

PTL has announced its 1HFY22 result where it posted a profit after tax of Rs259mn (EPS: Rs1.54) as compared to profit after tax of Rs472mn (EPS: Rs2.81) in the same period last year, down by 45% YoY.

The company has posted a revenue of Rs9.481bn against Rs8.128bn in SPLY, recording a growth of 16.6% YoY. We note that this growth is attributed to the increase in the volumetric sales post easing of the lockdown.

The gross margin has been decreased to 11% as compared to 15.9% in SPLY due to the increase in raw material prices. SG&A expenses have increased by 16.9% YoY to Rs478mn as compared to Rs409mn during SPLY.

Lastly, the finance cost has been increased by 30.2% YoY to Rs233mn as compared to Rs179mn during SPLY.

Going forward, we expect the company's bottom line to improve amid the rise in automobile sales and the commencement of additional capacities. PTL is currently trading at FY22E PE of 10.7x. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs 50 which provides an upside potential of 49%.

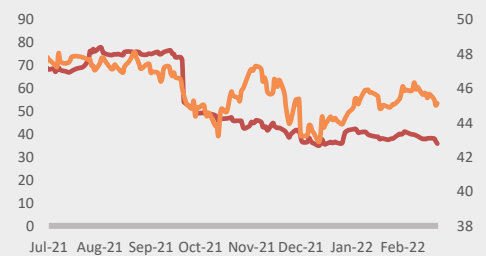
Rupees' millions	2QFY22	2QFY21	YoY	1HFY22	1HFY21	YoY
Net Sales	4,570	3,717	23.0% ▲	9,481	8,128	16.6% ▲
Cost of Sales	-3,972	-3,109	27.8% ▲	-8,437	-6,836	23.4% ▲
Gross Profit	598	608	1.6% ▼	1,044	1,292	19.1% ▼
SG&A Expenses	-234	-197	18.9% ▲	-478	-409	16.9% ▲
Other Charges	-19	-26	28.3% ▼	-27	-51	46.9% ▼
Operating Profit	345	385	10.3% ▼	539	832	35.2% ▼
Other Income	20	1	2121.3% ▲	35	6	492.7% ▲
Finance Cost	-135	-79	71.0% ▲	-233	-179	30.2% ▲
Profit Before Taxation	230	307	25.1% ▼	341	658	48.2% ▼
Taxation	-80	-89	9.4% ▼	-81	-187	56.5% ▼
Profit After Taxation	149	218	31.5% ▼	259	472	45.0% ▼
Earnings Per Share	0.89	1.30	31.5% ▼	1.54	2.81	45.0% ▼
Dividend	0.00	0.00		0.00	0.00	
Bonus	0%	0.00		0%	0%	
Gross Margin	13.1%	16.4%	3.3% ▼	11.0%	15.9%	4.9% ▼
SG&A Expenses to Sales	-5.1%	-5.3%	0.2% ▲	-5.0%	-5.0%	0.0% ▲
Other Income to Sales	0.4%	0.0%	0.4% ▲	0.4%	0.1%	0.3% ▲
Ex. Gain / (Loss) to Sales	-5.1%	-5.3%	0.2% ▲	-5.0%	-5.0%	0.0% ▲
Effective Taxation	-35.0%	-28.9%	6.1% ▼	-23.9%	-28.4%	4.5% ▼
Net Margin	3.3%	5.9%	2.6% ▼	2.7%	5.8%	3.1% ▼

Source: ACPL Research, Company Financials

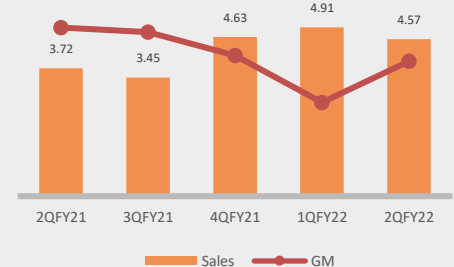
Key Statistics

Symbol	PTL
TP - Jun 22	50.00
LDCP	34.03
Upside (%)	49
Free Float ('mn)	50.4
Market Cap. (Rs.'mn)	5,717

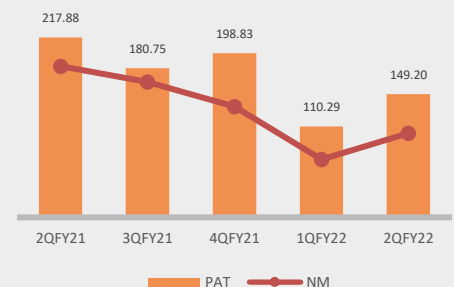
PTL vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

