

Advanced Chemical Industries Limited (ACI)

| Revenue Growth | Gross Profit Growth | Leverage Ratio | Current Price | Intrinsic Value |
|----------------|---------------------|----------------|---------------|-----------------|
| 16.3% | 9.0% | 0.93x | 138.5 | *** |

Pharmaceutical Industry Overview

The Pharmaceutical industry is one of the success stories of Bangladesh with a CAGR of 8.2% in the last five years. According to BIDA, the pharma industry has grown from \$25mn in 1982 to \$3.2bn at present and forecasted to growth to \$4bn by 2025 according to the industry experts. This industry contributes more than 1.83% of the country's GDP. The national market growth rate from 2019 to 2023 was 15.29%. According to Director General of Drug Administration (DGDA) country's 80% of the drugs are generic drugs, rest 20% are patented drugs. Currently local manufacturing companies meet 98% of domestic demand. Local 257 companies hold 90% of the market share with only 10% supplied by multinationals. Key growth drivers of the local pharma industry include:

- Large domestic market of 171mn people with increasing income and health awareness.
- A change in disease profile from communicable diseases to non-communicable chronic diseases requiring long term medication such as cancer, diabetes, cardiovascular disease, renal failure and mental disorder etc. requiring long term medication such as cancer, diabetes, cardiovascular disease, renal failure and mental disorder etc.
- Growth in global demand for generic drugs with competitive advantage in production costs which are on average 15% lower than India and China
- Increasing international accreditation of local pharmaceuticals.
- Growing animal health market which is one of the key performer of this sector. The market size of Bangladesh's drug used to protect animal is about \$329.5mn in 2023, with a growth rate of 11.58%
- Above all, government policies favoring domestic players also influence the expansion and development of this industry.

The domestic pharmaceutical industry's top nine companies holds above 60% of market share. Square pharmaceutical is the market leader having 16.8% of market share. Incepta holds the second position with 11.9% of total market share followed by Beximco, Renata, Opsonin, Eskayef, Aristopharma, ACME and ACI.

Bangladesh has been exporting pharmaceutical products more than 160 countries and contributing to the economy a lot. Latest data of Bangladesh Export Promotion Bureau shows, \$190.73 million pharmaceutical products export to the different region in the world in July-May 2024 which is 18.3% higher than the same period of the previous year.

Challenges and Prospects:

Bangladesh is enjoying generic drug production facilities valid until December 2032 under Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement. But after moving to the developing country in 2026, Bangladesh will stop enjoying patent this waiver. If domestic manufacturers want to maintain production of these medicines, they may have to pay royalties on patents. As a result, the overall price of medicine in Bangladesh may increase. The Bangladesh Govt.

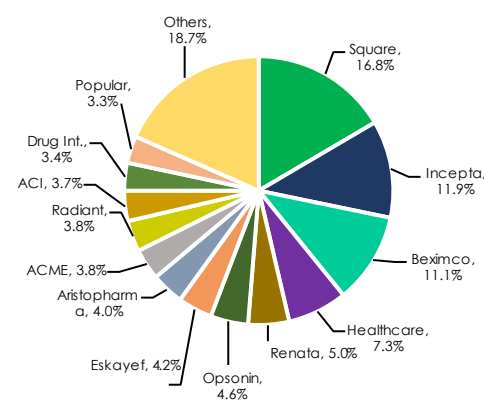
Major Aspects

| | |
|----------------------------|-----------|
| Local Market Size | \$ 3.01bn |
| Local Market Growth | 15% |
| Export (July-May) FY'23-24 | \$190 mn |

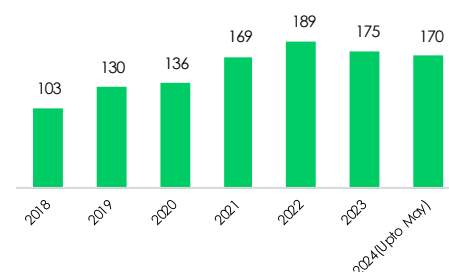
Market Information

| | |
|--|---------------------------|
| Sector | Pharmaceutical & Chemical |
| Scrip's Code | ACI |
| Market Cap (BDT mn) | 10,554 |
| Market Cap. Weight | 0.27% |
| Paid Up Capital (BDT mn) | 762 |
| No. of Share Outstanding (mn) | 76 |
| Free Float Shares | 63.93% |
| 3 Months Daily Average Turnover (BDT mn) | 4.8 |
| 52 Weeks Price Range | 111.5-260.2 |

Domestic pharmaceutical Market Share



Pharmaceutical Export (\$ mn)



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has already prepared the Active Pharmaceuticals Ingredients (API) and laboratory reagents production and export policy in 2018 to minimize import dependency on API. **Bangladesh imports approximate \$2bn API from overseas specially from China and India. The API projects will be able to save 70% of cost of the imported raw materials which will make this industry more cost effective.**

The pharmaceutical sector is eyeing a recovery from the difficulties brought on by the Covid-19 pandemic and Russia-Ukraine war as the opening of letters of credit (LCs) for raw materials imports is gaining pace. **The import raw materials for the pharmaceutical sector increased by 8.6% to \$251.1million year-on-year during the July-March in 2023-2024, according to the Bangladesh Bank.** Bangladesh can become a global player by targeting the pharmerging market which is expected to grow up by 5-8%(CAGR) for the next five years. But, pharmaceutical companies in Bangladesh should adopt modern technologies increase their manufacturing capacity, emphasis on R& D and strengthening backward linkage to ensure sustainability. However, upgraded pharmaceutical policy support is very essential to stay and compete in the global market.

