

Flash Note

Thursday, August 31, 2023



Cement

D.G. Khan Cement Company Limited (DGKC)

Earnings: D.G. Khan Cement Company Limited (DGKC) announced its FY23 result. The Company reported an unconsolidated loss of PKR 3.6bn (EPS PKR -8.3), down by x2.2 y/y. On a quarterly basis, the company reported a loss of PKR 5.7bn (EPS: PKR -13.12/share) compared to a loss of PKR 0.6bn (EPS: PKR -1.48/share) in the same period last year.

Dividend/Payout: The Company did not announce any cash dividend this year.

Operating Performance: During 4qFY23 the Company's net sales marginally inclined to PKR 16.9bn depicting an increase of +15%/y/y. On an annual basis, the Company's net sales increased to PKR 65bn up by +12%/y/y. For the quarter, the company's gross margins plummeted to 11% compared to 18% in the previous quarter. However, average gross margins in FY23 were slightly down to 15% from 18% last year. The company took a whopping tax charge of PKR 5.8bn during the fourth quarter, due to the imposition of a recent retrospective super tax announced in the budget FY24.

Exhibit: D.G. Khan Cement Company Limited (DGKC) Financial highlights											
For period ending: 4q/23											
PKRbn=Jun(end)	2023	4q/23	3q/23	2q/23	1q/23	2022	4q/22	3q/22	2q/22	1q/22	2021
Net Sales	65.0	16.9	18.3	16.2	13.6	58.0	14.7	15.9	16.3	11.2	45.1
Gross Profits	9.6	1.8	3.5	2.2	2.1	10.4	2.6	2.9	2.8	2.1	8.1
Admin	0.9	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.6
EBIT	10.0	1.9	3.4	2.5	2.2	9.6	2.3	2.9	2.5	1.9	7.6
Finance cost	6.7	1.9	1.7	1.6	1.6	3.6	1.1	0.9	0.8	0.7	2.9
Profit before tax	3.2	0.0	1.8	0.8	0.6	6.0	1.2	2.0	1.7	1.2	4.8
Taxation	6.8	5.8	0.6	0.3	0.2	3.0	1.8	0.5	0.4	0.3	1.1
Profit after Tax	(3.6)	(5.7)	1.2	0.5	0.4	3.0	(0.6)	1.4	1.3	0.9	3.7
EPS	(8.30)	(13.12)	2.69	1.24	0.89	6.78	(1.48)	3.29	2.90	2.07	8.49
DPS	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	1.00
Gross Margins	15%	11%	19%	14%	15%	18%	18%	19%	17%	19%	18%
EBIT Margins	15%	11%	19%	15%	16%	17%	16%	18%	15%	17%	17%
Effective tax	215%	1000x	33%	33%	33%	51%	154%	26%	25%	23%	22%
Net Margins	-6%	-34%	6%	3%	3%	5%	-4%	9%	8%	8%	8%

Source: Company Accounts, IGI Research, Number of Shares (mn): 438.1

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