

## Result announcement 1QFY23

## Cements

## Fauji Cement Company Limited

**Earnings:** Fauji Cement Company Limited (FCCL) announced its financial result for the first quarter FY23, whereby company reported earnings of PKR 2,315mn or PKR 1.06/share compared to last year PKR 2,104mn or PKR 0.97/share, up +10%/y/y. On quarterly basis, company's profitability is down by 24%, due to higher tax charge taken in previous quarter.

**Payout:** The Company did not announce any payout along with the result.

**Operating performance:** For the 1QFY23, Company's sales recorded a +27%/y/y growth to PKR 14.7bn backed by better retention prices which compensated industry wide slowdown in volumes and higher energy and coal prices. On sequential basis, sales are down by 53%/q/q. Moreover, company's gross margins clocked in at 29% slightly up when compared to previous quarter (4qFY23: 27%) and down when compared to last year same quarter (1QFY22: 30%). Interest costs during the quarter settled at PKR 414.6mn lower on sequential basis, whereas up by +89%/y/y amid higher interest rates and increased financing. Effective tax rate for the period came at 30% (additional tax measures announced in budget 2023) compared to 47% in 4QFY23, and 24% during last year same period.

Exhibit: Fauji Cement Company Limited (FCCL) Financial highlights							
For period ending: 1q/23a							
PKRmn=Jun(end)	1q/23a	FY22a	4q/22a	3q/22a	2q/21a	1q/21a	FY21
Net Sales	14,700	54,243	31,319	7,679	3,667	11,578	24,271
Gross Profits	4,213	14,399	7,983	1,949	1,036	3,431	6,064
EBIT	3,730	12,728	6,930	1,825	988	2,986	5,214
Finance cost	415	1,202	1,125	18	(161)	219	110
Profit before tax	3,315	11,528	5,809	1,806	1,145	2,767	5,108
Taxation	1,000	4,416	2,759	573	421	662	1,636
Profit after Tax	2,315	7,113	3,050	1,234	724	2,104	3,471
<b>EPS</b>	<b>1.06</b>	<b>3.26</b>	<b>1.40</b>	<b>0.57</b>	<b>0.33</b>	<b>0.97</b>	<b>1.59</b>
<b>DPS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Sales Gr. y/y	27%	123%	29%	30%	-40%	110%	41%
Gross Margins	29%	27%	25%	25%	28%	30%	25%
EBIT Margins	25%	23%	22%	24%	27%	26%	21%
Effective tax	30%	38%	47%	32%	37%	24%	32%
Net Margins	16%	13%	10%	16%	20%	18%	14%

Source: Company Accounts, IGI Research

Number of Shares (mn): 2,180.3

## Analyst

Abdullah Farhan

[Abdullah.Farhan@igi.com.pk](mailto:Abdullah.Farhan@igi.com.pk)

Tel: +92 21 111 234 234 Ext: 912

Aariz Raza

[Aariz.raza@igi.com.pk](mailto:Aariz.raza@igi.com.pk)

Tel: +92 21 111 234 234 Ext: 816

## Important Disclaimer and Disclosures

**Research Analyst(s) Certification:** The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

**Disclaimer:** The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

**Rating system:** IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

### Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

**Risk:** Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

**Basic Definitions and Terminologies used:** **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2022 IGI Finex Securities Limited

## Contact Details

### Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

### Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Aariz Raza	Analyst	Tel: (+92-21) 111-234-234 Ext: 816	Aariz.raza@igi.com.pk
Ajay Kumar	Analyst	Tel: (+92-21) 111-234-234 Ext: 816	ajay.kumar@igi.com.pk
Huzaifa Yaseen	Analyst	Tel: (+92-21) 111-234-234 Ext: 816	huzaifa.yaseen@igi.com.pk

### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

#### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
 Fax: (+92-21) 35309169, 35301780

#### Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,  
 Stock Exchange Road, Karachi.  
 Tel: (+92-21) 32429613-4, 32462651-2  
 Fax: (+92-21) 32429607

#### Lahore Office

Shop # G-009, Ground Floor,  
 Packages Mall  
 Tel: (+92-42) 38303560-69  
 Fax: (+92-42) 38303559

#### Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,  
 Block- B, Jinnah Avenue, Blue Area  
 Tel: (+92-51) 2604861-2, 2604864, 2273439  
 Fax: (+92-51) 2273861

#### Faisalabad Office

Room #: 515-516, 5th Floor, State Life  
 Building, 2- Liaqat Road  
 Tel: (+92-41) 2540843-45  
 Fax: (+92-41) 2540815

#### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
 Model Town, Town Hall Road  
 Tel: (+92-68) 5871652-3  
 Fax: (+92-68) 5871651

#### Multan Office

Mezzanine Floor, Abdali Tower,  
 Abdali Road  
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2022 IGI Finex Securities Limited