FMCG Major Aspects

| | |
|-------------------|---------|
| Local Market Size | \$3.6bn |
| Industry Growth | 9% |

Some FMCG Companies

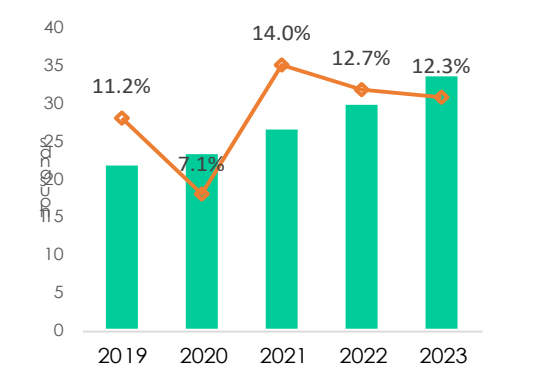
- Unilever Bangladesh
- Nestle Bangladesh
- ACI Group
- City Group
- PRAN Group
- Meghna Group
- Square Group
- Reckitt Benckiser Bangladesh Ltd.
- Partex Beverage Ltd.
- Transcom Beverage Ltd.
- Bashundhara Group

FMCG Industry Overview

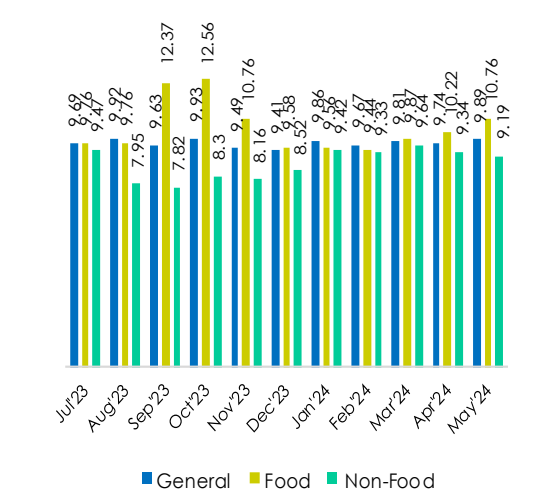
FMCG or Fast Moving Consumer Goods, is one of the fastest growing sector in Bangladesh. The market size of FMCG in Bangladesh is \$3.6 billion with an annual growth rate of 9% which accounts for 0.23% of the global FMCG market. **Population growth, Large labor force, Rise in consumption, Consumer Behavior and Evolving distribution channel are the key growth drivers of the FMCG industry.** The population of Bangladesh was 171 million at the end of 2022. The number of people belonging to the middle and affluent class (MAC) is expected to reach to 34 million by 2025, according to BCG (Boston Consulting Group). Also Bangladesh has a large growing labor force of 73.46 million (according to the BBS's 4th quarter report). The lifestyle of employed people change the country's consumption pattern too, which is playing an integral role to growth of FMCG sector. **Currently 95% of the product portfolio of multinational companies are being produced in the country. Besides, MNC FMCGs as well as local FMCGs export vibrant products like vegetables, frozen fish, beverages, dry food, tea etc. export to UAE, Australia, Canada, UK, Singapore, Malaysia, Saudi Arabia, Qatar and more.** Though, geopolitical uncertainty wave the national economy and economy would projected to grow at 5.6% in 2023-24 and relatively slower growth is projected to persist in the next fiscal year of 2024-25, due to monetary tightening and persistently high commodity prices . Besides, the face of a soaring cost of living , many low and middle income people in Bangladesh have ditched branded products and switched to smaller packs. However it is expected that, modest recovery in private consumption would improve supported by a moderation of inflation.

Some proactive measures needs to sustain the strong presence of FMCG companies in the market. Such as: a) Controlling fake products in the market b) Reduce import dependency of raw materials, c) FMCG companies should build up strong competitive advantages as Bangladesh approaches its graduation from the least-developed country classification in 2026 d) Also requires proper business strategies such as: invested more in product quality, productivity efficiencies , fair pricing which comfort the segmented customers in crucial economic period.

Consumption in (BDT bn) & Consumption Growth(%)



Point to Point Inflation FY'24(%)



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Super shop Industry Overview

Super shop industry is one of the growing and demanding sectors in Bangladesh. The super shop business started after 2000 in our country. Consumer can find variety of products under the one roof which is the advantage of this super shops. **According to the Bangladesh Super Shop Owners Association, the size of the retail market of the daily essentials in the country now stands at around USD 15 billion. Super shops cover only 2 to 2.5% of that . The growth of super shop business has been around 25% for the last two years, which could be 10 to 20 per cent more, if hadn't there been any pressure of inflation. The market of super shop business is expected to cross USD 1.9 billion by 2030.** The growth of this industry depends on the socio-economic development, urbanization (31% of total population by Population & Housing Census 2022), growing Middle & Affluent Class People (MAC) which is expected to reach to 34 million by 2025, according to BCG (Boston Consulting Group) and the changes the consumer behavior.

"Agora" is the first super shop in our country in 2001, "Meena Bazar" launched in 2002. "Swapna" introduced by ACI Ltd, which is the largest super store as well as the market leader in the country. Besides, Unimart, Almas, Daily shopping, Prince Bazar, Amana Big Bazar gained popularity rapidly. There are more than 1,500 super shops in the country. Of them, 600 are outlets of chain super shops (According to the leading national daily). However, inflation, dollar crisis and the imposition of VAT fueled consumer reluctance.

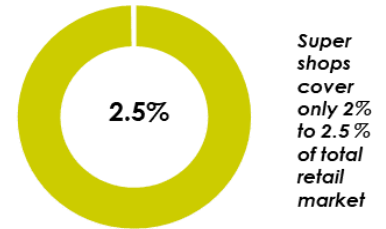
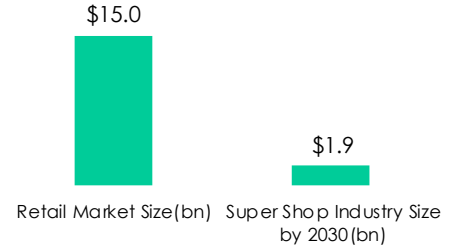
Future Possibility

The purchasing power of the people in Bangladesh has been declining due to inflationary pressure and the Per Capita Income rose from BDT241 thousand to BDT273 thousand, Besides, middle- and upper-class consumers want to buy everything under one roof. Consequently, there is a growing need for big stores across the nation. Trading at traditional kitchen markets is growing at a rate of 3% to 4%, whereas super shop business in Bangladesh growth is anticipated to reach 20% per year, which shows that consumers are turning to supermarkets in place of traditional retail markets. Therefore, there is a room for growing this industry in the country.

