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Pakistan Paper & Board

MACFL PA: Analyst briefing takeaways

MACPAC Films Limited held its analyst briefing to comment on its financial result and to shed some light on company's future outlook. Highlights of the session are given below:

- MACFL is one of the top manufacturer of BOPP & CPP films in Pakistan. In FY23, company has posted PAT of PKR379mn compared to PKR184mn in SPLY, up by ~106% YoY.
- Company's total volumetric sales in FY23 were recorded at ~16.1K tons vs. 16.8K tons in SPLY. The decline in sales is primarily due to change in product mix as management focused on high margin products. Company's market share by volume stands at ~15%.
- Currently, company is using gas to meet its energy requirement. As of now, company is receiving 25% system gas while rest is being fulfilled by RLNG. To mitigate the impact of rising energy prices, company is planning to install 1MW solar plant, which is likely to complete by the end of this fiscal year.
- There are capacity addition in the market which are likely to come online next year and can put pressure on company's margins. Management stated that they will try to keep margins firm by switching towards high margin products. Furthermore, management commented that their smaller size as compared to peers provides them with a competitive advantage, allowing them to flexibly adjust their product mix more efficiently compared to larger players in the industry.
- Commenting on a question, management highlighted that there are discussions regarding share buybacks on managerial level and will also be under consideration in next AGM .
- Management is preserving cash due to current market situation and high borrowing cost. After the addition of new capacities company might offer extended credit to customers to maintain their sales. Furthermore, company is implementing SAP S/4HANA which will provide operational efficiencies.
- Company is also looking at exports market and the quantum of export sales is likely to enhance in upcoming quarters.

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Analyst certifications and important disclosures are in the end.

Muhammad Shahroz^{AC}

Muhammad.shahroz @insightsec.com.pk

+92-21-32402558-112



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- Discounted cash flow (DCF)
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Frequently Used Acronyms

TP	Target Price	DCF	Discounted Cash Flows	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/Bv	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield
ROE	Return on Equity	ROA	Return on Assets	CAGR	Compounded Annual Growth Rate

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Insight Securities (Pvt.) Limited

Suite 509, Business and Finance Centre,
I. I. Chundrigar Road , Karachi, Pakistan
+92-21-32462541-44