

Flash Note

Monday, 19 February 2018

Cement

FCCL: Re-initiation of production line II push 2QFY18 earnings up by 19%YoY to PKR 0.60/share

- Fauji Cement Company Limited (FCCL) notified its 2QFY18 financial result to the exchange with earnings clocking in at PKR 824mn (EPS: PKR 0.60), up by +19%YoY (up by +85%QoQ) as against PKR 694mn (EPS PKR 0.50) in the same period last year. This brings 1HFY18 earnings to PKR 1,268mn (EPS: PKR 0.92) as against PKR 1,303mn (EPS: PKR 0.94) in the same period last year, down by 3%YoY
- Net sales of the Company have dropped by 6%YoY to arrive at PKR 5.48bn largely ascribed to industry wide lower retentions stemming from a) enhanced FED promulgated through Finance Act 2017-18, b) declining cement prices in North region; and c) elevated coal prices globally.
- Cost of Sales of the Company witnessed a decline of 11%YoY owing to re-initiation of FCCL's production line II in the quarter under focus, thus ending its woes of procuring expensive input material (clinker) from other regional players.
- The Company registered a gross profit of PKR 1.44bn as compared to PKR 1.27bn in the same period last year, registering a growth of +13%YoY
- The gross profit and net profit margins of the Company improved to 26%/15% as against comparative period figures of 22%/12%.

Exhibit:

FCCL Result Highlights

Period end (JUN) - PKRmn	2QFY18	2QFY17	YoY	1HFY18	1HFY17	YoY
Net Sales	5,475	5,796	-6%	10,268	10,187	1%
Gross Profit	1,435	1,271	13%	2,228	2,318	-4%
Sell. / Dist. & Admin	180	131	38%	294	243	21%
Non-Operating Income	23	32	-27%	35	67	-47%
EBIT	1,186	1,097	8%	1,831	2,006	-9%
Financial Charges	42	72	-41%	74	149	-50%
Pre-tax Profits	1,144	1,025	12%	1,758	1,856	-5%
Taxation	321	331	-3%	490	553	-12%
Post-tax Profits	824	694	19%	1,268	1,303	-3%
EPS	0.60	0.50	19%	0.92	0.94	-3%
DPS	-	-				
Key Ratios						
Gross Margin (%)	26.2	21.9		21.7	22.8	
Net Margin (%)	15.0	12.0		12.3	12.8	
Effective Tax Rate (%)	28.0	32.3		27.9	29.8	

Source: Company Accounts, IGI Research

No. of Shares : 1380mn

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