Auto Industry Overview

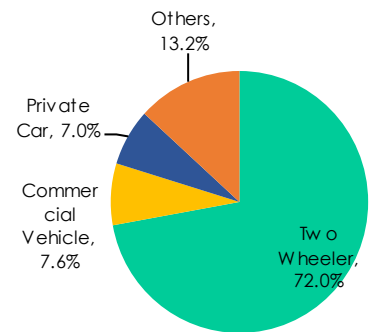
The auto mobile sector is one of the growing sector in Bangladesh and it mostly depends on road transport. **The local demand of auto mobile in the country is \$2.5bn (according to the policy research institute). Majority of the key components and accessories are being imported from abroad and import demand is about \$2.01bn. The growth of auto mobile sector of last six years is 2.2% (CAGR).** Hence, MAC (middle & affluent class) people projected to increase in future, so auto mobile sector will room to increase by changing lifestyle of people. Besides, increasing manufacturing and infrastructural development activities is leading to increased demand for commercial vehicles.

Super Shop Industry



- ACI Logistic Ltd.
- Rahim Afrooz Bangladesh
- Gemcon Group
- United Group
- Pran -RFL Group
- Amana Group
- Prince Group

Registered Motor Vehicles in 2023(%)



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In Bangladesh, two wheelers motor vehicle are getting popularity in recent years. According to BRTA, the total registered motor vehicles in 2023 is more than 5 million and 72% of them are two wheelers, 7.6% of them are commercial vehicle and 2.5% of them are private cars. Average growth of two wheelers motor vehicle in the last two years is 12.2% whereas the private car is 4%. Over 80% of two-wheelers sold in Bangladesh are locally manufactured.

Automobile Industry Policy 2021, published by the Govt. to develop a strong automotive production base with robust domestic supply chains for modern, competitive and sustainable automobile and auto-parts industry by 2030. After that, this industry have expanded rapidly due to favorable policy such as: curtail supplementary duty on motorcycle parts import to 20% which reduction the two wheels price. Moreover, the Govt. also permitted to manufacture 500cc two wheels for export purpose only and up to 350cc for the street of Bangladesh which began the new era of this industry. As a result, ACI Motors Ltd, Uttara Motors, Ifad Group, HMCL Niloy Bangladesh Ltd. (HNBL), TVS Bangladesh already started manufacturing higher cc three wheelers in Bangladesh. According to the BRTA, in 2023 the total registered motor cycle were 41.5 lacks as against 32.9 lacks in 2021 and the growth is 25.8%.

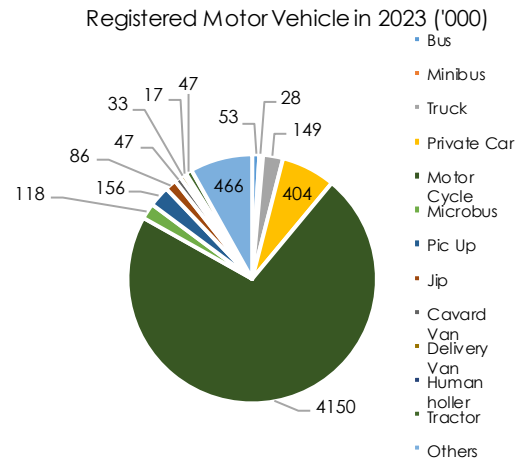
Motorcycle assembling industry is flourishing in recent years, supported by untapped but growing domestic market, and the government policy. **To encourage his industry, in the proposed national budget 2024-25 suggested to exempts custom duties in excess of 3% and exempt from the payment of Supplementary Duty (SD) and Regulatory Duty (RD) entirely at the import stage except for motorcycle over 250cc.**

However, the motorcycle industry in Bangladesh is currently facing challenges related to declining sales and affordability. Two wheeler sales dropped 21.4% (according to the Motor Cycles Data) after the year records due to US dollar crunch coupled with inflationary pressure.

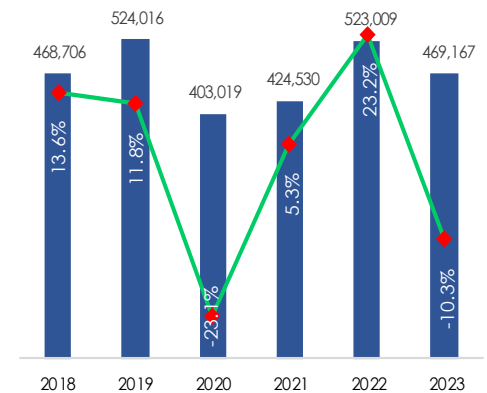
To overcome these challenges and foster growth, the industry requires support from higher authorities and government regulations. Additionally, safety initiatives and campaigns demonstrate the industry's commitment to rider safety and awareness. By addressing these concerns and implementing supportive measures, this industry in Bangladesh can navigate current challenges and lay the groundwork for sustainable growth in future. Some of the popular two wheelers brands in Bangladesh are as follows:



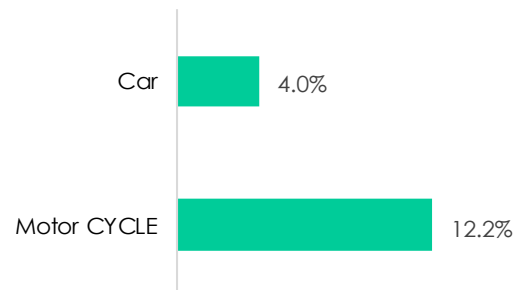
Registered Motor Vehicle in 2023 ('000)



Registered Motor Vehicles and Growth(%)



Last 2 Yrs. Avg. Growth



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| | | | | |
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Company Overview

ACI is one of the largest business conglomerate in Bangladesh with launching contemporary products in various segments like Health Care, FMCG (First Moving Consumer Goods), Agriculture, Retail chain, Transport etc. The company established as the subsidiary of Imperial Chemical Industries (ICI) in 1968. and in 1992 the company divested to local management and registered as Advanced Chemical Industries Limited (ACI). The company operates across the country through its four diversified strategic business units. 'Health Care Division' is dedicated to improve the health of the people of Bangladesh through introduction of innovative and reliable Pharmaceuticals products. 'Consumer Brands Division' is adding value to the daily life of consumers through its Toiletries, Home Care, Hygiene, Electrical, Electronics, Mobile, Salt, Flour, Foods, Rice, Tea, Edible Oil, Paints and International Businesses. 'Agribusinesses Division' is the largest integrator in Bangladesh in Agriculture, Livestock, Fisheries, Farm Mechanization, Infrastructure Development Services Motorcycle, Marine & Reverine technology and Avionics. 'Retail Chain Division' is the largest retail chain in Bangladesh operating through its "SHWAPNO" outlets including 136 newly opened outlets across the country by touching the lives of over 65,000 customers each day.

