

CPHL has announced its FY22 result where it posted a profit after tax of Rs636mn (Diluted EPS: Rs2.78) as compared to profit after tax of Rs352mn (Diluted EPS: Rs1.54) in the same period last year, up by 80.8% YoY amid an increase in volumetric sales.

The company has posted a revenue of Rs9.780bn against Rs5.795bn in SPLY, recording a growth of 68.8% YoY. The gross margin has increased slightly to 13.8% as compared to 13.5% during SPLY.

SG&A expenses have increased by 76.4% YoY to Rs370mn as compared to Rs210mn during SPLY. Moreover, Finance cost has increased by 74.2% YoY to Rs71mn due to an increase in interest rates. Lastly, the effective taxation has increased to 38.4% as compared to 29.6% during SPLY.

CPHL is currently trading at FY23E PE of 9.28x. We have a **BUY** stance on the scrip with a DCF based Jun-23 TP of Rs40 which provides an upside potential of 35%.

Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Net Sales	2,191	1,384	58.2% ▲	9,780	5,795	68.8% ▲
Cost of Sales	-1,893	-1,189	59.2% ▲	-8,428	-5,015	68.1% ▲
Gross Profit	297	195	52.2% ▲	1,352	780	73.2% ▲
SG&A Expenses	-70	-65	8.1% ▲	-370	-210	76.4% ▲
Other Expenses	-18	-8	115.3% ▲	-75	-35	114.0% ▲
Operating Profit	209	268	22.1% ▼	907	536	69.3% ▲
Other Income	62	1	11198.4% ▲	197	5	3984.6% ▲
Finance Cost	-19	-6	239.9% ▲	-71	-41	74.2% ▲
Profit Before Taxation	253	263	4.0% ▼	1,033	500	106.7% ▲
Taxation	-167	-33	407.7% ▲	-397	-148	168.3% ▲
Profit After Taxation	86	231	62.9% ▼	636	352	80.8% ▲
Earnings Per Share	0.36	1.01	64.4% ▼	2.78	1.54	80.8% ▲
Dividend	0.00	0.00	-	0.00	0.00	-
Bonus	0%	0%	-	0%	0%	-

Closing Period: Oct 21, 2022 to Oct 28, 2022

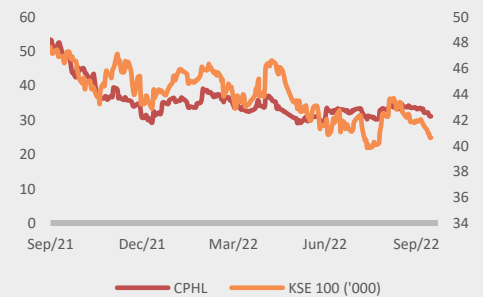
	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Gross Margin	13.6%	14.1%	0.5% ▼	13.8%	13.5%	0.4% ▲
SG&A Expenses to Sales	-3.2%	-4.7%	1.5% ▲	3.8%	3.6%	0.2% ▲
Other Expenses to Sales	-0.8%	-0.6%	0.2% ▼	-0.8%	-0.6%	0.2% ▼
Other Income to Sales	2.9%	0.0%	2.8% ▲	2.0%	0.1%	1.9% ▲
Effective Taxation	-66.2%	-12.5%	53.7% ▼	38.4%	29.6%	8.8% ▲
Net Margin	3.9%	16.7%	12.7% ▼	6.5%	6.1%	0.4% ▲

Source: ACPL Research, Company Financials

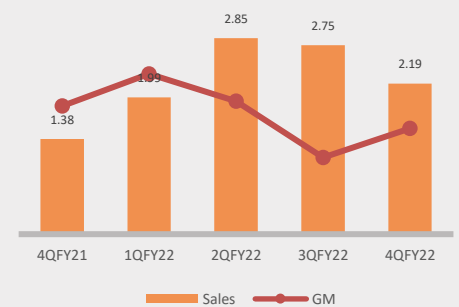
Key Statistics

Symbol	CPHL
TP - Jun 23	40.00
LDCP	30.00
Upside	35%
Free Float (mn)	79
Market Cap. (Rs.mn)	6,865

