

Day Break

Monday, 26 August 2019

Company Update

Exhibit: FCCL's overall dispatches have shred noticeably; led by 11% decline in local offtakes and 26% in exports

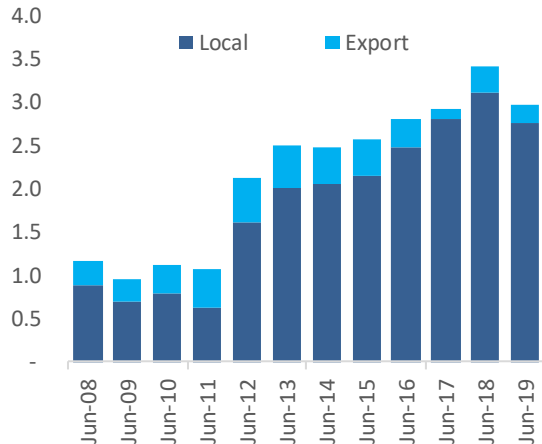
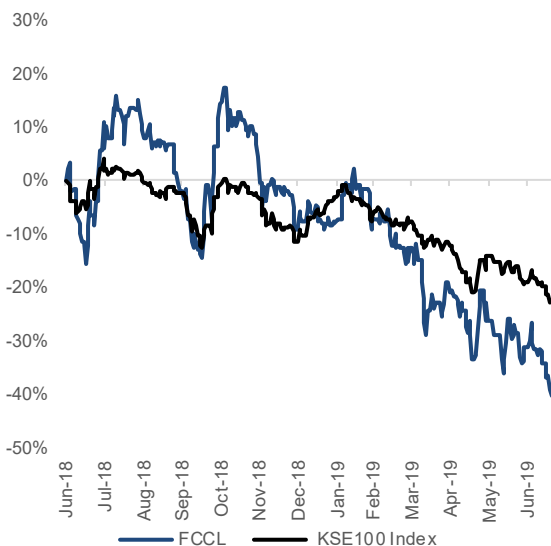


Exhibit: Relative Performance to KSE 100



Source: Bloomberg, PSX & IGI Research

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Cements

FCCL FY19E EPS: PKR 2.10, down by 16%YoY

- Fauji Cement Company Limited's (FCCL) board meeting is scheduled on 27th Aug-19 to announce financial result for 4QFY19, wherein we expect the company to post earnings of PKR 456mn (EPS: PKR 0.33), down by 65%YoY
- This will bring FY19E earnings to PKR 2.90bn (EPS: PKR 2.10) as against PKR 3.43bn (EPS: PKR 2.49) reported in the similar period of the preceding year.
- The decline in FY19E earnings is primarily driven by a) substantial drop in sales volumes; and b) significant rise in cost structure owing to +24%YoY average depreciation of PKR against the greenback and mounting inflationary pressures.
- We expect the Company to declare a final dividend of PKR 0.75/share along with the result taking full year dividend to PKR 1.50/share.

FCCL: FY19E EPS to clock in at PKR 2.10/share, down by 16%YoY

Fauji Cement Company Limited's (FCCL) board meeting is scheduled on 27th Aug-19 to announce financial result for 4QFY19, wherein we expect the company to post earnings of PKR 456mn (EPS: PKR 0.33), down by 65%YoY, compared to PKR 1.31bn (EPS: PKR 0.95) in the same period last year. This will bring FY19E earnings to PKR 2.90bn (EPS: PKR 2.10) as against PKR 3.43bn (EPS: PKR 2.49) reported in the similar period of the preceding year. The decline in FY19E earnings is primarily driven by a) substantial drop in sales volumes (~13%YoY) led by ~11%YoY decrease in local dispatches mitigated to a certain extent by a +10%YoY improvement in local retentions as compared to previous year; and b) significant rise in cost structure owing to +24%YoY average depreciation of PKR against the greenback and mounting inflationary pressures.

We expect the Company to declare a final dividend of PKR 0.75/share along with the result taking full year dividend to PKR 1.50/share.

Exhibit:

FCCL Result Highlights

Period end (JUN) - PKRmn	4QFY19	4QFY18	YoY	FY19	FY18	YoY
Net Sales	4,708	5,347	-12%	20,352	21,161	-4%
Gross Profit	986	1,386	-29%	5,132	5,115	0%
Sell. / Dist. & Admin	168	196	-15%	646	662	-2%
Non-Operating Income	40	32	25%	162	104	55%
EBIT	799	1,139	-30%	4,333	4,246	2%
Financial Charges	28	27	4%	104	148	-30%
Pre-tax Profits	771	1,112	-31%	4,230	4,098	3%
Taxation	314	(196)	-261%	1,333	669	99%
Post-tax Profits	456	1,307	-65%	2,897	3,429	-16%
EPS	0.33	0.95		2.10	2.49	
DPS	0.75	1.00		1.50	2.00	
Key Ratios						
Gross Margin (%)	20.9	25.9		25.2	24.2	
Net Margin (%)	9.7	24.5		14.2	16.2	
Effective Tax Rate (%)	40.8	n/m		31.5	16.3	

Source: Company Accounts, IGI Research

No. of Shares : 1380mn

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