The annual growth rate of the company is 16.3%(CAGR) and in the last year the company has registered a growth around 19.5% in revenue over the previous year despite of the massive supply chain crisis, exchange rate increase, and inflation including significant rise in utility cost.

Company Profile:

Incorporation : 24 January 1973

Chairman: Mr. M. Anis Ud Dowla

Managing Director: Dr. Arif Ud Dowla

No. of employees:11,077

Authorized Capital : BDT1,500 mn

Subsidiary: 15 subsidiaries and 3 joint ventures

Regardless of adverse economic situation ACI Ltd. has some notable highlights over the year. Such as:

- **The joint venture company ACI Co Ro limited commercially launched its world class products under the brand name, "Sunquick" for Bangladeshi consumers .**
- **The Company has approved an arrangement to form and incorporate a joint-venture company with United Biscuits Topco Limited (trading under the "pladis" name), a Company incorporated under the laws of England and which manufactures biscuits with a global presence. This said joint venture is proposed under the name and style, "pladis ACI Bangladesh Limited"**

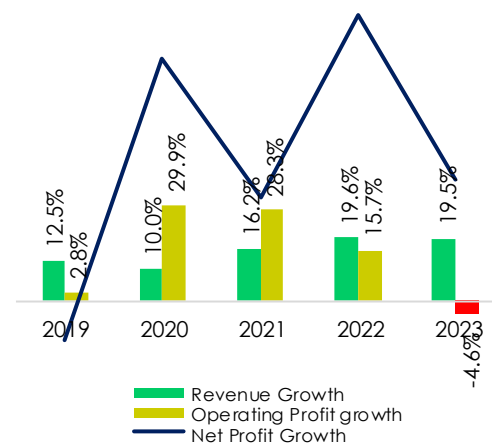
Key Growth Metrics of ACI (5Y CAGR)

Revenue Growth 16.3%

Operating Profit Growth 16.5%

Net Profit Growth (46.2%)

Growth Metrics (YoY)



Share Holding (%)

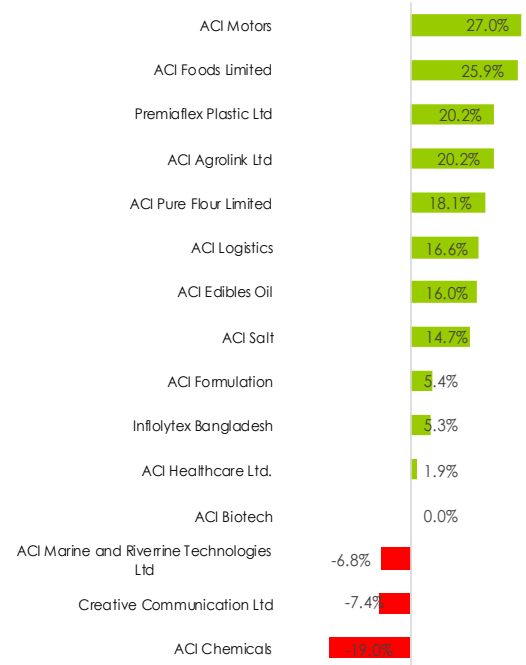
| Category | Apr-24 | May-24 | Change (%) |
|------------------|--------|--------|------------|
| Sponsor/Director | 36.07% | 36.07% | |
| Govt. | 0.00% | 0.00% | |
| Institute | 41.27% | 41.25% | -0.02% |
| Foreign | 0.00% | 0.00% | |
| Public | 22.66% | 22.68% | 0.02% |

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- The Company has approved the formation of a new subsidiary company under the title of "ACI AVIONICS AND AIRLINES SERVICES LIMITED" having its authorized capital of BDT 50 (Fifty) Crore and a paid up capital of BDT 1 (One) Crore wherein the company shall hold 77% shares.
- The company has informed that the Board of Directors of the Company has approved an investment proposal of BDT 10 (Ten) Crore in an upcoming digital bank named and titled 'Kori Digital Plc' subject to the approval from the concerned authorities. The company will secure 5% share i.e. 10,000,000 ordinary shares of TK. 10 each with this investment .
- The company launched variety of long grained climate resistant hybrid rice though own R&D in conjunction with International Rice Research Institute (IRRI).
- ACI has strengthened position in the Riverine and Marine business through Mitsubishi Marine engines distributorship .
- The company has opened over 120 franchise and its's own stores for "Shwapno", a significant increase in the size of nationwide retail network.

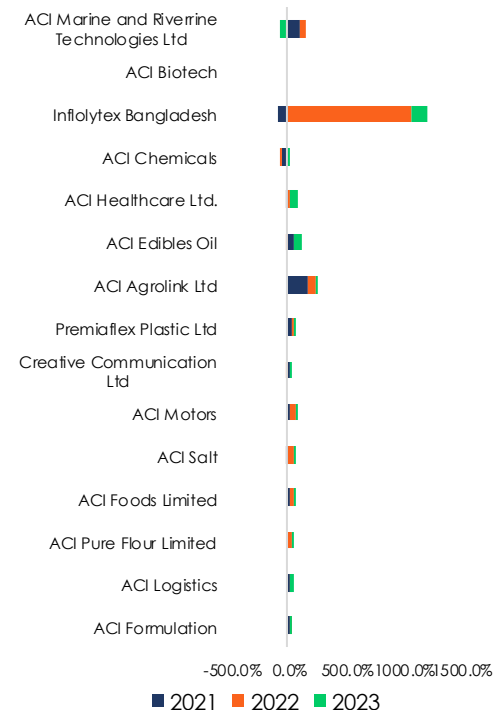
ACI's Subsidiaries 5Y Revenue Growth (CAGR %)