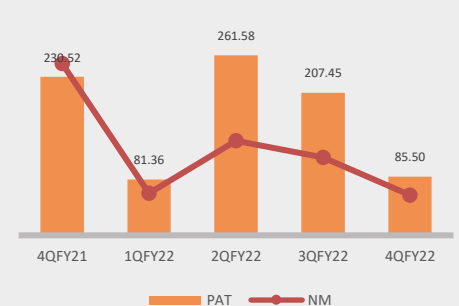
CPHL vs KSE 100



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	FY22A	FY23E	FY24E	FY25E
Net sales	2,607	3,528	5,795	9,780	12,225	15,281	18,337
Cost of sale	2,276	3,088	5,015	8,428	10,518	13,126	15,725
Gross profit	331	440	780	1,352	1,707	2,155	2,612
Administration expenses	104	93	111	266	333	458	733
Marketing and selling expenses	90	88	99	103	303	379	550
Other operating expenses	8	15	35	75	94	118	142
Operating Profit	128	243	536	907	976	1,199	1,187
Other operating income	5	7	5	197	202	252	303
Finance cost	18	44	41	71	76	82	94
Profit before taxation	105	192	490	639	699	865	790
Taxation	86	61	148	397	364	452	460
Profit after taxation	28	146	352	636	739	917	935
EPS	0.12	0.64	1.54	2.78	3.23	4.01	4.09

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	30.1%	35.3%	64.3%	68.8%	25.0%	25.0%	20.0%
Cost of sale	30.8%	35.7%	62.4%	68.1%	24.8%	24.8%	19.8%
Gross profit	25.9%	32.9%	77.5%	73.2%	26.2%	26.2%	21.2%
Administration expenses	59.2%	-10.1%	18.3%	141.1%	25.0%	37.6%	60.0%
Marketing and selling expenses	45.7%	-2.9%	12.8%	4.2%	194.1%	25.0%	45.1%
Other operating expenses	-2.2%	78.6%	133.1%	114.0%	25.0%	25.0%	20.0%
Operating Profit	0.7%	89.5%	120.9%	72.1%	9.0%	23.0%	0.9%
Other operating income	0.3%	56.5%	-35.4%	3984.6%	2.4%	25.0%	20.0%
Finance cost	25.5%	137.9%	-7.2%	74.2%	6.5%	8.9%	14.3%
Profit before taxation	-2.2%	78.6%	133.1%	114.0%	25.0%	25.0%	20.0%
Taxation		-29.2%	141.6%	168.3%	-8.4%	24.2%	1.9%
Profit after taxation	-76.2%	423.8%	141.5%	80.8%	16.1%	24.2%	1.9%
EPS	19.9%	9.8%	-1.4%	-5.6%	31.4%	12.8%	12.8%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	%	12.69	12.46	13.47	13.83	13.96	14.10	14.24
NP Margin	%	1.07	4.13	6.07	6.50	6.04	6.00	5.10
OP Margin	%	5.23	7.33	9.85	10.05	8.76	8.62	7.24
ROE	%	3.32	14.81	8.06	12.17	12.39	13.33	11.96
ROCE	%	2.85	11.93	7.54	11.68	12.08	13.09	11.78
ROA	%	2.11	5.89	5.41	8.12	8.28	8.93	7.99
Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	1.17	1.11	2.45	2.35	2.42	2.57	2.64
Acid-test	x	1.02	1.02	2.34	2.24	2.32	2.49	2.57
Cash to current liab.	x	0.26	0.07	1.67	1.15	1.21	1.33	1.39
Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
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		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
EPS	Rs.	0.12	0.64	1.54	2.78	3.23	4.01	4.09
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	22.87	26.10	30.12	34.21
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		246.50	47.06	19.48	10.78	9.28	7.47	7.33
Sales per share		11.41	15.44	25.37	42.81	53.51	66.89	80.26
P/BV		8.18	6.97	1.57	1.31	1.15	1.00	0.88
Price to Sales		11.41	15.44	25.37	42.81	53.51	66.89	80.26
Gearing Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Debt to Equity	x	0.33	0.37	0.12	0.07	0.07	0.07	0.07
Interest Cover	x	12.08	7.71	15.68	16.99	19.59	22.23	21.66

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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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
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Market Weight	Neutral
Underweight	Negative

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