

Flash Note

Friday, 12 October 2018

Cements

Attock Cement Pakistan Limited (ACPL)

ACPL: Lower retentions and high input prices push 1QFY19 earnings down by 30%YoY despite substantial increase in sales

- Attock Cement Pakistan Limited (ACPL) announced its financial results for 1QFY19 with unconsolidated earnings clocking in at PKR 423mn (Full share EPS: PKR 3.08) as compared to PKR 605mn (EPS: PKR 4.40) in the same period last year.
- Net sales of the Company have increased by +63%YoY to arrive at a level of 5.84bn, mainly achieved on account of impressive growth trend witnessed in local offtakes and sizeable export dispatches made post resolution of capacity constraints via production line III inaugurated in Jan-18.
- Gross profits during 1QFY19 increased by 11%YoY to PKR 1.35bn largely owing to lower retentions due to imposition of higher FED and heightened cost structure due to elevated coal prices globally and impact of incremental depreciation emanating from expansion plant. Accordingly, gross profit margin of the Company fell to 23% in contrast to 34% reported in the similar period last year.
- Selling and Distribution Costs of the Company rose by a substantial +93%YoY, likely owing to export handling and freight charges incurred on export sales made.
- Finance cost of the Company surged by 12 folds to PKR 123mn as it is no longer capitalized under plant cost post commencement of production line III.
- Effective tax rate stood at 17% during 1QFY19 compared to 23% recorded in the corresponding period last year, likely due to enhanced exports sales made which come under Final Tax Regime and are taxed at a lower rate of 1%.

Exhibit:

ACPL Result Highlights

Period end (JUN) - PKRmn	1QFY18	1QFY17	YoY	4QFY18	QoQ
Net Sales	5,836	3,590	63%	4,742	23%
Gross Profit	1,353	1,217	11%	1,207	12%
Sell. / Dist. & Admin	756	392	93%	571	32%
Non-Operating Income	61	11	5.62x	17	3.62x
EBIT	634	800	-21%	622	2%
Financial Charges	123	11	11.62x	99	24%
Pre-tax Profits	511	790	-35%	523	-2%
Taxation	88	185	-52%	(2,050)	n/m
Post-tax Profits	423	605	-30%	2,573	-84%
EPS	3.08	4.40		18.72	
DPS	-	-		6.50	

Key Ratios

Gross Margin (%)	23.2	33.9		25.5	
Net Margin (%)	7.2	16.8		54.3	
Effective Tax Rate (%)	17.2	23.4		n/m	

Source: Company Accounts, IGI Research

No. of Shares : 137mn

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