Subsidiaries & Associates Information

| Subsidiaries | Principal Activities | Parent holding (%) | Revenue CAGR(%) |
|------------------------|--|--------------------|-----------------|
| ACI Formulation | The principal activities of the company are manufacturing and marketing of a number of agrochemical and consumer products. | 53.5% | 5.4% |
| ACI Logistics | The main objective of the company is to set-up nationwide retail outlets in order to facilitate the improvement in goods marketing efficiency and to provide a modern self service shopping option to customers. | 76.0% | 16.6% |
| ACI Pure Flour Limited | The main objectives of the company are to carry on the business of milling, processing, packaging and marketing of wheat flour products and lentil. | 95.0% | 18.1% |
| ACI Foods Limited | The main objectives of the company are manufacturing, processing and marketing of different food items including milling and processing of rice, spices and different snack items. | 99.3% | 25.9% |
| ACI Salt | The principal activity of the company is manufacturing and marketing of edible branded salt | 77.7% | 14.7% |
| ACI Motors | The company has a manufacturing and assembling plant of YAMAHA motorcycles at Rajabari, Gazipur which started its commercial activities since May 2019. | 48.1% | 27.0% |

ACI's Subsidiaries Revenue Growth YoY (%)

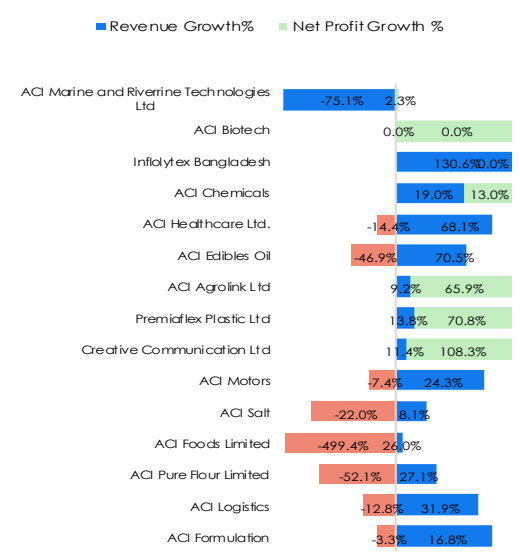


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| Subsidiaries | Principal Activities | Share holding (%) | Revenue CAGR(%) |
|--|--|-------------------|-----------------|
| Creative Communication Ltd | The principal activities of the company are managing media solutions and similar services for different clients including television commercials and other advertisement and promotion related activities. | 60.0% | -7.4% |
| Premiaflex Plastic Ltd | It has a Consumer Plastics production plant that produces home plastic products with a promise in mind to deliver premium quality plastic made products for its customers. | 87.3% | 20.2% |
| ACI Agrolink Ltd | The Company has established a state-of-the-art shrimp processing factory in Satkhira. | 90.0% | 20.2% |
| ACI Edibles Oil | The main objective of the company is to carry out the business as manufacturing as well as trading of all kinds of crude and refined edible oils, edible fats, and other allied food products | 85.0% | 16.0% |
| ACI Healthcare Ltd. | The principal activities of the company are aimed at manufacturing and marketing of pharmaceutical products for regulated markets. | 92.9% | 1.9% |
| ACI Chemicals | The main objective of the company is to represent foreign and local principals and market and promote their products and process and engage in the service of indenting on their behalf | 75.0% | -19.0% |
| Infolytex Bangladesh | The main objective of the company is to develop computer software focusing on leading edge technologies with an aim of varied range of offerings | 60.0% | 5.3% |
| ACI Biotech | The principal activities of the company are to carry out the business of manufacturing and marketing of Biosimilar pharmaceutical products. | 80.0% | 0.0% |
| ACI Marine and Riverine Technologies Ltd | The main objective of the company is to carry on all or any of the business of marine engine, machineries, shipping technologies, ship engineering, and other related areas | 77.0% | -6.8% |

ACI's Revenue Growth Vs Net Profit Growth in 2023



ACI's Subsidiaries Net Profit Growth YoY (%)



According to the subsidiary & Associates' chart, ACI Motor holds 48.1% share in the company and has the highest revenue growth in the last five years stated at 27%(CAGR), whereas net profit CAGR (5Y) stated at 18.4% though in the last year profit growth decline due to adverse macro-economic situation in the country. ACI Motors business has been segmented into three major units; 1) Farm Mechanization 2) Yamaha 3) Construction equipment and commercial vehicle. ACI motors offer a comprehensive range of products and services tailored to meet farmers mechanization needs and this unit achieved 22% growth. Sonalika, the leading tractor brand maintained its market leadership with a striking 40% market share. **ACI Motors manufactured 3 model of Yamaha motorcycles and holds 30% of market share. ACI motors od dealing with world renewed construction equipment brands like Kobelco, Case, Lovol, Ajax and escort.**

ACI Foods have passed a challenging year due to economic adversity, the global supply chain crisis created by Russia -Ukraine war and global climate change though this sector achieved a healthy growth rate of 26% over the year with it's innovative marketing initiatives, timely procurement an proactive strategies. ACI Foods offers a diverse range of food products across various segments to consumers under seven renowned brands: ACI Pure, ACI Gold, ACI Fun, ACI Aroma, ACI Nutrilife, and ACI Ahaar.

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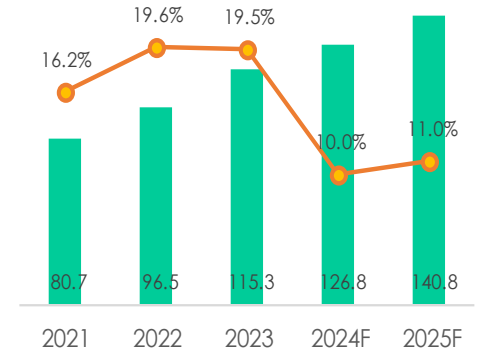
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ACI Premiaflex Plastics has grown by 20.2% over the five years (CAGR) and holds 87.3% share in the company. In the last year, the company revenue has grown up by 13.8%. The Company Contains two business divisions: Premiaflex Plastics (Flexible Packaging products manufacturer) and ACI Premio Plastics (premium category consumer plastic products manufacturer). ACI Premio Plastic business is focusing more in Toy portfolio considering growing demand of locally made quality Toys and acquiring competitiveness in Furniture Portfolio to increase secondary penetration.

