

ASTL

FY22 Result Review: BUY Stance Maintained

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ASTL has announced its FY22 result where it posted a profit after tax of Rs1.325bn (EPS: Rs4.46) as compared to the profit after tax of Rs1.368bn (EPS: Rs4.61) in the same period last year, down by 3.1% YoY.

The company has posted a revenue of Rs58bn against Rs39bn in SPLY, recording a growth of 48.4% YoY. We note that this growth is attributed to the increase in volumetric sales. The gross margin has decreased slightly to 11.2% as compared to 11.6% in SPLY. SG&A expenses have grown by 29.3% YoY to Rs1.94bn as compared to Rs1.50bn during SPLY.

Other income has decreased by 78.7% YoY. Lastly, finance cost has been increased by 39.8% YoY to Rs2.31bn. Moreover, effective taxation has increased to 36.2%.

ASTL is currently trading at a FY23E P/E of 9.57x. Further, the scrip is trading at a FY23E P/B of 0.53x which offers a discount of 20% relative to its 3-year average of 0.69x. We have a **BUY** stance on the scrip with a DCF based Jun-23 TP of Rs 35 which provides an upside potential of 23%.

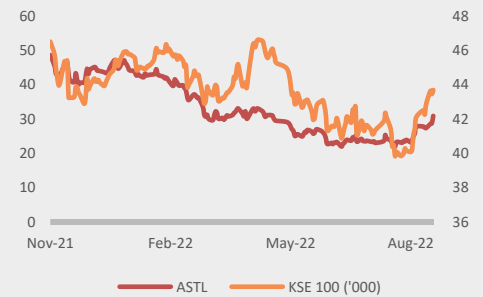
Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Net Sales	15,647	11,991	30.5% ▲	58,184	39,218	48.4% ▲
Cost of Sales	-14,255	-10,699	33.2% ▲	-51,693	-34,676	49.1% ▲
Gross Profit	1,392	1,291	7.8% ▲	6,491	4,542	42.9% ▲
SG&A Expenses	-618	-476	29.8% ▲	-1,940	-1,500	29.3% ▲
Other Expenses	9	35	74.0% ▼	-192	-54	253.6% ▲
Operating Profit	784	850	7.8% ▼	4,360	2,988	45.9% ▲
Other Income	-23	3	922.4% ▼	25	24	1.6% ▲
Finance Cost	-798	-396	101.3% ▲	-2,307	-1,628	41.7% ▲
Profit Before Taxation	-37	456	108.1% ▼	2,078	1,384	50.2% ▲
Taxation	-471	-14	3278.2% ▲	-753	-16	4695.7% ▲
Profit After Taxation	-509	443	214.9% ▼	1,326	1,368	3.1% ▼
Earnings Per Share	-1.71	1.49	214.9% ▼	4.46	4.61	3.1% ▼
Dividend	0.00	0.00		0.00	0.00	
Bonus	-	-		-	-	
Gross Margin	8.9%	10.8%	1.9% ▼	11.2%	11.6%	0.4% ▼
SG&A Expenses to Sales	-3.9%	-4.0%	0.0% ▼	-3.3%	-3.8%	0.5% ▼
Other Income to Sales	-0.1%	0.0%	0.2% ▼	0.0%	0.1%	0.0% ▼
Ex. Gain / (Loss) to Sales	-3.9%	-4.0%	0.0% ▼	-3.3%	-3.8%	0.5% ▼
Effective Taxation	1269.2%	-3.1%	1266.1% ▲	-36.2%	-1.1%	35.1% ▲
Net Margin	-3.3%	3.7%	6.9% ▼	2.3%	3.5%	1.2% ▼

Source: ACPL Research, Company Financials

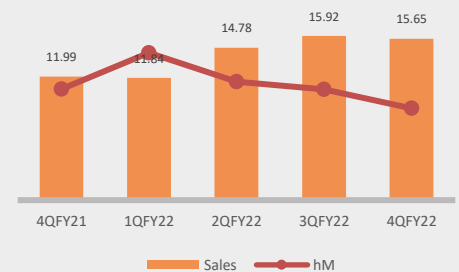
Key Statistics

Symbol	ASTL
TP - Jun 23	35
LDPC	28.6
Upside (%)	23
Free Float ('mn)	74
Market Cap. (Rs.'mn)	8,495

