

Flash Note

Monday, 22 October 2018

Cements

Fauji Cement Company Limited (FCCL)

FCCL: Earnings up by +80YoY to PKR 0.58/share; fall by 37%QoQ on a sequential basis

- Fauji Cement Company Limited (FCCL) announced its financial results for 1QFY19 with earnings clocking in at PKR 801mn (EPS: PKR 0.58), up by +80%YoY, as compared to PKR 444mn (EPS: PKR 0.32) reported in the same period last year. On a sequential basis however, earnings fell short by 39%QoQ.
- Net sales of the Company grew by +11%YoY, largely due to improved cement sales prices during the period under review.
- Gross profits during the period improved by +79%YoY primarily due to controlled cost structure post operationalization of production line II of the Company. To recall, production line II of the Company had been severely damaged due to a mishap back in May-16, compelling Company management to procure expensive clinker from regional players in order to sustain its market share till 1QFY18. Accordingly gross margins for the quarter inclined to 27% as against 17% reported in 1QFY18.
- On a sequential basis, the fall in earnings is attributable to a) lower dispatches recorded in the North region which consequently translated to lower dispatches of the Company b) notable rise in cost of producing cement; and c) non-recurrence of tax credit on rehabilitation of production line II and positive deferred tax implications recognized in 4QFY18.

Exhibit:

FCCL Result Highlights

Period end (JUN) - PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	5,342	4,794	11%	5,347	0%
Gross Profit	1,419	793	79%	1,386	2%
Sell. / Dist. & Admin	174	115	52%	196	-11%
Non-Operating Income	7	12	-41%	32	-78%
EBIT	1,168	645	81%	1,139	3%
Financial Charges	30	32	-7%	27	8%
Pre-tax Profits	1,139	613	86%	1,112	2%
Taxation	338	169	2x	(196)	n/m
Post-tax Profits	801	444	80%	1,307	-39%
EPS	0.58	0.32		0.95	
DPS	-	-		1.00	

Key Ratios

Gross Margin (%)	26.6	16.5		25.9	
Net Margin (%)	15.0	9.3		24.5	
Effective Tax Rate (%)	29.6	27.6		n/m	

Source: Company Accounts, IGI Research

No. of Shares : 1380mn

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