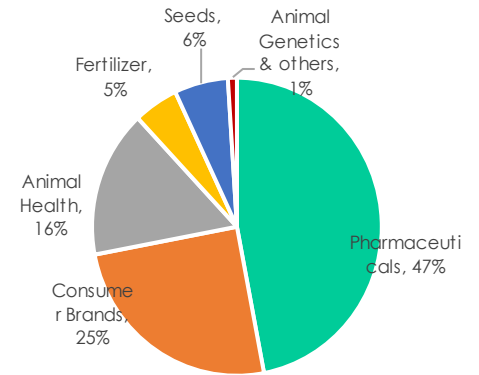
ACI Agrolonk Ltd. Achieved 20.2% revenue growth in the last five years and holds 90% share in the company. This company provides raw, blanched and cooked shrimp The business has shown 9% growth over the previous year despite international market downfall, high freight cost due to port congestion, raw and packaging materials price hike. As most of the buyers are eEuropean, the Russia-Ukraine war changed consumption demand of the people which may result in a significant decrease on sales of the business.

ACI Healthcare Ltd has a significant revenue growth by 68.1% over the previous year and five years CAGR shows 1.9%. Last year company has signed an agreement with the U.S. Agency for International Development for their "The Promoting the Quality of Medicines Plus (PQM+) program" and is actively working with United State Pharmacopoeia (USP) and USAID to develop Anti-TB products for WHO markets.

Consolidated Revenue Growth (YOY)



Turnover Contribution by Business Unit



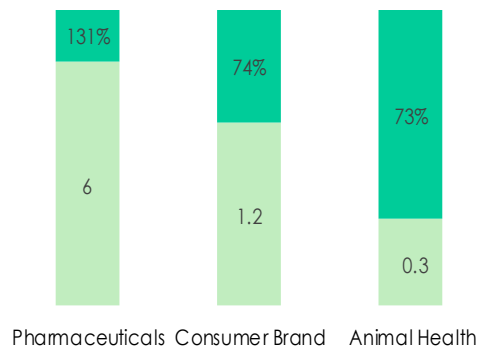
Revenue Model

The consolidated revenue of ACI for the year ended 2023 was BDT 1,15,355 million which was 19.45% higher than the previous year 2022. Major portion of the revenue comes from the Pharmaceutical segment. In the last year, the pharmaceutical sector contributed 47.4% in total revenue in 2023. **On the other hand, consolidated gross profit margin was 22.43% in the reported year compared to 24.70%. In the last year, the consolidated operating profit was BDT 6,139 million, and the net loss after tax was BDT 75 million.** Despite the revenue growth, profitability of the company declined mainly due to rising product cost driven by unfavorable currency exchange rates, increase in energy price and overall macro-economic impact. Besides, **maximum portion of the revenue comes from local sales. The domestic portion of the revenue stated at 29.5 bn which is 98.59% of the total sales whereas the export contributed a tiny portion stated 1.40% in 2023.** The company has strong backward linkage with its own to support the production smoothly. In various segment ACI joined hand with global MNC such as Godrej Agrovet Ltd, Co-Ro Ltd etc. To support forward linkage ACI has strong supply chain network through out the country. The company export various products and services to many countries of Asia, EU, Africa and South America.

Production Capacity:

The production capacity of ACI Limited in pharmaceuticals, consumer goods and animal health is 6mn, 1.2mn and 0.30mn respectively and the utilization for pharmaceutical is 131.20%, consumer goods is 74.29% and for animal health is 73.36% according to the financial statement.

Production Capacity in units pack per 8hr/Month (in mn) & Utilization Rate (%) in 2023



Advanced Chemical Industries Limited (ACI)

