

At-Tahur Ltd (PREMA) - 1QFY19 Result Review



Result Review

- PREMA achieved revenue growth of 21.2% year-on-year in 1QFY19. Net sales clocked-in at Rs339m
- Management has commented that revenue growth is attributable to increase in price of pasteurised milk and launch of new products - Chocolate Milk and Low Fat Yogurt
- Gross margin increased from 47.72% to 53.88% due to higher milk yield per cow, volumetric growth and beneficial impact of devaluation
- Profit before tax was higher by 49.1% from Rs28.9Mn in 1QFY18 to Rs43.1Mn in 1QFY19
- Net profit was lower by 28.13% and stood at Rs38.8Mn. Lower net profit was due to deferred tax asset of Rs 28.7Mn recorded in same period last year
- PREMA is currently trading at Price to Book of 1.51x. This compares favorably to EFOODS P/B multiple of 6.59x and Unity Foods P/B multiple of 4.89x

Rs '000 (except where indicate)	1QFY19	1QFY18
Sales	338,537	279,285
Gain on Initial Recognition of Milk at Fair value	175,287	95,204
Gain arising from changes in Fair Value of Dairy Livestock	76,821	43,179
	590,645	417,668
Operating Cost	(408,228)	(284,401)
Gross Profit	182,417	133,267
Administrative & General Expenses	(39,279)	(24,995)
Selling & Marketing Expenses	(54,899)	(44,875)
Other Expenses	(40,172)	(35,211)
Other income	6,226	2,763
Finance cost	(11,175)	(2,036)
Profit before taxation	43,118	28,913
Taxation	(4,280)	25,123
Profit after taxation	38,838	54,036
EPS (Rs)	0.26	0.37
Gross profit margin	53.88%	47.72%
Administrative Expenses	11.60%	8.95%
Selling & Marketing	16.22%	16.07%
Net profit margin	11.47%	19.35%



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Valuation Methodology

To arrive at period end target price, Abbasi Securities uses different valuation methodologies:

- Comparable Method (P/E, P/B etc.)
- Discounted Cash flow Method
- Sum of the parts {SOTP}
- Equity and Asset based valuation

Rating

- BUY Total return more than 20% from last closing of market price
- HOLD Total return is in between 10% and 20% from last closing of market price
- REDUCE Total return is less than 10% from last closing market price



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