

Flash Note

Friday, 19 February 2021

Cements

Fauji Cement Company Limited (FCCL)

High retentions and low input prices drove 2QFY21 earnings up by 4.8x/y to PKR 0.66/share

- Fauji Cement Company Limited announced its financial result for 2QFY21 with a net profit of PKR 905mn (EPS: PKR 0.66), up by +4.8x y/y, as compared to PKR 189mn (EPS: PKR 0.14) reported in the same period last year. This brings 1HFY21 earnings to PKR 1,601mn as against PKR 482mn reported in the comparative period last year.
- Net Sales of the Company increased by +15%y/y and +11%q/q during 2QFY21. This was largely driven by increase in sales volumes amid economic revival, higher retention garnered by during the period following price increase, reduced FED and lower discounts.
- Gross margins of the company have increase massively to 25% as against 7% recorded in the comparative period and 22% in 1QFY21 following improved retentions and restricted costs structure .
- The company has also approved setting up green field manufacturing plant to the tune of 2.05mn tons p.a. Currently the company is targeting financial closed by 31st March 2021.

Exhibit: FCCL 2QFY21 Result Highlights								
Period end (JUN) - PKRmn	2QFY21	2QFY20	y/y	1QFY21	q/q	1HFY21	1HFY20	y/y
Net Sales	6,110	5,314	15%	5,501	11%	11,611	9,557	21%
Gross Profit	1,529	392	3.9x	1,188	29%	2,718	984	2.8x%
Sell. / Dist. & Admin	197	205	-4%	151	31%	347	367	-5%
Other Operating expense	91	5	16.6x	70	30%	162	35	4.6x
Other Income	9	13	-33%	9	0%	17	29	-41%
EBIT	1,250	195	6.4x	976	28%	2,226	611	3.6x
Financial Charges	13	41	-70%	20	-36%	32	55	-41%
Pre-tax Profits	1,237	154	8.0x	956	29%	2,193	555	3.0x
Taxation	332	(36)	n/a	261	27%	592	73	8.1x
Post-tax Profits	905	189	4.8x	696	30%	1,601	482	3.3x
EPS	0.66	0.14		0.50		1.16	0.35	
Key Ratios								
Gross Margin (%)	25%	7%		22%		23%	10%	
Net Margin (%)	15%	4%		13%		14%	5%	
Source: IGI Research, Company Accounts, PSX						No. of Shares: 1379mn		

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