

# Flash Note

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## Cement

### Pioneer Cement Limited (PIOC)

**Earnings:** Pioneer Cement Limited (PIOC) announced its 2QFY24 result. The Company reported earnings of PKR 1.7bn (EPS PKR 7.45/share), up by +44.0%/y. On a half-yearly basis, the company reported a profit of PKR 2.6bn (EPS PKR 11.56/share) compared to earnings of PKR 1.8bn (EPS PKR 7.75/share) in the same period last year.

**Dividend/Payout:** The Company announced interim cash dividend of PKR 5/share along with the result.

**Operating Performance:** During 2QFY24, the Company's net sales inclined to PKR 10.1bn depicting a decline of 2%/y. On half-yearly basis, the Company's net sales increased to PKR 18.8bn, up by +1%/y. For the quarter, the Company's gross margins increased to 35% compared to 30% in the previous quarter. Average gross margins in 1HFY24 stood at 33% compared to 25% last year owing to higher retention prices and efficient inventory management. Selling and distribution cost was reported at PKR 0.50bn (up by +50.2%/y) likely due to the inflationary pressures. In addition, the company reported finance cost of PKR 0.6bn in 2QFY24 (down by -27%/y) likely owing to lower short-term borrowings. The effective tax rate during 1HFY24 stood at 40% compared to 32% during the same period last year.

Exhibit: Pioneer Cement Company Limited (PIOC) Financial highlights						
For period ending: 2q/24						
PKRbn=Dec(end)	1HFY24	2q/24	1q/24	1HFY23	2q/23	1q/23
Net Sales	18.8	10.1	8.7	18.6	10.3	8.3
Gross Profits	6.1	3.5	2.7	4.7	2.8	1.9
Admin	0.2	0.1	0.1	0.1	0.0	0.0
EBIT	5.9	3.4	2.5	4.3	2.6	1.8
Finance cost	1.6	0.6	1.0	1.8	0.9	0.9
Profit before tax	4.3	2.8	1.5	2.6	1.7	0.9
Taxation	1.7	1.1	0.6	0.8	0.5	0.3
Profit after Tax	2.6	1.7	0.9	1.8	1.2	0.6
<b>EPS*</b>	<b>11.56</b>	<b>7.45</b>	<b>4.11</b>	<b>7.75</b>	<b>5.17</b>	<b>2.58</b>
<b>DPS</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Gross Margins	33%	35%	30%	25%	27%	23%
EBIT Margins	31%	34%	29%	23%	25%	21%
Effective tax	40%	40%	39%	32%	31%	33%
Net Margins	14%	17%	11%	9%	11%	7%

Source: Company Accounts, IGI Research, \*Number of Shares (mn): 227.1

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