source: ACPL Research, Company Financials

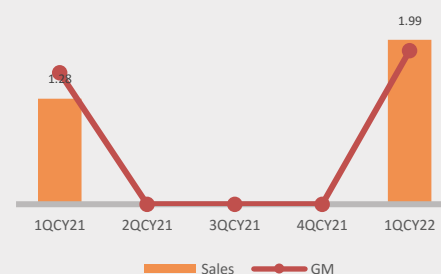
Key Statistics

Symbol	CPHL
TP - Jun 22	45.00
LDCP	39.38
Upside	13%
Free Float (mn)	73
Market Cap. (Rs.mn)	9.047

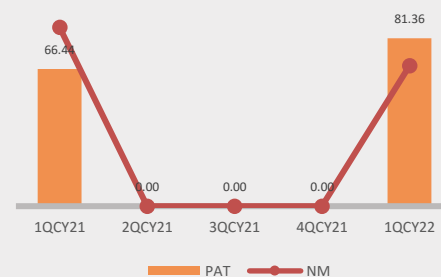
CPHL vs KSE 100



Sales (Rs'mn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	2,607	3,528	5,567	7,771	10,572	12,657	14,865
Cost of sale	2,276	3,088	4,735	6,539	8,745	10,477	12,294
Gross profit	331	440	832	1,233	1,827	2,180	2,571
Administration expenses	104	93	116	636	799	950	1,107
Marketing and selling expenses	90	88	133	102	124	144	165
Other operating expenses	8	15	48	24	30	36	42
Operating Profit	128	243	535	470	874	1,050	1,256
Other operating income	5	7	22	128	174	209	245
Finance cost	18	44	85	52	38	27	19
Profit before taxation	105	192	428	290	661	814	992
Taxation	86	61	137	179	283	333	386
Profit after taxation	28	146	335	367	727	899	1,097
EPS	0.11	0.58	1.33	1.46	2.89	3.58	4.37

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	30.1%	35.3%	57.8%	39.6%	36.0%	19.7%	17.4%
Cost of sale	30.8%	35.7%	53.3%	38.1%	33.7%	19.8%	17.3%
Gross profit	25.9%	32.9%	89.3%	48.1%	48.2%	19.3%	17.9%
Administration expenses	59.2%	-10.1%	23.7%	450.2%	25.6%	18.9%	16.5%
Marketing and selling expenses	45.7%	-2.9%	51.7%	-23.1%	21.0%	16.3%	14.6%
Other operating expenses	-2.2%	78.6%	219.6%	-50.7%	26.7%	18.6%	18.0%
Operating Profit	0.7%	89.5%	125.8%	-15.3%	83.0%	20.1%	19.6%
Other operating income	0.3%	56.5%	200.0%	472.4%	36.0%	19.7%	17.4%
Finance cost	25.5%	137.9%	93.8%	-38.4%	-27.2%	-28.2%	-31.8%
Profit before taxation	-2.2%	78.6%	219.6%	-50.7%	26.7%	18.6%	18.0%
Taxation		-29.2%	123.7%	30.4%	58.3%	17.6%	16.0%
Profit after taxation	-76.2%	423.8%	130.4%	9.5%	98.0%	23.6%	22.1%
EPS	19.9%	9.8%	32.9%	-23.8%	29.9%	32.2%	31.7%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	12.69	12.46	14.95	15.86	17.28	17.23	17.29
NP Margin	%	1.07	4.13	6.03	4.73	6.88	7.10	7.38
OP Margin	%	5.23	7.33	10.48	6.36	8.55	8.58	8.74
ROE	%	3.32	14.81	7.46	7.65	13.78	15.50	17.15
ROCE	%	2.85	11.93	6.41	6.90	12.86	14.85	16.75
ROA	%	2.11	5.89	5.30	5.54	10.04	11.41	12.71
Liquidity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.17	1.11	4.09	2.44	2.42	2.55	2.62
Acid-test	x	1.02	1.02	3.98	2.35	2.35	2.48	2.57
Cash to current liab.	x	0.26	0.07	2.96	1.16	1.03	1.11	1.16
Activity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Inventory Turnover	x	15	6	6	6	6	6	6
Inventory Days		25	59	59	59	59	59	59
Receivables Days		32	24	24	24	24	24	24
Payables Days		9	55	55	55	55	55	55
Operating Cycle		47	27	27	27	27	27	27
Investment Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
EPS	Rs.	0.11	0.58	1.33	1.46	2.89	3.58	4.37
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.	3.33	3.91	17.91	19.12	21.01	23.09	25.46
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	251	251	251	251	251	251	251
P/E		355.57	67.89	29.47	26.91	13.59	11.00	9.01
Sales per share		10.37	14.04	22.15	30.92	42.07	50.36	59.15
P/BV		11.80	0.00	0.00	0.01	0.02	0.02	0.00
Price to Sales		10.37	14.04	22.15	30.92	42.07	50.36	59.15
Gearing Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Debt to Equity	x	0.33	0.14	0.05	0.00	0.00	0.00	0.00
Interest Cover	x	12.08	13.48	28.08	12.38	12.23	15.17	18.82

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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