

PTL has announced its 1HFY23 result where it posted a loss after tax of Rs135mn (LPS: Rs0.81) as compared to a profit after tax of Rs259mn (EPS: Rs1.54) in the same period last year, down by 152.2% YoY amid a lower gross margin and an increase in finance cost.

The company has posted a revenue of Rs9.31bn against Rs9.48bn in SPLY, recording a decline of 1.8% YoY. The gross margin has decreased to 10.4% as compared to 11% in SPLY due to the increase in the cost of raw materials.

Furthermore, SG&A expenses have increased by 26.6% YoY to Rs606mn. Moreover, other income has increased by 28.7% to Rs45mn as compared to Rs35mn in SPLY. In addition, the finance cost has surged by 135.6% YoY to Rs549mn owing to higher interest rates.

PTL is currently trading at FY23E P/B of 2.79x which offers a discount of 51% relative to its historical 3-year average of 1.84x. We have a **BUY** stance on the scrip with a DCF-based Dec-23 TP of Rs27 which provides an upside potential of 44%.

Rupees' millions	2QFY23	2QFY22	YoY	1HFY23	1HFY22	YoY
Net Sales	4,814	4,570	5.3% ▲	9,306	9,481	1.8% ▼
Cost of Sales	-4,210	-3,972	6.0% ▲	-8,334	-8,437	1.2% ▼
Gross Profit	604	598	1.0% ▲	972	1,044	7.0% ▼
SG&A Expenses	-303	-234	29.2% ▲	-606	-478	26.6% ▲
Other Charges	-19	-19	3.3% ▲	-25	-27	6.0% ▼
Operating Profit	282	345	18.2% ▼	341	539	36.8% ▼
Other Income	22	20	13.4% ▲	45	35	28.7% ▲
Finance Cost	-221	-135	63.3% ▲	-549	-233	135.6% ▲
Profit Before Taxation	84	230	63.5% ▼	-163	341	148.0% ▼
Taxation	48	-80	159.8% ▼	28	-81	134.5% ▼
Profit After Taxation	132	149	11.6% ▼	-135	259	152.2% ▼
Earnings Per Share	0.78	0.89	11.6% ▼	-0.81	1.54	152.2% ▼
Dividend	0.00	0.00		0.00	0.00	
Bonus	0%	0%		0%	0%	
Gross Margin	12.5%	13.1%	0.5% ▼	10.4%	11.0%	0.6% ▼
SG&A Expenses to Sales	-6.3%	-5.1%	1.2% ▼	-6.5%	-5.0%	1.5% ▲
Other Income to Sales	0.5%	0.4%	0.0% ▲	0.5%	0.4%	0.1% ▲
Ex. Gain / (Loss) to Sales	-6.3%	-5.1%	1.2% ▼	-6.5%	-5.0%	1.5% ▲
Effective Taxation	57.4%	-35.0%	92.4% ▲	-17.2%	-23.9%	6.7% ▼
Net Margin	2.7%	3.3%	0.5% ▼	-1.5%	2.7%	4.2% ▼

Source: ACPL Research, Company Financials

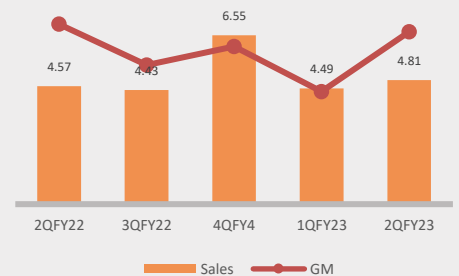
Key Statistics

Symbol	PTL
TP - Dec 23	27
LDCP	18.72
Upside (%)	44
Free Float ('mn)	50.4
Market Cap. (Rs.'mn)	3,145

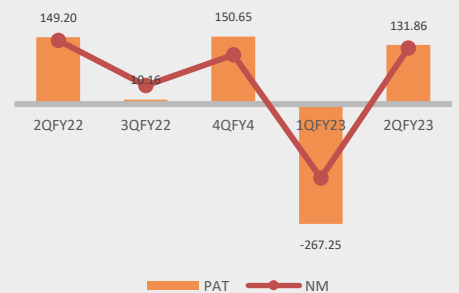
PTL vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

Muhammad Salman

Phone: (+92) 42 38302028; Ext: 116
Email: salman@abbasiandcompany.com

Financial Projections

Rupees' millions	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	11,585	16,202	20,460	18,611	19,914	21,308	23,439
Cost of sale	9,908	13,731	18,217	16,668	17,525	18,645	20,392
Gross profit	1,677	2,471	2,244	1,943	2,390	2,664	3,047
Selling And Distribution	415	581	687	801	715	765	842
Administrative Expenses	261	296	363	410	427	456	502
Other Expenses	29	87	66	51	54	58	64
Other Income	6	42	190	90	96	103	113
Operating Profit	978	1,548	1,317	772	1,290	1,486	1,752
Finance cost	598	328	650	1,099	522	533	547
Profit before taxation	380	1,220	667	- 327	768	954	1,205
Taxation	128	369	247	56	253	315	398
Profit after taxation	252	851	420	- 383	514	639	807
EPS	1.50	5.07	2.50	- 1.61	3.06	3.80	4.81

