

MFL has announced its FY22 result where the company posted a profit after tax of Rs422mn (EPS: Rs3.45) as compared to a loss after tax of Rs61mn (LPS: Rs0.50) in the same period last year, up by 794% YoY.

The company has posted a revenue of Rs12.38bn against Rs10.56bn in SPLY, recording a growth of 17.2% YoY. The gross margin has increased to 10.7% as compared to 6.1% in SPLY due to lower input costs and higher international prices.

SG&A expenses have increased by 18.2% YoY to Rs586mn as compared to Rs496mn during SPLY whereas, finance cost has increased by 42.2% YoY to Rs388mn. Lastly, exchange gains increased by 210% to 202mn as compared to 65mn SPLY.

The company has shown a good recovery in this quarter owing to better rice exports and higher margins this year. MFL is currently trading at a FY23E P/E of 10.69x. Further, the scrip is also trading at FY23E P/B of 0.59x which offers a discount of 9% relative to its 3-year historical average of 0.65x. We recommend our investors accumulate the scrip around 31 as we expect it to take correction amid estimated lost rice production due to floods with a DCF based Jun-23 TP of Rs 45.

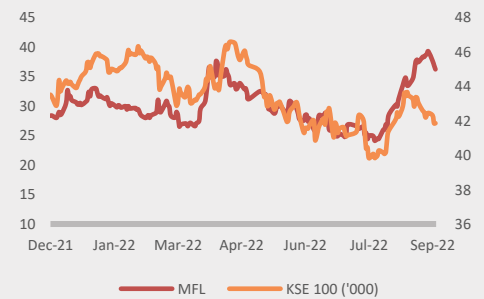
Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Net Sales	3,690	2,524	46.1% ▲	12,376	10,557	17.2% ▲
Cost of Sales	-3,254	-2,578	26.2% ▲	-11,056	-9,909	11.6% ▲
Gross Profit	435	-53	915.6% ▲	1,320	647	103.9% ▲
SG&A Expenses	-184	-137	33.9% ▲	-586	-496	18.2% ▲
Operating Profit	214	-192	211.8% ▲	697	150	364.2% ▲
Other Income	-15	45	132.9% ▼	20	77	74.3% ▼
Exchange Gain / (Loss)	243	157	54.8% ▲	202	65	210.3% ▲
Finance Cost	-122	-65	88.9% ▲	-388	-273	42.2% ▲
Profit Before Taxation	320	-54	688.6% ▲	531	20	2616.2% ▲
Taxation	-45	-21	109.2% ▲	-109	-80	35.2% ▲
Profit After Taxation	276	-76	464.1% ▲	422	-61	794.0% ▲
Earnings Per Share	2.25	-0.62	464.1% ▲	3.45	-0.50	794.0% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	-	-		-	-	
Gross Margin	11.8%	-2.1%	13.9% ▲	10.7%	6.1%	4.5% ▲
SG&A Expenses to Sales	-5.0%	-5.4%	0.5% ▼	-4.7%	-4.7%	0.0% ▲
Other Income to Sales	-0.4%	1.8%	2.2% ▼	0.2%	0.7%	0.6% ▼
Ex. Gain / (Loss) to Sales	-5.0%	-5.4%	0.5% ▼	-4.7%	-4.7%	0.0% ▲
Effective Taxation	-13.9%	39.1%	25.2% ▼	-20.5%	-411.3%	390.8% ▼
Net Margin	7.5%	-3.0%	10.5% ▲	3.4%	-0.6%	4.0% ▲

Source: ACPL Research, Company Financials

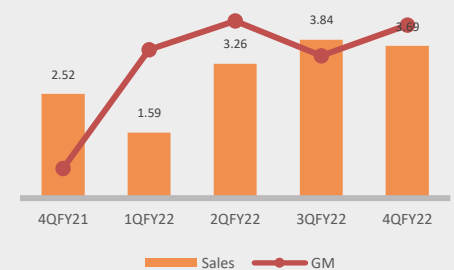
Key Statistics

Symbol	MFL
TP - Jun 23	45.00
LDCP	36.24
Upside (%)	24
Free Float ('mn)	31
Market Cap. (Rs.'mn)	4,436

