

Flash Note

Monday, February 26, 2024



Cement

D.G. Khan Cement Company Limited (DGKC)

Earnings: D.G. Khan Cement Company Limited (DGKC) announced its 2QFY24 result. The Company reported unconsolidated earnings of PKR 0.4bn (EPS PKR 0.90), down by -27.4%/y. On a half-yearly basis, the company reported a profit of PKR 1.1bn (EPS PKR 2.41) compared to earnings of PKR 0.9bn (EPS PKR 2.13) in the same 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 inclined to PKR 18.3bn depicting an increase of +13%/y. On half-yearly basis, the Company's net sales increased to PKR 34.8bn up by +17%/y owing to higher cement prices. For the quarter, the company's gross margins plummeted to 13% compared to 19% in the previous quarter. However, average gross margins in 1HFY24 were up to 16% from 14% last year likely due to higher local coal prices. Selling and distribution cost was reported at PKR 0.70bn (up by +3.94xy/y and +36%q/q) likely due to axle load implementation. In addition, the company reported finance cost of PKR 2bn in 2QFY24 (up by +26%/y) owing to higher interest rates. The effective tax rate during 1HFY24 stood at 40% compared to 33% during the same period last year.

Exhibit: D.G. Khan Cement Company Limited (DGKC) Financial highlights						
For period ending: 2q/24						
PKRbn=Dec(end)	1HFY24	2q/24	1q/24	1HFY23	2q/23	1q/23
Net Sales	34.8	18.3	16.5	29.8	16.2	13.6
Gross Profits	5.5	2.3	3.2	4.3	2.2	2.1
Admin	0.6	0.3	0.3	0.4	0.2	0.2
EBIT	5.9	2.7	3.2	4.6	2.5	2.2
Finance cost	4.1	2.0	2.1	3.2	1.6	1.6
Profit before tax	1.7	0.7	1.1	1.4	0.8	0.6
Taxation	0.7	0.3	0.4	0.5	0.3	0.2
Profit after Tax	1.1	0.4	0.7	0.9	0.5	0.4
EPS*	2.41	0.90	1.51	2.13	1.24	0.89
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Gross Margins	16%	13%	19%	14%	14%	15%
EBIT Margins	17%	15%	19%	16%	15%	16%
Effective tax	40%	40%	39%	33%	33%	33%
Net Margins	3%	2%	4%	3%	3%	3%

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

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