

Miscellaneous

PABC: Earnings for 2QCY24 to increase by 21%q/q owing to better demand

- PABC board is set to announce the 2QCY24 result on 29-Aug-24, we expect PABC earnings to post an increase of 21% q/q to PKR 3.03/share compared to PKR 2.50/share last quarter, and down by -20%y/y compared to PKR 3.80/share during the same period last year.
- We expect this quarterly increase in earnings owing to better demand from the local beverage industry and the seasonality impact. Overall, domestic beverage demand has gradually improved and the exports to Afghanistan and other central Asian countries during the quarter would also improve.
- We expect the company to announce interim dividend of PKR 2.5/share, this expectation roots from significant improvement in the cash position and no upcoming CAPEX requirement. The company currently has the capacity to pay dividends, with PKR 8bn in cash and short-term investments available as of Mar-24, allowing them to resume payouts to shareholders.

PABC earnings to increase by 21%q/q during 2QCY24

For the 2QCY24, we expect PABC earnings to post an increase of 21% q/q to PKR 3.03/share compared to PKR 2.50/share last quarter, and down by -20%y/y compared to PKR 3.80/share during the same period last year.

We also expect the company to announce interim cash dividend of PKR 2.5/share, this expectations is primarily based on the significant improvement in the cash position of the company and no upcoming CAPEX requirement.

Exhibit: PABC Earnings Preview 2QCY24E							
PKRmn	2QCY24E	1QCY24	q/q	2QCY23	y/y	1HCY24E	y/y
Sales	5,352	4,608	16.1%	5,941	29%	9,960	-10%
Gross Profit	1,650	1,386	19.1%	2,361	70%	3,035	-31%
Profit After Tax	1,093	903	21.0%	1,372	52%	1,996	-26%
EPS (PKR)	3.03	2.50	21.0%	3.80	52%	5.53	-26%
DPS (PKR)	2.50	0.00	NM	3.50	NM	2.50	-29%
Gross Margin	31%	30%	2.5%	40%	32%	30%	-23%
Net Margin	20%	20%	4.2%	23%	18%	20%	-18%

Source: Company Accounts, IGI Research

IGI Research

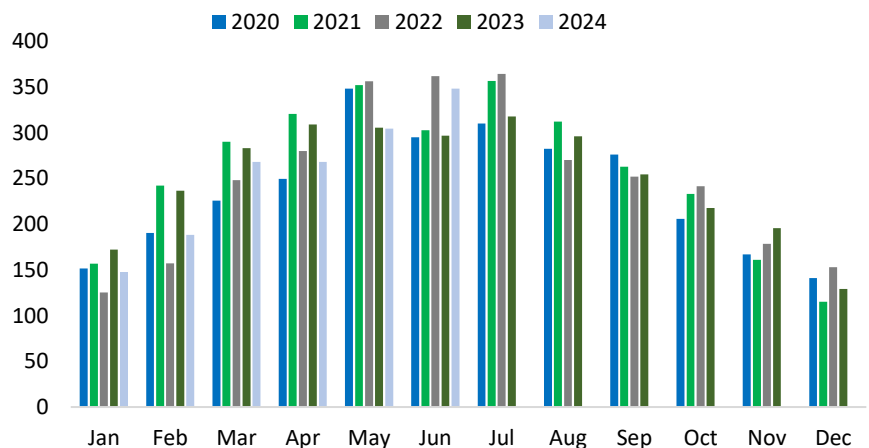
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Our expectation of a q/q increase in earnings is driven by the rising beverage demand in the domestic market, boosted by the summer season. Additionally, we expect export sales to Afghanistan and other central Asian countries too would improve during 2QCY24.

Exhibit: Production of Soft-drinks and Mineral Water



Source: PBS, IGI Research

Aluminum Prices and Gross Margins

The Aluminum prices increased during April and May 2024. The average aluminum price stood at US\$ 2,520 /ton up by 14%q/q for 2QCY24. The price increased due to increasing global demand especially from China. Since, PABC follows a cost-plus pricing mechanism, the increase/decrease in the aluminum prices would not impact PABC margins.

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