

# Flash Note

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Securities

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## Cement

### FCCL: 1QFY18 earnings slashed by 27%YoY to PKR 0.32/share

- Fauji Cement Company Limited (FCCL) notified its 1QFY18 financial result to the exchange with earnings clocking in at PKR 444mn (EPS: PKR 0.32), down 27%YoY (down 31%QoQ) as against PKR 609mn (EPS PKR 0.44) in the same period last year.
- Net sales of the Company have increased by +9%YoY to arrive at PKR 4.8bn ascribed to stable volumetric growth trend witnessed in the local industry.
- However, major blow to earnings was drawn by a +20% rise in cost of sales on account of higher production cost of clinker passed over to the company. To recall, FCCL procures clinker from regional players after the ill-fated accident which damaged its production line.
- This led to an overall reduction in the gross margins of the company which consequently shrank to 17% as against 24% in similar period of the preceding year.

Exhibit:

#### FCCL Result Highlights

Period end (JUN) - PKRmn	1Q'FY18	4Q'FY17	QoQ	1Q'FY17	YoY
Net Sales	4,794	4,664	3%	4,392	9%
Gross Profit	793	976	-19%	1,047	-24%
Sell. / Dist. & Admin	115	142	-19%	112	2%
Non-Operating Income	12	345	-97%	35	-66%
EBIT	645	1,096	-41%	909	-29%
Financial Charges	32	(7)	n/a	78	n/a
Pre-tax Profits	613	1,103	-44%	831	-26%
Taxation	169	461	-63%	222	-24%
Post-tax Profits	444	641	-31%	609	-27%
EPS	0.32	0.46	-31%	0.44	-27%
DPS	-	0.90		-	
<b>Key Ratios</b>					
Gross Margin (%)	16.5	20.9		23.8	
Net Margin (%)	9.3	13.7		13.9	
Effective Tax Rate (%)	27.6	41.9		26.7	

Source: Company Accounts, IGI Research

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