

Flash Note

Wednesday, 21 April 2021

Cements

Maple Leaf Cement Factory (MLCF)

Earnings of PKR 1.11/share reported in 3QFY21; improved retentions and curtailed costs structure boost margins

- Maple Leaf Cement Factory Limited (MLCF) announced its financial result for 3QFY21 wherein it reported a net profit of PKR 1,223mn (EPS: PKR 1.11), as against net loss of PKR 960mn (LPS: PKR 0.87) in 3QFY20. This takes 9MFY21 earnings to PKR 2,849mn (EPS: PKR 2.59) as against net loss of PKR 2,727mn (LPS: PKR 3.20) reported in 9MFY20. In conjunction with the result the company did not announce any cash dividend.
- Net Sales of the Company during 3QFY21 increased by 37%y/y and mere 4% q/q. This was largely driven by increased retention prices amid improvement in cement sales price in northern region, where the company has its footprint, along with possible reduction in dealer discount also corroborated overall sales performance.
- Gross margins of the company during the quarter have increased massively to 27% as against 1% registered in last year. This was largely driven by better absorption of fixed cost amid higher volumetric sales.
- A steep 56%y/y decline in finance cost outweighed operating margins attributable to low borrowing requirement during the quarter and series of rate cut in benchmark interest rates.

Exhibit: MLCF 3QFY21 Result Review								
Period end (Jun) - PKRmn	3QFY21	3QFY20	YoY	2QFY21	QoQ	9MFY21	9MFY20	YoY
Net Sales	9,477	6,914	37%	9,100	4%	26,098	23,097	13%
Gross Profit	2,539	91	27.9x	2,219	14%	6,222	709	8.7x
Sell. / Dist. & Admin	579	353	64%	475	22%	1,414	1,200	18%
Other expense	119	55	115%	114	4%	281	123	128%
Other Income	58	19	202%	69	-16%	172	119	45%
EBIT	1,899	(298)	n.m.	1,699	12%	4,700	(495)	n.m
Financial Charges	304	690	-56%	317	-4%	1,047	2,359	-56%
Pre-tax Profits	1,595	(988)	n.m.	1,381	15%	3,653	(2,854)	n.m
Taxation	372	(28)	n.m.	311	20%	805	(127)	n.m
Post-tax Profits	1,223	(960.1)	n.m.	1,070	14%	2,849	(2,727)	n.m
EPS	1.11	(0.87)		0.97		2.59	(3.20)	
Key Ratios								
Gross Margin (%)	27%	1%		24%		24%	3%	
Net Margin (%)	13%	-14%		12%		11%	-12%	
Source: IGI Research, Company Accounts, PSX						No. of Shares: 1,098mn		

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