M. Fawad Naveed

Phone: (+92) 42 38302028; Ext: 117

Email: fawad@abbasiandcompany.com

Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	9,779	11,585	16,202	19,118	22,560	26,395	30,882
Cost of sale	8,441	9,908	13,731	17,015	19,965	23,228	27,022
Gross profit	1,338	1,677	2,471	2,103	2,594	3,167	3,860
Selling And Distribution	306	415	581	669	812	950	1,143
Administrative Expenses	259	261	296	296	350	422	494
Other Expenses	40	29	87	57	68	79	93
Other Income	2	6	42	71	83	98	108
Operating Profit	735	978	1,548	1,151	1,448	1,813	2,239
Finance cost	404	598	328	452	488	482	476
Profit before taxation	331	380	1,220	699	960	1,331	1,763
Taxation	116	128	369	164	226	313	414
Profit after taxation	214	252	851	534	735	1,018	1,349
EPS	1.28	1.50	5.07	3.18	4.37	6.06	8.03

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	14.1%	18.5%	39.9%	18.0%	18.0%	17.0%	17.0%
Cost of sale	13.4%	17.4%	38.6%	23.9%	17.3%	16.3%	16.3%
Gross profit	18.2%	25.3%	47.3%	-14.9%	23.4%	22.1%	21.9%
Selling And Distribution	18.3%	35.4%	40.2%	15.2%	21.4%	17.0%	20.3%
Administrative Expenses	31.5%	0.8%	13.5%	0.0%	18.0%	20.8%	17.0%
Other Expenses	30.0%	-26.7%	193.3%	-33.7%	18.0%	17.0%	17.0%
Other Income	-97.3%	221.7%	550.3%	70.0%	18.0%	17.0%	10.7%
Operating Profit	2.0%	33.1%	58.3%	-25.7%	25.8%	25.2%	23.5%
Finance cost	40.2%	48.0%	-45.2%	37.8%	7.9%	-1.3%	-1.3%
Profit before taxation	-23.5%	14.9%	221.3%	-42.7%	37.4%	38.7%	32.4%
Taxation	65.2%	10.1%	188.3%	-55.5%	37.4%	38.7%	32.4%
Profit after taxation	-40.8%	17.5%	238.0%	-37.2%	37.4%	38.7%	32.4%
EPS	-40.8%	17.5%	238.0%	-37.2%	37.4%	38.7%	32.4%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	13.69	14.48	15.25	11.00	11.50	12.00	12.50
NP Margin	%	2.19	2.17	5.25	2.80	3.26	3.86	4.37
OP Margin	%	7.51	8.44	9.56	6.02	6.42	6.87	7.25
ROE	%	6.42	6.97	12.94	9.65	11.71	13.97	15.61
Liquidity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.09	1.11	1.53	1.59	1.82	1.96	2.14
Quick	x	0.71	0.68	0.93	0.89	1.06	1.17	1.31
Activity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Inventory Turnover	x	5.32	6.12	5.34	4.89	5.03	5.28	5.66
Inventory Days		68.66	59.59	68.31	74.69	72.59	69.09	64.45
Receivables Days		70.70	76.88	74.43	70.00	74.00	72.00	72.00
Payables Days		23.34	27.29	23.73	23.73	23.73	23.73	23.73
Operating Cycle		116.02	109.18	119.01	120.96	122.86	117.36	112.71
Investment Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
DPS		0.00	0.00	2.00	0.00	0.00	0.00	0.00
Div. Yield	%	0.00	0.00	5.88	0.00	0.00	0.00	0.00
Retention	%	100.00	100.00	60.53	100.00	100.00	100.00	100.00
Payout	%	0.00	0.00	39.47	0.00	0.00	0.00	0.00
No. of Shares	('m)	168.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS		1.28	1.50	5.07	3.18	4.37	6.06	8.03
BVPS		5.83	6.00	13.63	6.16	5.17	4.19	3.20
P/E	x	26.68	22.70	6.72	10.70	7.78	5.61	4.24
Sales per share		58.21	68.96	96.44	113.80	134.28	157.11	183.82
P/BV	x	5.83	5.67	2.50	5.53	6.58	8.13	10.62
P/S	x	0.58	0.49	0.35	0.30	0.25	0.22	0.19
Solvency Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Total Debt to Equity	x	0.97	1.14	0.93	0.96	0.82	0.68	0.56
L.T Debt to Equity	x	0.13	0.14	0.25	0.19	0.14	0.10	0.06

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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SELL	Less than and equal to -5%

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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