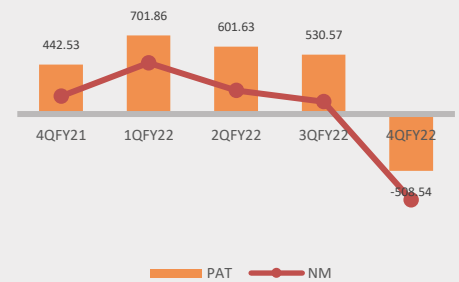
ASTL vs KSE 100



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	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	28,596	26,532	39,218	58,184	63,447	65,184	70,192
Cost of sale	26,172	24,719	34,676	51,693	57,096	58,745	62,884
Gross profit	2,424	1,813	4,542	6,491	6,351	6,439	7,308
Selling and promotion expenses	716	682	946	1,204	1,586	1,630	1,825
Administration expenses	501	503	555	736	901	926	997
Other operating expenses	18	94	124	186	190	196	211
Operating Profit	1,188	533	2,918	4,365	3,674	3,688	4,276
Other operating income	7	8	46	25	51	52	56
Finance cost	1,262	2,299	1,649	2,307	2,333	2,132	2,130
Profit before taxation	- 67	- 1,943	1,384	2,078	1,392	1,609	2,202
Taxation	- 100	- 701	16	753	504	583	797
Profit after taxation	33	- 1,242	1,368	1,326	888	1,026	1,404
EPS	0.11	- 4.18	4.61	4.46	2.99	3.45	4.73

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	84.5%	-7.2%	47.8%	48.4%	9.0%	2.7%	7.7%
Cost of sale	105.4%	-5.6%	40.3%	49.1%	10.5%	2.9%	7.0%
Gross profit	-12.1%	-25.2%	150.5%	42.9%	-2.2%	1.4%	13.5%
Selling and promotion expenses	89.4%	-4.8%	38.6%	27.3%	31.8%	2.7%	12.0%
Administration expenses	22.6%	0.4%	10.2%	32.7%	22.4%	2.7%	7.7%
Other operating expenses	-85.6%	433.1%	31.1%	50.6%	2.1%	2.7%	7.7%
Operating Profit	-35.7%	-55.1%	447.1%	49.6%	-15.8%	0.4%	15.9%
Other operating income	-68.5%	15.1%	459.9%	-46.4%	107.1%	2.7%	7.7%
Finance cost	165.0%	82.1%	-28.3%	39.8%	1.1%	-8.6%	-0.1%
Profit before taxation	-104.8%	-2793.1%	171.2%	50.2%	-33.0%	15.6%	36.9%
Taxation	-47.6%	601.1%	102.2%	4695.7%	-33.0%	15.6%	36.9%
Profit after taxation	-97.9%	-3884.0%	210.2%	-3.1%	-33.0%	15.6%	36.9%
EPS	-97.9%	-3884.0%	210.2%	-3.1%	-33.0%	15.6%	36.9%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	8.48	6.83	11.58	11.16	10.01	9.88	10.41	13.32
OP Margin	4.18	1.34	7.73	7.54	5.87	5.74	6.17	9.64
NP Margin	0.11	-4.68	3.49	2.28	1.40	1.57	2.00	5.63
ROE	0.26	-10.71	10.99	9.08	5.65	6.16	7.85	18.51
ROCE	4.25	1.10	8.47	11.43	8.64	7.70	7.99	11.52
ROA	0.12	-3.83	3.82	3.45	2.06	2.11	2.59	6.74

Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	0.86	0.96	0.97	1.16	1.18	1.30	1.44	1.70
Acid-test	0.25	0.34	0.41	-0.38	-0.36	-0.27	-0.21	-0.56
Cash to current liab.	0.01	0.03	0.02	-1.01	-0.98	-0.91	-0.88	-1.23

Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Inventory Turnover	3	3	5	3	3	3	3	2
Inventory Days		92	115	63	110	110	110	110
Receivables Days		19	25	15	30	30	30	30
Payables Days		54	69	59	25	25	25	25
Operating Cycle		57	71	20	115	115	115	115

Investment Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
EPS	0.11	-4.18	4.61	4.46	2.99	3.45	4.73	12.86
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
Div. Yield	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.36
Dividend Cover	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.57
BVPS	41.22	36.87	46.94	51.40	54.39	57.84	62.57	73.41
Payout	0.00	0.00	0.00	40.00	0.00	0.00	0.00	40.00
Retention	100.00	100.00	100.00	60.00	100.00	100.00	100.00	60.00
No. of Shares	297	297	297	297	297	297	297	297
P/E	258.34	0.00	6.20	6.40	9.55	8.26	6.04	2.42
Sales per share		96.28	89.33	132.04	195.90	213.62	219.47	236.33
P/BV	0.69	0.77	0.61	0.56	0.52	0.49	0.46	0.42
Price to Sales		0.30	0.32	0.22	0.15	0.13	0.13	0.12

Gearing Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Debt to Equity	0.96	1.66	1.11	0.63	0.66	0.62	0.57	0.47
L.T. Debt to Equity	0.22	0.57	0.43	0.00	0.00	0.00	0.00	0.00
Interest Cover	0.95	0.15	1.84	1.90	1.60	1.75	2.03	4.53

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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SELL	Less than and equal to -5%

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Market Weight	Neutral
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