

Flash Note

Monday, 20 April 2020

Cements

Fauji Cement Company Limited (FCCL)

Substantial erosion in retention prices present losses; 3QFY20 LPS clocks in at PKR 0.15

- ✓ Fauji Cement Company Limited (FCCL) announced its financial results for 3QFY20 with a net loss of PKR 210mn (LPS: PKR 0.15), down by -0.3xYoY, as compared to PKR 616mn (EPS: PKR 0.45) reported in the same period last year. This reduces 9MFY20 net earnings to PKR 272mn (EPS: PKR 0.20) as against PKR 2,440mn (EPS: PKR 1.77) reported in the comparative period.
- ✓ Net sales of the Company during 3QFY20 declined by 25%YoY as against the comparative period, despite marginally improved dispatches, primarily due to substantially reduced retention prices garnered by the Company during the period following severe price cuts amid intense competition.
- ✓ The substantial drop in retention prices led to negative gross margins of the Company to 3% as against positive 21% recorded in the comparative period, despite a controlled cost structure.

Exhibit: FCCL Result Highlights						
Period end (JUN) - PKRmn	3QFY20	3QFY19	YoY	9MFY20	9MFY19	YoY
Net Sales	3,925	5,213	-25%	13,482	15,644	-14%
Gross Profit	(106)	1,098	-0.1x	878	4,146	-79%
Sell. / Dist. & Admin	146	165	-12%	513	478	7%
Non-Operating Income	20	38	-46%	74	121	-39%
EBIT	(210)	906	-0.2x	425	3,534	-88%
Financial Charges	70	22	2.2x	150	75	99%
Pre-tax Profits	(280)	884	-0.3x	275	3,459	-92%
Taxation	(70)	267	-0.3x	4	1,019	-1x
Post-tax Profits	(210)	616	-0.3x	272	2,440	-89%
EPS	(0.15)	0.45		0.20	1.77	
DPS	-	-		0.25	0.75	
Key Ratios						
Gross Margin (%)	(2.7)	21.1		6.5	26.5	
Net Margin (%)	(5.4)	11.8		2.0	15.6	
Effective Tax Rate (%)	24.8	30.3		1.3	29.4	

Source: Company Accounts, IGI Research

No. of Shares : 1380mn

Analyst

Muhammad Saad

muhammad.saad@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 816