Revenue Growth
16.3%

Gross Profit Growth
9.0%

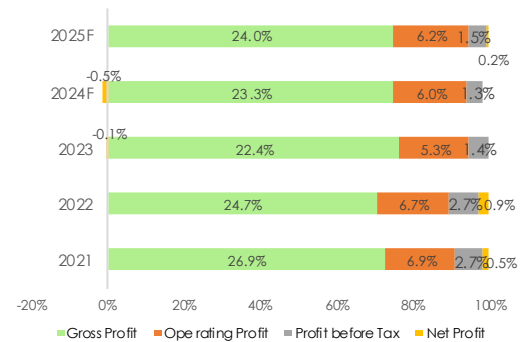
Leverage Ratio
0.93x

Current Price
138.5

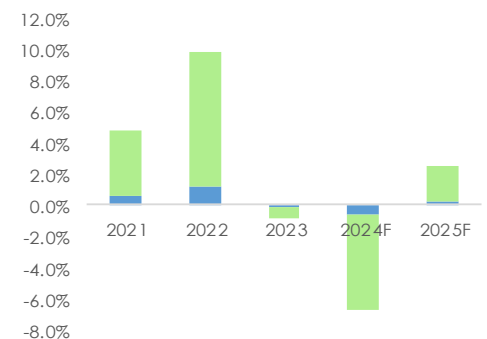
Intrinsic Value

| | 2021 | 2022 | 2023 | 2024F | 2025F |
|---------------------------------------|--------|--------|---------|---------|---------|
| Financial Information (BDT mn) | | | | | |
| Revenue | 80,748 | 96,572 | 115,355 | 126,891 | 140,849 |
| Gross Profit | 21,716 | 23,854 | 25,872 | 29,619 | 33,804 |
| Operating Profit | 4,332 | 5,559 | 6,434 | 6,139 | 7,598 |
| Net Profit | 437 | 893 | (74) | (633) | 261 |
| Asset | 72,100 | 75,618 | 90,908 | 106,513 | 108,722 |
| Long Term Debt | 9,439 | 8,176 | 8,923 | 10,709 | 10,729 |
| Equity | 10,265 | 10,305 | 10,177 | 10,309 | 11,335 |
| Cash & Cash Equivalent | 3,831 | 3,208 | 5,272 | 4,310 | 6,891 |
| EPS | 6.9 | 12.3 | (1.0) | (8.3) | 3.4 |
| NAV | 163 | 142 | 134 | 135 | 149 |
| Profit Margin | | | | | |
| Gross Profit | 26.9% | 24.7% | 22.4% | 23.3% | 24.0% |
| Operating Profit | 6.9% | 6.7% | 5.3% | 6.0% | 6.2% |
| Profit before Tax | 2.7% | 2.7% | 1.4% | 1.3% | 1.5% |
| Net Profit | 0.5% | 0.9% | -0.1% | -0.5% | 0.2% |
| Profitability | | | | | |
| ROA | 0.6% | 1.2% | -0.1% | -0.6% | 0.2% |
| ROE | 4.3% | 8.7% | -0.7% | -6.1% | 2.3% |
| Leverage | | | | | |
| Debt to Asset | 0.13 | 0.11 | 0.10 | 0.10 | 0.10 |
| Debt to Equity | 0.92 | 0.79 | 0.88 | 1.04 | 0.95 |
| Efficiency | | | | | |
| Inventory Turnover | 3.9 | 3.9 | 4.2 | 3.5 | 3.3 |
| Total Asset Turnover | 1.1 | 1.3 | 1.3 | 1.2 | 1.3 |
| DSO | 78.4 | 76.8 | 69.0 | 92.3 | 83.2 |
| DPO | 33.2 | 34.1 | 35.3 | 49.5 | 49.3 |
| Liquidity & Solvency | | | | | |
| Current Ratio | 0.74 | 0.74 | 0.73 | 0.81 | 0.83 |
| Quick Ratio | 0.40 | 0.36 | 0.42 | 0.45 | 0.40 |

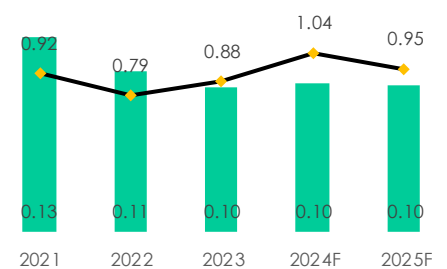
Profit Margin



ROA & ROE



Debt to Asset & Debt to Equity



Current ratio & Quick ratio



The average revenue growth of ACI Limited sustained 16.3% despite macro-economic affecting consumer sentiment. Last year in FY'23 the revenue increased by 19.5% as against the previous year in FY'22. Gross profit margin came under pressure and decreased slightly by 2.3% from the previous year due to increased COGS. Net profit margin have shown negative as company's interest expense and tax expense eroded its bottom line.

Total assets of this company also increased due to expanding various backward integration initiatives and various management strategies to increase revenue.

The company has high degree of debt which may increase its financial risk. Company's cash position has improved due to increase in net operating cash flow.

Advanced Chemical Industries Limited (ACI)

| | | | | |
|----------------|---------------------|----------------|---------------|-----------------|
| Revenue Growth | Gross Profit Growth | Leverage Ratio | Current Price | Intrinsic Value |
| 16.3% | 9.0% | 0.93x | 138.5 | *** |

Quarterly Performance

| | Quarter 1 30-Sep-23 | Quarter 2 31-Dec-23 | Quarter 3 31-Mar-24 |
|------------------------|------------------------|------------------------|------------------------|
| Assets | 92,088.3 | 97,441.4 | 97,053.9 |
| Liabilities | 81,726.3 | 88,227.1 | 87,728.0 |
| Equity | 8,466.0 | 7,542.1 | 9,325.9 |
| Revenue | 30,405.3 | 32,038.0 | 30,519.3 |
| Cost of Goods Sold | (23,083.1) | (24,582.2) | (23,082.9) |
| Gross Profit | 7,322.2 | 7,455.8 | 7,436.4 |
| Operating Profit | 1,880.7 | 1,751.3 | 2,066.6 |
| Finance Expense | 1,534.5 | 1,561.8 | 1,627.6 |
| Profit Before Tax | 427.9 | 228.6 | 537.3 |
| Provision for Taxation | (569.0) | (578.9) | (520.7) |
| Profit For the Period | (141.1) | (350.4) | 16.6 |
| EPS | (1.9) | (4.6) | 0.2 |

ACI Limited reported steady sale performance in the last three quarter and the average revenue growth shows 5%. Operating profit of the company increased by 18% in the last quarter. The net finance expense increased by 4.2% in the last quarter. Net profit witnessed positive stated at BDT16.6 mn in the latest financial. A well as EPS has shown BDT0.2 for the last three months.

Valuation Summary

| | |
|----------------------------|--------------------|
| 5Y Revenue Growth Forecast | 10%-16% |
| WACC | 11% |
| Terminal Growth | 2% |
| Valuation Per Share | BDT 288 |
| Current Price | BDT138.5 |
| Return Potential | 108% |
| Rating | Undervalued |

The current market price per share of ACI Limited is BDT138.5 which implies the share is undervalued compared to its intrinsic value of BDT288. If the company sustains its growth and the industries are likely to expand more which will trigger more business potential for the company. So, it can be presuming that the investors may get a return of 108% from the investing this share at the current price level.

