

# Flash Note

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## Cement

### Kohat Cement Limited (KOHC)

**Earnings:** Kohat Cement Limited (KOHC) announced its 1HFY24 result. The Company reported unconsolidated earnings for 2QFY24 of PKR 2.2bn (EPS PKR 11.35/share), up by +14% y/y, compared to PKR 2.0bn (EPS PKR 9.98/share) in the similar period last year. On a quarterly basis, earnings are down by 0.3% q/q. This brings total profitability for 1HFY24 to PKR 4.5bn (EPS PKR 22.74/share), up by +19% y/y, compared to PKR 3.7bn (EPS PKR 19.09/share) in the corresponding period last year.

**Dividend/Payout:** The Company did not announce any cash dividend along with the result.

**Operating Performance:** During 2QFY24 the Company's net sales decreased to PKR 10.3bn depicting a decline of 5% y/y. On half-yearly basis, the Company's net sales increased to PKR 21.5bn up by +8.3% y/y. For the quarter, the company's gross margins dropped to 26% compared to 29% in the previous quarter, and in 1HFY24, gross margins were slightly down to 28% from 29% last year. The company saw a decline of 10% in the dispatches during the quarter and the selling and distribution expense increased by 36% q/q owing to the implementation of axle load regime.

Exhibit: Kohat Cement Company Limited (KOHC) Financial highlights						
For period ending: 2q/24						
PKRbn=Dec(end)	1HFY24	2q/24	1q/24	1HFY23	2q/23	1q/23
Net Sales	21.5	10.4	11.1	19.8	11.0	8.9
Gross Profits	6.0	2.7	3.2	5.7	3.0	2.8
Admin	0.2	0.1	0.1	0.2	0.1	0.1
EBIT	7.2	3.5	3.7	5.9	3.0	2.8
Finance cost	0.4	0.2	0.2	0.3	0.2	0.2
Profit before tax	6.9	3.4	3.5	5.5	2.9	2.7
Taxation	2.4	1.1	1.3	1.8	0.9	0.9
Profit after Tax	4.5	2.2	2.2	3.7	2.0	1.8
<b>EPS*</b>	<b>22.74</b>	<b>11.35</b>	<b>11.38</b>	<b>19.09</b>	<b>9.98</b>	<b>9.11</b>
<b>DPS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Gross Margins	28%	26%	29%	29%	27%	31%
EBIT Margins	34%	34%	33%	30%	28%	32%
Effective tax	35%	34%	36%	32%	32%	33%
Net Margins	21%	21%	20%	19%	18%	20%

Source: Company Accounts, IGI Research, \*Number of Shares (mn): 195.9

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