

ASTL

9MFY23 Result Review: BUY Stance Maintained

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ASTL has announced its 9MFY23 result where it posted a profit after tax of Rs0.29bn (EPS: Rs0.98) as compared to the profit after tax of Rs1.83bn (EPS: Rs2.03) in the same period last year, down by 84.1% YoY amid a decrease in volumetric sales and higher finance costs.

The company has posted a revenue of Rs34.70bn against Rs42.54bn in SPLY, recording a decline of 18.4% YoY. The gross margin has improved slightly to 13.1% as compared to 12% in SPLY.

SG&A expenses have decreased by 3.8% YoY to Rs1.272bn as compared to Rs1.32bn during SPLY. Other income has plunged by 46.8% YoY. Lastly, finance costs have increased by 96.2% YoY to Rs2.95bn on the back higher short-term borrowings and an increase in interest rates.

ASTL is currently trading at CY23E PE of 13.78x. Further, the scrip is also trading at CY23E PB of 0.35x which offers a discount of 16% relative to its 3-year historical average of 0.41x. We have a **BUY** stance on the scrip with a DCF based Dec-23 TP of Rs 22 which provides an upside potential of 21%.

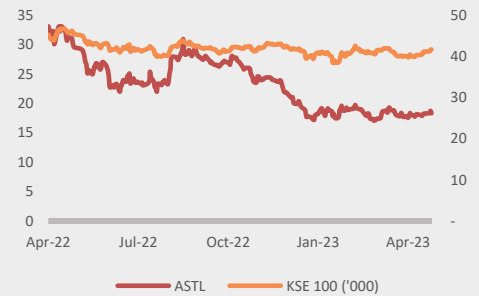
Rupees' millions	3QFY23	3QFY22	YoY	9MFY23	9MFY22	YoY
Net Sales	11,667	15,916	26.7% ▼	34,698	42,537	18.4% ▼
Cost of Sales	-9,560	-14,208	32.7% ▼	-30,148	-37,438	19.5% ▼
Gross Profit	2,107	1,708	23.4% ▲	4,550	5,099	10.8% ▼
SG&A Expenses	-438	-464	5.7% ▼	-1,272	-1,322	3.8% ▼
Other Expenses	-136	-29	374.6% ▲	-210	-181	15.9% ▲
Operating Profit	1,533	1,214	26.2% ▲	3,068	3,596	14.7% ▼
Other Income	6	2	174.6% ▲	12	23	46.8% ▼
Finance Cost	-992	-650	52.5% ▲	-2,951	-1,504	96.2% ▲
Profit Before Taxation	547	566	3.5% ▼	129	2,115	93.9% ▼
Taxation	-71	-36	98.8% ▲	162	-281	157.4% ▼
Profit After Taxation	476	531	10.3% ▼	291	1,834	84.1% ▼
Earnings Per Share	1.60	1.79	10.3% ▼	0.98	6.18	84.1% ▼
Dividend	0.00	0.00		0.00	0.00	
Bonus	-	-		-	-	
Gross Margin	18.1%	10.7%	7.3% ▲	13.1%	12.0%	1.1% ▲
SG&A Expenses to Sales	-3.8%	-2.9%	0.8% ▲	-3.7%	-3.1%	0.6% ▲
Other Income to Sales	0.0%	0.0%	0.0% ▲	0.0%	0.1%	0.0% ▼
Ex. Gain / (Loss) to Sales	-3.8%	-2.9%	0.8% ▲	-3.7%	-3.1%	0.6% ▲
Effective Taxation	-13.0%	-6.3%	6.7% ▲	124.8%	-13.3%	111.5% ▲
Net Margin	4.1%	3.3%	0.7% ▲	0.8%	4.3%	3.5% ▼

Source: ACPL Research, Company Financials

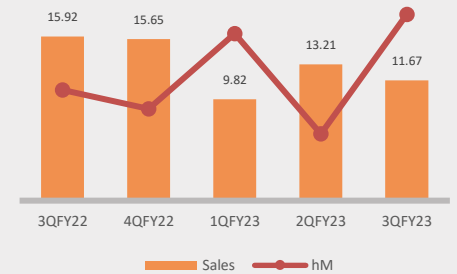
Key Statistics

Symbol	ASTL
TP - Dec 23	22
LDPCP	18.28
Upside (%)	21
Free Float ('mn)	74
Market Cap. (Rs.'mn)	5,429

