

Flash Note

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Cement

D.G. Khan Cement Company Limited (DGKC)

Earnings: D.G. Khan Cement Company Limited (DGKC) announced its 3QFY24 result. The Company reported unconsolidated earnings of PKR 1.2bn (EPS PKR 2.69/share), up by +3xy/y. On a 9MFY basis, the company reported a profit of PKR 2.2bn (EPS PKR 5.10/share) compared to earnings of PKR 1.2bn (EPS PKR 4.82/share) in the same period last year.

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

Operating Performance: During 3QFY24, the Company's net sales declined to PKR 14.3bn depicting a decline of -21.9%/y. The sales during the quarter were down due to lower dispatches. On 9MFY basis, the Company's net sales increased to PKR 49.1bn up by +2.1%/y owing to higher cement prices. For the quarter, the company's gross margins were reported at 26% compared to 13% in the previous quarter the gross margins improved significantly due to the absence of one-time maintenance cost that was charged in the previous quarter. However, average gross margins for the 9MFY24 were recorded at 19% compared to 16% last year likely due to better retention prices. The company reported finance cost of PKR 2bn in 3QFY24 (up by +17%/y) owing to higher interest rates. The effective tax rate during 9MFY24 stood at 39% compared to 33% during the same period last year.

Exhibit: D.G. Khan Cement Company Limited (DGKC) Financial highlights										
For period ending: 3q/24										
PKRbn=Mar(end)	9MFY24	3q/24	2q/24	1q/24	9MFY23	3q/23	2q/23	1q/23	ΔYoY	ΔQoQ
Net Sales	49.1	14.3	18.3	16.5	48.0	18.3	16.2	13.6	-22%	-22%
Gross Profits	9.2	3.6	2.3	3.2	7.7	3.5	2.2	2.1	5%	56%
Admin	0.9	0.3	0.3	0.3	0.6	0.2	0.2	0.2	40%	4%
EBIT	9.7	3.9	2.7	3.2	8.1	3.4	2.5	2.2	13%	44%
Finance cost	6.1	2.0	2.0	2.1	4.9	1.7	1.6	1.6	17%	-4%
Profit before tax	3.7	1.9	0.7	1.1	3.2	1.8	0.8	0.6	9%	191%
Taxation	1.4	0.7	0.3	0.4	1.0	0.6	0.3	0.2	26%	178%
Profit after Tax	2.2	1.2	0.4	0.7	2.1	1.2	0.5	0.4	0%	200%
EPS*	5.10	2.69	0.90	1.51	4.82	2.69	1.24	0.89	0%	200%
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-
Gross Margins	19%	26%	13%	19%	16%	19%	14%	15%	7%	13%
EBIT Margins	20%	27%	15%	19%	17%	19%	15%	16%	8%	12%
Effective tax	39%	39%	40%	39%	33%	33%	33%	33%	5%	-2%
Net Margins	5%	8%	2%	4%	4%	6%	3%	3%	2%	6%

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

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