

Sector

Sugar & Allied Industries

Chase Research

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Symbol: ADAMS

Current Price: **PKR 32.80**

Market Cap (PKR mn): **567.145**

Total Shares (mn): **17.291**

Free Float (mn): **4.322**

52 Week High: **PKR 39.97**

52 Week Low: **PKR 22.25**

Adam Sugar Mills Limited (ADAMS)

ADAMS reported a net profit of PKR 43.457mn in 9MCY23, compared to a profit after tax of PKR 168.806mn in the same period last year (SPLY). The significant 74% year-on-year decline in net profit was attributed to factors such as reduced crushing days (106 days).

The company's earnings per share (EPS) for 9MCY23 stood at PKR 2.51 (LPS: PKR 1.16 in 3QCY23), as compared to PKR 9.76 (LPS: PKR 3.23 in 3QCY22) in SPLY. ADAMS also declared a cash dividend of 15% during the same period.

Loss before tax for 9MCY23 amounted to PKR 36.499mn, whereas the profit before tax (PBT) was PKR 221.386mn in SPLY. The company witnessed a significant growth in other income, which increased by 174% YoY to PKR 23.168mn (PKR 11.815mn in 3QCY23), compared to PKR 8.445mn (PKR 4.871mn in 3QCY22) in SPLY.

Operating expenses (OPEX) and finance costs also saw substantial increases of 385.8% YoY and 76.96% YoY, reaching PKR 28.811mn and PKR 217.936mn, respectively, in 9MCY23. The rising operating expenses were attributed to prevailing unrestrained inflation and higher KIBOR in the country.

In terms of revenue, the company reported a net revenue of PKR 2.951bn in 9MCY23 (3QCY23: PKR 370.069mn), showing a 0.95% (5.22%) increase YoY, compared to PKR 2.922bn (3QCY22: PKR 351.720mn) in SPLY.

Gross profit and operating profit were recorded at PKR 329.477mn and PKR 158.268mn, respectively, in 9MCY23. Operating profit declined by 55% during the period under review.

The sugarcane crushed in 9MCY23 was reported at 590,048mn tons, compared to 833,340mn tons in SPLY, with the current recovery level at 7.97%.

The company also mentioned that it exported 2,376 metric tons of sugar in 9MCY23.

ADAMS highlighted that increased sugarcane production and surplus sugar kept the prices low. Sugarcane purchase price was reported at PKR 300/40kg in 9MCY23, as compared to PKR 225/40kg last year. However, there are rumors of an expected price increase to PKR 400-PKR 425 next year.

Going forward, the management emphasized that the company produced sugar at the breakeven point, and any increase or decrease in production will be known by the end of the next month. Moreover, the current higher cost scenario is hindering the company's smooth work on value-added molasses.

Important Disclosures

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