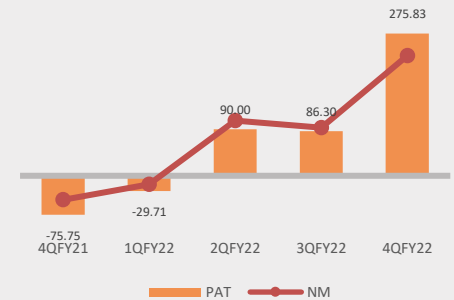
MFL vs KSE 100



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
Revenue	7,863	11,290	10,557	12,376	14,739	16,860	17,677
Cost of sales	-6,949	-10,274	-9,909	-11,056	-13,137	-15,083	-15,881
Gross profit	915	1,016	647	1,320	1,602	1,777	1,796
Distribution cost	-167	-207	-186	-229	-273	-312	-327
Administrative expenses	-240	-271	-310	-356	-458	-524	-549
Other operating expenses	-31	-19	-1	-37	-37	-37	-37
Profit from operations	476	518	150	697	834	904	883
Other income	260	71	142	222	206	236	247
Finance cost	-276	-350	-273	-388	-491	-408	-332
Profit before income tax	460	239	20	531	549	732	797
Income tax expense	-47	-87	-80	-109	-134	-179	-195
Profit for the year	414	152	-61	422	415	553	602
EPS	3.38	1.24	(0.50)	3.45	3.39	4.51	4.92
EBITDA	648	725	383	1,031	1,187	1,278	1,278

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	14.47%	43.58%	-6.50%	17.23%	19.10%	14.39%	4.84%
Cost of sales	18.53%	47.86%	-3.55%	11.57%	18.83%	14.81%	5.29%
Gross profit	-9.22%	11.10%	-36.30%	103.93%	21.38%	10.94%	1.07%
Distribution cost	-44.32%	23.88%	-10.16%	23.27%	19.10%	14.39%	4.84%
Administrative expenses	21.32%	12.91%	14.12%	15.10%	28.43%	14.39%	4.84%
Other operating expenses	37.30%	-36.95%	-92.92%	2616.38%	0.00%	0.00%	0.00%
Profit from operations	-2.13%	8.79%	-71.03%	364.17%	19.66%	8.40%	-2.37%
Other income	186.18%	-72.83%	101.69%	56.16%	-7.27%	14.39%	4.84%
Finance cost	14.93%	27.14%	-22.11%	42.17%	26.49%	-16.84%	-18.53%
Profit before income tax	36.33%	-48.21%	-91.80%	2616.38%	3.41%	33.20%	8.97%
Income tax expense	58.38%	85.56%	-7.12%	35.20%	23.62%	33.20%	8.97%
Profit for the year	34.22%	-63.29%	-140.06%	-794.00%	-1.79%	33.20%	8.97%
EPS	34.22%	-63.29%	-140.06%	-794.00%	-1.79%	33.20%	8.97%
EBITDA		12.03%	-47.25%	169.38%	15.18%	7.63%	0.02%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	%	11.63	9.00	6.13	10.66	10.87	10.54	10.16
NP Margin	%	5.26	1.35	-0.58	3.41	2.81	3.28	3.41
OP Margin	%	6.06	4.59	1.42	5.63	5.66	5.36	4.99
ROE	%	9.18	2.24	-0.92	5.97	5.54	6.87	6.97
ROCE	%	9.60	6.92	2.00	9.65	11.96	13.01	12.38
ROA	%	4.32	1.10	-0.44	3.33	3.43	4.70	5.22
Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	1.48	1.37	1.37	1.45	1.43	1.45	1.52
Quick	x	0.06	0.07	0.02	-0.07	-0.44	-0.73	-0.85
Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Inventory Turnover	x	1.34	1.73	1.43	1.60	1.85	1.92	1.96
Inventory Days		271.68	210.45	254.41	228.37	197.57	190.45	186.53
Receivables Days		8.77	5.55	0.00	0.00	0.00	0.00	0.00
Payables Days		13.03	36.07	19.15	40.00	40.00	40.00	40.00
Operating Cycle		267.41	179.94	235.26	188.37	157.57	150.45	146.53
Investment Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
DPS		0.00	0.45	0.00	0.00	0.00	0.00	0.00
Div. Yield	%	0.00	1.24	0.00	0.00	0.00	0.00	0.00
Dividend Cover	x	0.00	2.76	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
Payout	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No. of Shares	('m)	122.40	122.40	122.40	122.40	122.40	122.40	122.40
EPS		3.38	1.24	-0.50	3.45	3.39	4.51	4.92
BVPS		36.82	55.29	54.34	57.79	61.18	65.69	70.61
P/E	x	10.72	29.20	0.00	10.50	10.69	8.03	7.37
Sales per share		64.24	92.24	86.25	101.11	120.42	137.75	144.42
P/BV	x	0.98	0.66	0.67	0.63	0.59	0.55	0.51
P/S	x	0.56	0.39	0.42	0.36	0.30	0.26	0.25
Solvency Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Total Debt to Equity	x	1.01	0.84	0.95	0.64	0.51	0.39	0.29
L.T Debt to Equity	x	0.07	0.08	0.09	0.06	0.03	0.01	0.00
Total Debt to Assets	x	0.47	0.41	0.46	0.36	0.31	0.26	0.22
L.T Debt to Assets	x	0.03	0.04	0.04	0.03	0.02	0.01	0.00
Interest Cover	x	1.73	1.48	0.55	1.80	1.70	2.22	2.66

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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HOLD	Between -5% to 15%
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