Advanced Chemical Industries Limited (ACI)

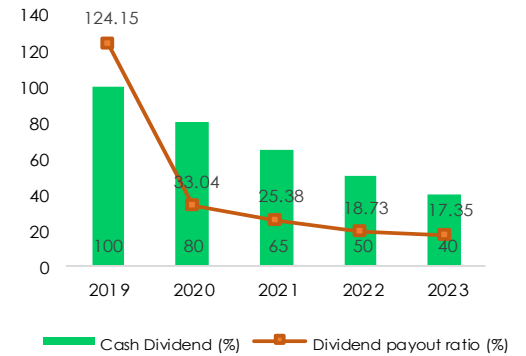
| Revenue Growth | Gross Profit Growth | Leverage Ratio | Current Price | Intrinsic Value |
|----------------|---------------------|----------------|---------------|-----------------|
| 16.3% | 9.0% | 0.93x | 138.5 | *** |

Stock Market Performance

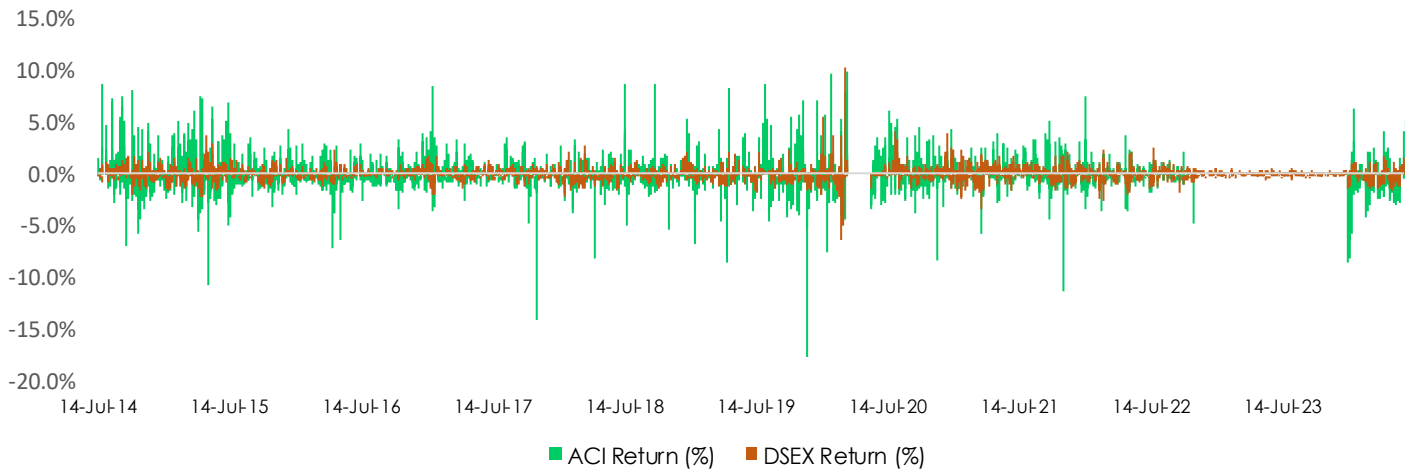
ACI Limited made its stock market debut in Pharmaceutical & Chemical sector in Bangladesh. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE). Its paid up capital is BDT762.06mn. In the case of shareholding composition 36.07% holding held with sponsor and director, while general investor have only 22.68% as on March,2024 and increased by 0.02%. Institute holding decreased by 0.09%. ACI occupied 11th position (BDT9,632mn) in the pharmaceutical market capital. .

ACI's dividend payout ratio has been steadily declining over the years. The company through its good corporate governance attain the investors confidence which demonstrates in it's stock performance over long horizon.

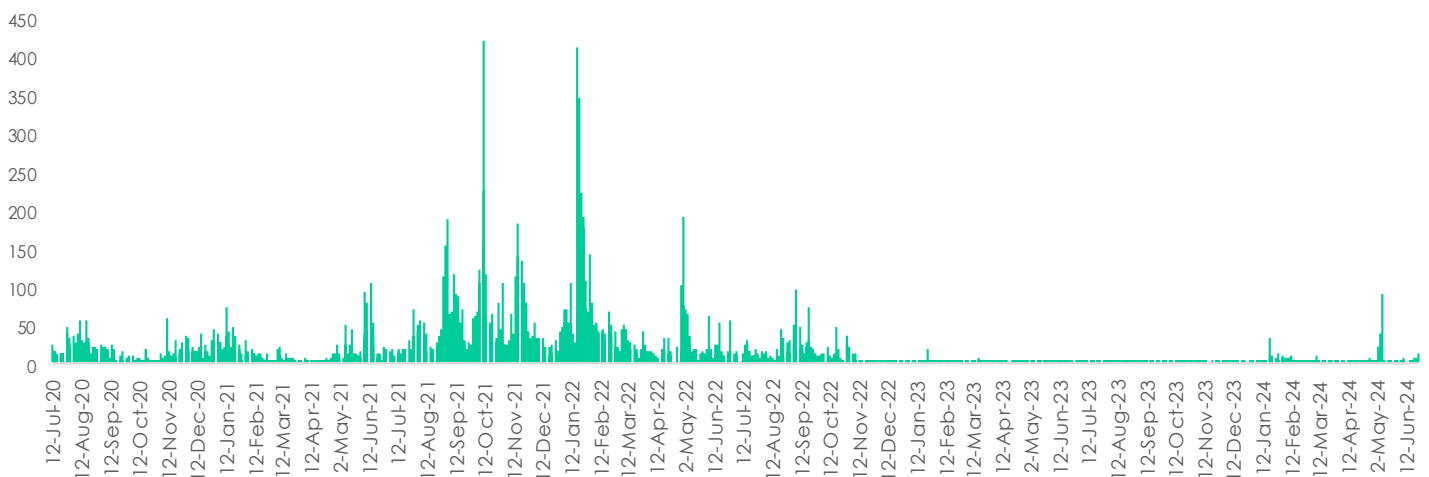
Dividend History



ACI Return V/S DSEX Return



ACI'S Market Cap. for the Last 4 Years





Advanced Chemical Industries Limited (ACI)

| Revenue Growth | Gross Profit Growth | Leverage Ratio | Current Price | Intrinsic Value |
|----------------|---------------------|----------------|---------------|-----------------|
| 16.3% | 9.0% | 0.93x | 138.5 | *** |

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Who are we?

Royal Capital Limited was established in 1996 and has a diversified client base that includes retail customers (including High Net Worth Individuals), mutual funds, foreign investors, financial institutions and corporate clients. It's headquarter is located in Dhaka. It has 42 branch & booth offices across the country. The company is the member of Dhaka and Chittagong Stock Exchange and Depository Participant of Central Depository of Bangladesh Ltd (CDBL.)