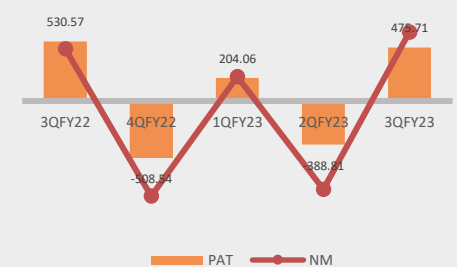
ASTL vs KSE 100



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	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	26,532	39,218	58,184	46,264	55,213	65,625	76,781
Cost of sale	24,719	34,676	51,693	40,195	48,657	58,288	68,263
Gross profit	1,813	4,542	6,491	6,068	6,556	7,337	8,518
Selling and promotion expenses	682	946	1,204	994	1,186	1,410	1,649
Administration expenses	503	555	736	702	838	996	1,165
Other operating expenses	94	124	186	280	145	173	202
Operating Profit	533	2,918	4,365	4,092	4,387	4,758	5,502
Other operating income	8	24	25	17	20	26	31
Finance cost	2,299	1,628	2,307	3,934	3,308	3,151	3,107
Profit before taxation	- 1,943	1,384	2,078	175	1,099	1,633	2,426
Taxation	- 701	16	753	- 219	319	474	703
Profit after taxation	- 1,242	1,368	1,326	394	780	1,160	1,722
EPS	- 4.18	4.61	4.46	1.33	2.63	3.90	5.80

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	-7.2%	47.8%	48.4%	-20.5%	19.3%	18.9%	17.0%
Cost of sale	-5.6%	40.3%	49.1%	-22.2%	21.1%	19.8%	17.1%
Gross profit	-25.2%	150.5%	42.9%	-6.5%	8.0%	11.9%	16.1%
Selling and promotion expenses	-4.8%	38.6%	27.3%	-17.4%	19.3%	18.9%	17.0%
Administration expenses	0.4%	10.2%	32.7%	-4.6%	19.3%	18.9%	17.0%
Other operating expenses	433.1%	31.1%	50.6%	50.2%	-48.1%	18.9%	17.0%
Operating Profit	-55.1%	447.1%	49.6%	-6.3%	7.2%	8.5%	15.6%
Other operating income	15.1%	195.3%	1.6%	-32.5%	19.3%	33.0%	17.0%
Finance cost	82.1%	-29.2%	41.7%	70.5%	-15.9%	-4.7%	-1.4%
Profit before taxation	-2793.1%	171.2%	50.2%	-91.6%	527.2%	48.6%	48.5%
Taxation	601.1%	102.2%	4695.7%	-129.1%	-245.8%	48.6%	48.5%
Profit after taxation	-3884.0%	210.2%	-3.1%	-70.3%	98.1%	48.6%	48.5%
EPS	-3884.0%	210.2%	-3.1%	-70.3%	98.1%	48.6%	48.5%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
GP Margin	%	6.83	11.58	11.16	13.12	11.87	11.18	11.09
OP Margin	%	1.34	7.68	7.54	8.88	7.98	7.29	7.21
NP Margin	%	-4.68	3.49	2.28	0.85	1.41	1.77	2.24
ROE	%	-10.71	10.99	9.08	2.55	4.87	6.82	9.33
ROCE	%	1.10	8.41	10.97	9.33	9.55	9.61	10.16
ROA	%	-3.83	3.82	3.32	0.89	1.69	2.33	3.16

Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
Current	x	0.96	0.97	1.00	0.88	0.97	1.13	1.27
Acid-test	x	0.34	0.41	0.28	0.38	0.40	0.46	0.54
Cash to current liab.	x	0.03	0.02	0.02	0.20	0.19	0.21	0.27

Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
Inventory Turnover	x	3	5	4	4	4	4	4
Inventory Days		115	63	78	75	72	69	66
Receivables Days		25	15	19	19	19	19	19
Payables Days		69	59	51	54	57	60	63
Operating Cycle		71	20	46	40	34	28	22

Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
EPS	Rs.	-4.18	4.61	4.46	1.33	2.63	3.90	5.80
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.	36.87	46.94	51.36	52.69	55.31	59.22	65.02
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	297	297	297	297	297	297	297
P/E		0.00	3.97	4.10	13.78	6.96	4.68	3.15
Sales per share		89.33	132.04	195.90	155.76	185.90	220.95	258.51
P/BV		0.50	0.39	0.36	0.35	0.33	0.31	0.28
Price to Sales		0.20	0.14	0.09	0.12	0.10	0.08	0.07

Gearing Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26
Debt to Equity	x	1.66	1.11	1.23	1.39	1.19	0.95	0.78
L.T. Debt to Equity	x	0.57	0.43	0.40	0.35	0.30	0.24	0.19
Interest Cover	x	0.15	1.85	1.90	1.04	1.33	1.52	1.78

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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- III. Relative Valuation Model
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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

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