

CPHL

1HFY22 Result Review: Stance Upgraded to BUY

Equity Research | Pharmaceuticals | Tuesday, 22 February, 2022



CPHL has announced its 1HFY22 result where it posted a profit after tax of Rs343mn (EPS: Rs1.5) as compared to profit after tax of Rs168mn (EPS: Rs0.67) in the same period last year, up by 103% YoY.

The company has posted a revenue of Rs4.841bn against Rs2.631bn in SPLY, recording a growth of 84% YoY. We note that this surge is attributed to the increase in volumetric sales.

The gross margin has been decreased to 14.5% as compared to 15.6% during SPLY on account of higher input cost.

SG&A expenses have been increased by 108% YoY to Rs258mn as compared to Rs124mn during SPLY.

Finance cost has been increased by 106% YoY to Rs34mn as compared to Rs17mn during SPLY. Lastly, the effective taxation has been decreased to 26.3% as compared to 33.4% during SPLY.

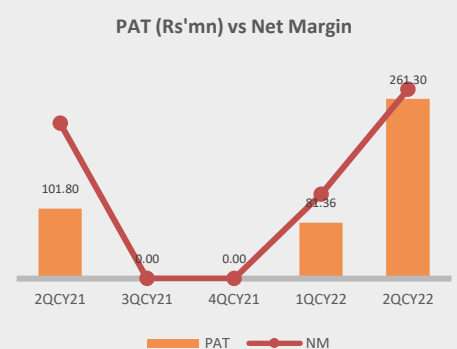
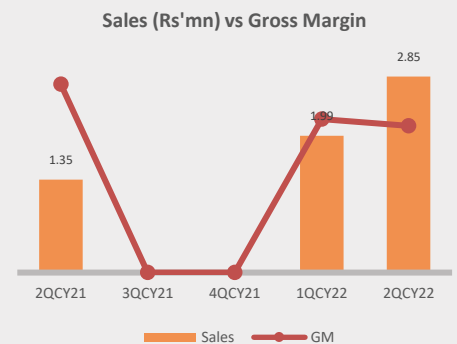
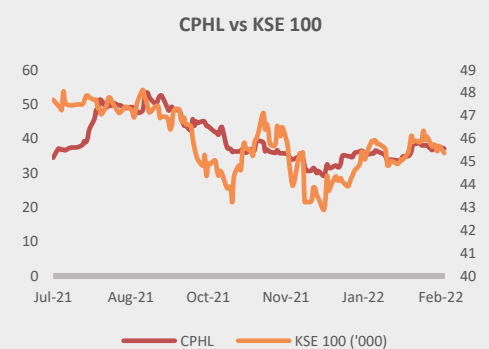
Furthermore, the company has decided to increase the number of beds from 50 to 200 which will also boost their profitability. CPHL is currently trading at FY22E PE of 11.89x. We have a **BUY** stance on the scrip with a DCF based Dec-22 TP of Rs50 which provides an upside potential of 42%.

Rupees' millions	2QCY22	2QCY21	YoY	1HFY22	1HFY21	YoY
Net Sales	2,850	1,353	110.6% ▲	4,841	2,631	84.0% ▲
Cost of Sales	-2,445	-1,106	121.1% ▲	-4,140	-2,221	86.4% ▲
Gross Profit	405	247	64.0% ▲	701	410	71.1% ▲
SG&A Expenses	-73	-58	25.6% ▲	-258	-124	108.8% ▲
Other Expenses	-25	-11	138.1% ▲	-34	-19	80.2% ▲
Operating Profit	307	179	72.1% ▲	410	268	53.0% ▲
Other Income	58	-1	7400.0% ▼	89	2	5702.0% ▲
Finance Cost	-26	-8	245.3% ▲	-34	-17	106.0% ▲
Profit Before Taxation	340	170	99.5% ▲	465	253	83.9% ▲
Taxation	-79	-69	14.6% ▲	-122	-84	44.5% ▲
Profit After Taxation	261	102	156.7% ▲	343	168	103.7% ▲
Earnings Per Share	1.144	0.446	156.7% ▲	1.50	0.74	103.7% ▲
Dividend	0.00	0.00	-	0.00	0.00	-
Bonus	0%	0%	-	0%	0%	-
Gross Margin	14.2%	18.3%	4.0% ▼	14.5%	15.6%	1.1% ▼
SG&A Expenses to Sales	-2.6%	-4.3%	1.7% ▲	5.3%	4.7%	0.6% ▲
Other Expenses to Sales	-0.9%	-0.8%	0.1% ▼	-0.7%	-0.7%	0.0% ▲
Other Income to Sales	2.0%	-0.1%	2.1% ▲	1.8%	0.1%	1.8% ▲
Effective Taxation	-23.1%	-40.2%	63.3% ▲	26.3%	33.4%	59.7% ▼
Net Margin	9.2%	7.5%	1.6% ▲	7.1%	6.4%	0.7% ▲

