

# Flash Note

Tuesday, 21 January 2020



Securities

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## Cements

### Attock Cement Pakistan Limited (ACPL)

#### 2QFY20 EPS up by 3%YoY to PKR 2.95. Tax reversal arrests substantial fall in earnings.

- Attock Cement Pakistan Limited (ACPL) announced its financial results for 2QFY20 with earnings clocking in at PKR 405mn (EPS: PKR 2.95) as compared to PKR 394mn (EPS: PKR 2.87) reported in the same period last year. Cumulatively, this brings 1HFY20 EPS to PKR 5.55 as against PKR 5.94 reported in the comparative period.
- On consolidated basis, the Company for 2QFY20 reported earnings of PKR 684mn as against PKR 741mn reported in the comparative period.
- During the quarter under review, net sales of the Company on an unconsolidated basis grew by 14% YoY, largely driven by enhanced export volumes and improved retention prices.
- Despite low coal fob prices, gross margins of the Company remained static as against the comparative period owing to impacts of PKR depreciation and enhanced power costs stemming from administrative price hikes.
- Selling, Distribution & Admin costs witnessed an exorbitant +76%YoY rise, owing predominantly by rise in distribution expenses incurred on account of export freight charges ancillary to export sales.
- Substantial tax reversal of 114mn as against charge of 115mn in the comparative period, effectively reversed the substantial decline in earnings to a stable growth of 3%YoY. We await issue of interim report for further information in this regard.

Exhibit:

#### ACPL Result Highlights

Period end (JUN) - PKRmn	2QFY20	2QFY19	YoY	1HFY20	1HFY19	YoY
Net Sales	5,643	4,954	14%	10,611	10,634	0%
Gross Profit	1,193	1,051	14%	2,493	2,248	11%
Sell. / Dist. & Admin	709	402	76%	1,328	1,002	33%
Non-Operating Income	27	73	-63%	47	135	-65%
EBIT	479	687	-30%	1,144	1,320	-13%
Financial Charges	188	178	6%	346	301	15%
Pre-tax Profits	291	509	-43%	798	1,020	-22%
Taxation	(114)	115	n/m	35	203	-83%
Post-tax Profits	405	394	3%	763	817	-7%
EPS	2.95	2.87		5.55	5.94	
DPS	-	-		-	-	

#### Key Ratios

Gross Margin (%)	21.1	21.2		23.5	21.1	
Net Margin (%)	7.2	7.9		7.2	7.7	
Effective Tax Rate (%)	(39.0)	22.6		4.4	19.9	

Source: Company Accounts, IGI Research

No. of Shares : 137mn

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IGI Finex Securities Limited

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Research Identity Number: BRP009

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