

# Flash Note

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## Cement

### Cherat Cement Company Limited (CHCC)

**Earnings:** Cherat Cement Company Limited (CHCC) announced its 1HFY24 result. The Company reported earnings for 2QFY24 of PKR 1.9bn (EPS PKR 9.62/share), up by +20% y/y, compared to PKR 1.6bn (EPS PKR 8.01/share) in the similar period last year. On a quarterly basis, earnings are up by 22% q/q. This brings total profitability for 1HFY24 to PKR 3.4bn (EPS PKR 17.51/share), up by +12% y/y, compared to PKR 3.0bn (EPS PKR 15.64/share) in the corresponding period last year.

**Dividend/Payout:** The Company announced interim cash dividend of PKR 1.5/share along with the result.

**Operating Performance:** During 2QFY24 the Company's net sales decreased to PKR 10.2bn depicting a decline of -1.8% y/y mainly due to decline in the dispatches. On half-yearly basis, the Company's net sales increased to PKR 20.3bn up by +4.3% y/y. For the quarter, the company's gross margins increased to 35% compared to 30% in the previous quarter, and in 1HFY24, gross margins increased to 33% from 30% last year owing to lower imported coal prices. The effective tax rate during 1HFY24 stood at 33% compared to 29% during the corresponding period last year.

Exhibit: Cherat Cement Company Limited (CHCC) Financial highlights						
For period ending: 2q/24						
PKRbn=Dec(end)	1HFY24	2q/24	1q/24	1HFY23	2q/23	1q/23
Net Sales	20.3	10.2	10.1	19.5	10.4	9.0
Gross Profits	6.6	3.5	3.1	5.9	3.0	2.9
Admin	0.3	0.1	0.1	0.2	0.1	0.1
EBIT	5.9	3.2	2.7	5.3	2.7	2.6
Finance cost	0.8	0.4	0.4	1.0	0.5	0.5
Profit before tax	5.1	2.8	2.3	4.3	2.2	2.1
Taxation	1.7	1.0	0.7	1.3	0.6	0.6
Profit after Tax	3.4	1.9	1.5	3.0	1.6	1.5
<b>EPS*</b>	<b>17.51</b>	<b>9.62</b>	<b>7.89</b>	<b>15.64</b>	<b>8.01</b>	<b>7.63</b>
<b>DPS</b>	<b>1.50</b>	<b>1.50</b>	<b>0.00</b>	<b>4.50</b>	<b>0.00</b>	<b>0.00</b>
Gross Margins	33%	35%	30%	30%	29%	32%
EBIT Margins	29%	31%	27%	27%	26%	29%
Effective tax	33%	34%	33%	29%	28%	30%
Net Margins	17%	18%	15%	16%	15%	16%

Source: Company Accounts, IGI Research, \*Number of Shares (mn): 194.3

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