

Foundation Alert

TPL: 1HFY22 Analyst Briefing Takeaways

Event

- TPL Corp Limited held its 1HFY22 Analyst Briefing today to discuss financial/operational performance and outlook of the company.

Impact

- TPL Corp limited reported profitability of Rs1.03bn (EPS 3.87) in 2QFY22, as compared to loss of Rs273mn (LPS 1.02). This accumulated profitability for 1HFY22 to Rs829mn (EPS 3.10) as compared to loss of Rs520mn (LPS 1.95) SPLY.
- TPL Corp comprises of 5 businesses that include TPL Trakker (64% holding), TPL insurance (63% holding), TPL properties (40% holding), TPL life (97% holding), and TPL e-Ventures (100% holding).
- TPL Trakker sales increased by 8% YoY in 1HFY22, with major contribution from connected cars (↑7% YoY) and Digital mapping (↑49% YoY).
- TPL Trakker remained under friction due to dampening factors for automobiles that includes shortage of semiconductors, increase in KIBOR rate coupled with prudential tightening from SBP, and increasing USD exchange rate. However, increasing influx from new OEMs such as KIA, Hyundai, Changan etc and targeted marketing in rural Sindh/Punjab allowed TPL to boost its sales.
- Meanwhile Digital mapping growth was because of increasing customer onboarding from 9 to 23, while 27 others are in pipeline to further boost growth. Furthermore, digital mapping solution provides potential for additional revenue by venturing into the telecom sector through providing population coverage for 5G roll out.
- TPL Trakker also stands at data acquisition strategy, currently geo-coded data stands at 6mn points which could further be increased by buying inorganic data and increase in-field survey force that could substantially improve TPL maps through LBS (location based services).
- Management plans to curve out TPL maps into an international holding entity, and raise fund from international investors. TPL maps is expected to relaunch by Jul'22, with value addition and monetization services.
- TPL insurance showed growth in premiums, increasing by 24% YoY in 1HFY22. The increase was mainly from motor and health, which increased by 16% YoY and 2.34x YoY respectively. Meanwhile claim ratio improved by 2% YoY to 46%. To highlight claim ratio remained lower than the industry peers which averages at 53%.
- TPLI is constantly developing the market by introducing electric car insurance, domestic travel insurance, livestock insurance, and Yield based crop insurance.
- TPL properties owns 40% TPL REIT fund I, which thereon HKC (One Hashang), TPL Technology zone Phase-I, and NMC (Mangrove). Other holdings include TPL development management, TPL property management, TPL logistics Park and TPL REIT Management Company (RMC).
- TPL REIT fund would follow a master-feeder structure, allowing international investment through TPL RMC. The initial fund size is of Rs18.35bn, of which Rs11.25bn is new capital raised and remaining Rs7.5bn is of TPL (as per 40% holding).

Outlook

- The stock is not in our formal coverage.

Table: Consolidated TPL earnings review

	2QFY22	2QFY21	YoY	QoQ	1HFY22	1HFY21	YoY
Turnover	1,279	1,346	-5%	8%	2,457	2,702	-9%
Cost of sales	1,020	1,265	-19%	11%	1,939	2,357	-18%
Gross profit	258	81	221%	-1%	518	344	51%
Distribution expense	69	35	98%	47%	115	76	52%
Administration expense	406	309	31%	3%	801	648	24%
Operating profit	(216)	(263)	-18%	19%	(398)	(380)	5%
Other expenses	7	14	-49%	-390%	5	6	-23%
Finance cost	213	169	26%	34%	373	380	-2%
Other income	3,694	112	3187%	4740%	3,771	172	2091%
Share of loss from associates	13	-	na	44%	22	-	na
Share of PTF	10	19	-47%	-85%	76	18	320%
Profit before tax	3,269	(287)	na	-1585%	3,049	(575)	-630%
Tax	59	55	7%	280%	74	81	-8%
Profit after Tax	3,210	(342)	na	na	2,975	(656)	-554%
attributable to shareholders	1,035	(273)			829	(520)	
attributable to NCI	2,175	(69.03)			2,146	(136)	
EPS	3.87	(1.02)			3.10	(1.95)	
Gross margins	20%	6%			21%	13%	
Effective tax rate	2%	-19%			2%	-14%	

source: Company accounts, Foundation research, Mar'22

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Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.