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Net sales	18.5%	39.9%	26.3%	-9.0%	7.0%	7.0%	10.0%
Cost of sale	17.4%	38.6%	32.7%	-8.5%	5.1%	6.4%	9.4%
Gross profit	25.3%	47.3%	-9.2%	-13.4%	23.0%	11.5%	14.4%
Selling And Distribution	35.4%	40.2%	18.3%	16.6%	-10.7%	7.0%	10.0%
Administrative Expenses	0.8%	13.5%	22.6%	12.8%	4.1%	7.0%	10.0%
Other Expenses	-26.7%	193.3%	-24.2%	-22.7%	7.0%	7.0%	10.0%
Other Income	221.7%	550.3%	356.0%	-52.6%	7.0%	7.0%	10.0%
Operating Profit	33.1%	58.3%	-14.9%	-41.4%	67.1%	15.3%	17.9%
Finance cost	48.0%	-45.2%	98.0%	69.0%	-52.5%	2.1%	2.7%
Profit before taxation	14.9%	221.3%	-45.3%	-51.0%	134.8%	24.2%	26.4%
Taxation	10.1%	188.3%	-33.1%	-77.2%	351.1%	24.2%	26.4%
Profit after taxation	17.5%	238.0%	-50.6%	-35.6%	89.9%	24.2%	26.4%
EPS	17.5%	238.0%	-50.6%	-35.6%	89.9%	24.2%	26.4%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
GP Margin	%	14.48	15.25	10.97	10.44	12.00	12.50	13.00
NP Margin	%	2.17	5.25	2.05	-1.46	2.58	3.00	3.44
OP Margin	%	8.44	9.56	6.44	4.15	6.48	6.98	7.48
ROE	%	6.97	12.94	6.13	-5.02	9.01	10.49	12.28
Liquidity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Current	x	1.11	1.52	1.09	1.04	0.93	0.91	0.89
Quick	x	0.68	0.93	0.63	0.58	0.53	0.53	0.53
Activity Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Inventory Turnover	x	6.12	5.34	4.81	4.12	4.71	5.06	5.50
Inventory Days		59.59	68.31	75.89	88.51	77.46	72.15	66.38
Receivables Days		76.88	74.43	76.68	74.00	72.00	72.00	69.00
Payables Days		27.29	23.73	32.91	35.91	38.91	41.91	44.91
Operating Cycle		109.18	119.01	119.65	126.60	110.55	102.25	90.47
Investment Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
DPS		0.00	2.00	1.00	0.00	1.00	1.50	2.00
Div. Yield	%	0.00	10.68	5.34	0.00	5.34	8.01	10.68
Retention	%	100.00	60.53	60.03	60.03	60.03	60.03	60.03
Payout	%	0.00	39.47	39.97	39.97	39.97	39.97	39.97
No. of Shares	('m)	168.00	168.00	168.00	168.00	168.00	168.00	168.00
EPS		1.50	5.07	2.50	-1.61	3.06	3.80	4.81
BVPS		6.00	13.44	18.38	6.71	4.35	4.35	2.27
P/E	x	12.49	3.69	7.48	0.00	6.11	4.92	3.90
Sales per share		68.96	96.44	121.79	110.78	118.54	126.83	139.52
P/BV	x	3.12	1.39	1.02	2.79	4.30	4.30	8.26
P/S	x	0.27	0.19	0.15	0.17	0.16	0.15	0.13
Solvency Ratios		FY20A	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Total Debt to Equity	x	1.14	0.83	1.33	1.39	1.41	1.36	1.25
L.T Debt to Equity	x	0.14	0.15	0.23	0.21	0.13	0.12	0.06

Source: ACPL Research, Company Financials

DISCLAIMER

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months

All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Abbasi & Company (Private) Limited. Action could be taken for unauthorized reproduction, distribution or publication

VALIDITY OF THE PUBLICATION OR REPORT

The information in this publication or report is, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report. The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

DEFINITION OF TERMS

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

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

RATINGS CRITERIA

Abbasi & Company (Private) Limited employs a three-tier ratings system to rate a stock and sector, as mentioned below, which is based upon the level of expected return for a specific stock and outlook of sector. The rating is based on the following with stated time horizon

Stock Rating	Expected Total Return
BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
Overweight	Positive
Market Weight	Neutral
Underweight	Negative

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

RESEARCH DISSEMINATION POLICY

Abbasi & Company (Private) Limited endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time

OTHER DISCLOSURES

The research analyst is primarily involved in the preparation of this report, certifies that:

- I. The views expressed in this report accurately reflect his/her personal views about the subject company/stock /sector and economy
- II. No part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com