

Active Fine Chemicals Limited (DSE: ACTIVEFINE)	
Current Price (March 16, 2016)	55.9
Total Number of Share (Mn)	123.0
Free Float (%)	88.0%
Annualized PE* – ACTIVEFINE	16.3x
Trailing PE – ACTIVEFINE	15.3x
Annualized PE – Pharmaceuticals & Chemicals	22.9x

*Based on annualized earnings of 9M 2015.

Financials (BDT Mn)**	2013	2014	9M 2015 (Unaudited)
Revenue	1,227	1,395	1,241
Gross Profit	529	611	520
Operating Profit	452	544	465
Net Profit after Tax	335	359	316
Total Assets	1,740	3,159	3,851
Total Equity	1,293	2,759	3,056

YoY Growth (%)	2013	2014	9M 2015
Revenue	70.3%	13.7%	27.8%
Net Profit after Tax	50.3%	7.3%	44.9%

Per Share (BDT)	2013	2014	9M 2015
Restated EPS	2.7	2.9	2.6
Restated BV Per Share	10.5	22.4	24.8

Others	2013	2014	9M 2015
Gross Profit Margin	43.1%	43.8%	41.9%
Operating Profit Margin	36.8%	39.0%	37.4%
Net Profit Margin	27.3%	25.7%	25.5%
ROA	21.8%	14.7%	-
ROE	29.8%	17.7%	-
Stock Dividend	25.0%	20.0%	-
Cash Dividend	5.0%	6.0%	-

**Accounting year Jan-Dec.

Sources: Financial Statements of ACTIVEFINE; Research, IDLC Investments Limited.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Annualized PE: Based on annualized earnings of the latest declared quarter

Trailing PE: Based on last 12 months earnings

Company Profile

Active Fine Chemicals Limited (DSE: ACTIVEFINE) was incorporated in 2004 as a manufacturer of biological and other special products. After getting the license from the Directorate of Drug Administration of Bangladesh it started its commercial production in 2009. Subsequently, the company was converted into a public limited company in the year 2009.

ACTIVEFINE operates in the basic chemicals industry, serving broadly the pharmaceuticals and chemicals industry. The company produces Active Pharmaceutical Ingredients (API), Laboratory Reagents and other Fine Chemicals. Moreover, the company started to export abroad in minimal scale. It has five associate companies named as AFC Agro Biotech Ltd. (Backward Linkage), AFC Agro Biology Ltd. (Backward Linkage), AFC Solvent Ltd. (Backward Linkage), AFC Health Ltd. (Hospital) and AFC Capital Ltd. (Capital Market).

Key Revenue Drivers & Company Insight

ACTIVEFINE generates its revenue by selling APIs, Reagents and other Fine Chemicals. In 2014, its revenue was BDT 1,395.0 Mn where 99.8% of the total revenue came from local sales and the rest from export. Core revenue originated mostly from APIs and Fine Chemicals business. Besides, the company also started to focus on producing Laboratory Reagents under 3 categories. During 2014, its product line incorporated 17 new APIs while 4 more products are under development.

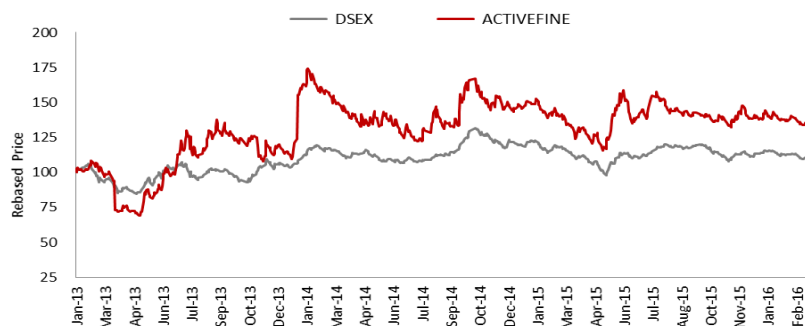
Recently, the company obtained permission to produce Cephalosporin Antibiotics and other related chemicals. As a consequence, turnover of the company may increase approximately BDT 60.0 Mn to BDT 80.0 Mn per month. Besides, it has decided to set up an Anti-Cancer Formulations plant. Upon completion, this may assist in generating approximately BDT 60.0 Mn to BDT 80.0 Mn turnover more per month.

Financial Performance

Increased local sales helped the revenue grew by 13.7% YoY in 2014. During the year the Gross Profit Margin (GPM) improved slightly to 43.8% as against 43.1% in 2013. Moreover, declined operating expenses assisted Operating Profit Margin (OPM) to improve to 39.0%, compared to 36.8% in 2013. However, higher tax expenses hit Net Profit Margin (NPM) to 25.7% compared to 27.3% in 2013, dragging down the bottom line growth to 7.3% YoY in 2014.

During 9M 2015, company's topline grew by 27.8% YoY and recorded a robust growth of 44.9% YoY in bottom line as well. However, all the margins eroded with GPM, OPM and NPM to settle at 41.9%, 37.4% and 25.5%, respectively.

The Company has reported net profit after tax of BDT 316.05 Mn with EPS of BDT 2.57 for the period of nine months (Jan '15 to Sep '15) as against BDT 218.12 Mn and BDT 1.77, respectively for the same period of the previous year.



Source : DSE and Research, IDLCIL