Source: ACPL Research, Company Financials

Key Statistics

Symbol	CPHL
TP - Jun 22	50.00
LDPCP	35.8
Upside	42%
Free Float (mn)	80
Market Cap. (Rs.mn)	8.181



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	5,795	9,690	13,182	15,782	18,535
Cost of sale	2,276	3,088	5,015	8,275	11,066	13,258	15,558
Gross profit	331	440	780	1,415	2,116	2,524	2,977
Administration expenses	104	93	111	407	554	663	778
Marketing and selling expenses	90	88	99	111	152	181	213
Other operating expenses	8	15	35	68	92	110	130
Operating Profit	128	243	536	829	1,318	1,569	1,855
Other operating income	5	7	5	174	217	260	306
Finance cost	18	44	41	64	14	9	8
Profit before taxation	105	192	490	590	1,087	1,299	1,541
Taxation	86	61	148	251	407	487	576
Profit after taxation	28	146	352	688	1,115	1,333	1,577
EPS	0.12	0.64	1.54	3.01	4.88	5.84	6.90

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	30.1%	35.3%	64.3%	67.2%	36.0%	19.7%	17.4%
Cost of sale	30.8%	35.7%	62.4%	65.0%	33.7%	19.8%	17.3%
Gross profit	25.9%	32.9%	77.5%	81.3%	49.5%	19.3%	18.0%
Administration expenses	59.2%	-10.1%	18.3%	268.3%	36.0%	19.7%	17.4%
Marketing and selling expenses	45.7%	-2.9%	12.8%	12.6%	36.0%	19.7%	17.4%
Other operating expenses	-2.2%	78.6%	133.1%	92.3%	36.0%	19.7%	17.4%
Operating Profit	0.7%	89.5%	120.9%	57.1%	57.2%	19.1%	18.2%
Other operating income	0.3%	56.5%	-35.4%	3516.5%	24.7%	19.7%	17.4%
Finance cost	25.5%	137.9%	-7.2%	57.6%	-78.7%	-32.9%	-7.8%
Profit before taxation	-2.2%	78.6%	133.1%	92.3%	36.0%	19.7%	17.4%
Taxation		-29.2%	141.6%	69.8%	62.0%	19.6%	18.3%
Profit after taxation	-76.2%	423.8%	141.5%	95.6%	62.0%	19.6%	18.3%
EPS	19.9%	9.8%	15.4%	4.9%	15.4%	16.5%	16.3%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	12.69	12.46	13.47	14.61	16.05	15.99	16.06
NP Margin	%	1.07	4.13	6.07	7.10	8.46	8.45	8.51
OP Margin	%	5.23	7.33	9.85	9.26	10.70	10.64	10.71
ROE	%	3.32	14.81	8.06	13.04	17.44	17.26	16.95
ROCE	%	2.85	11.93	7.54	12.52	17.05	16.98	16.73
ROA	%	2.11	5.89	5.41	8.67	12.25	12.45	12.47
Liquidity Ratios								
Current	x	1.17	1.11	2.45	2.34	2.80	3.20	3.51
Acid-test	x	1.02	1.02	2.34	2.24	2.70	3.11	3.44
Cash to current liab.	x	0.26	0.07	1.67	1.19	1.38	1.74	2.04
Activity Ratios								
Inventory Turnover	x	15	6	6	6	6	6	6
Inventory Days		25	59	61	61	61	61	61
Receivables Days		32	24	23	23	23	23	23
Payables Days		9	55	59	59	59	59	59
Operating Cycle		47	27	25	25	25	25	25
Investment Ratios								
EPS	Rs.	0.12	0.64	1.54	3.01	4.88	5.84	6.90
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.	3.67	4.30	19.11	23.10	27.98	33.81	40.71
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	228	228	228	228	228	228	228
P/E		294.16	56.16	23.25	11.89	7.34	6.13	5.19
Sales per share		11.41	15.44	25.37	42.41	57.70	69.08	81.13
P/BV		9.76	8.32	1.87	1.55	1.28	1.06	0.88
Price to Sales		11.41	15.44	25.37	42.41	57.70	69.08	81.13
Gearing Ratios								
Debt to Equity	x	0.33	0.37	0.12	0.08	0.01	0.01	0.01
Interest Cover	x	12.08	7.71	15.68	17.35	123.14	218.65	280.16

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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Market Weight	Neutral
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