

# Flash Note

Friday, 11 September 2020

## Cements

### Maple Leaf Cement Factory Limited (MLCF)

#### Rise in cost structure and drop in volumes continue losses in 4QFY20; 4QFY20 LPS: PKR 0.76/share; FY20 closes at loss of PKR 3.24/share

- Maple Leaf Cement Factory Limited (MLCF) announced its financial result for 4QFY20 wherein, on a consolidated basis, it reported a net loss of PKR 832mn (Fully Diluted LPS: PKR 0.76), as against loss of PKR 960mn (LPS: PKR 0.87) in 3QFY20. This concluded FY20 with an accumulated loss of PKR 3.56bn (LPS: PKR 3.24) as against net profitability of PKR 2.46bn (EPS: PKR 2.24) reported in FY19. The Company announced nil dividends along with the result.
- Net Sales of the Company during 4QFY20, as against 3QFY20 declined by 13%QoQ. This was largely driven by drop in sales volumes (down by ~21%QoQ) amid lockdown situation that persisted during the quarter due to Covid-19 and reversion towards share determined as per capacity. It is pertinent to note that lower possible discounts kept retentions/bag high during the reported quarter.
- The Company presented a gross loss of PKR 124mn, largely due to increase input costs and disproportionate spread of fixed overheads amid decline in volumes due to Covid situation.
- Financial charges dropped by 22% largely due to full quarter impact of early retirement of debt made in the previous quarters.

#### Exhibit: MLCF Result Highlights - Consolidated

| Period end (JUN) - PKRmn | 4QFY20  | 3QFY20 | QoQ   | 4QFY19 | YoY   | FY20    | FY19   | YoY   |
|--------------------------|---------|--------|-------|--------|-------|---------|--------|-------|
| Net Sales                | 6,021   | 6,914  | -13%  | 7,730  | -22%  | 29,118  | 26,006 | 12%   |
| Gross Profit             | (124)   | 91     | -1.4x | 1,307  | -0.1x | 585     | 6,062  | -90%  |
| Sell. / Dist. & Admin    | 408     | 353    | 16%   | 548    | -26%  | 1,608   | 1,674  | -4%   |
| Non-Operating Income     | 27      | 19     | 42%   | 21     | 29%   | 146     | 52     | 2.8x  |
| EBIT                     | (542)   | (298)  | 82%   | 434    | -1.3x | (1,038) | 3,890  | -0.3x |
| Financial Charges        | 538     | 690    | -22%  | 221    | 2.4x  | 2,897   | 1,231  | 2.4x  |
| Pre-tax Profits          | (1,080) | (988)  | 9%    | 213    | -5.1x | (3,934) | 2,659  | -1.5x |
| Taxation                 | (248)   | (28)   | 9.0x  | (355)  | -30%  | (375)   | 199    | -1.9x |
| Post-tax Profits         | (832)   | (960)  | -13%  | 568    | -1.5x | (3,559) | 2,460  | -1.5x |
| Fully Diluted EPS /(LPS) | (0.76)  | (0.87) |       | 0.52   |       | (3.24)  | 2.24   |       |
| DPS                      | -       | -      |       | 0.50   |       | -       | 0.50   |       |
| <b>Key Ratios</b>        |         |        |       |        |       |         |        |       |
| Gross Margin (%)         | (2.1)   | 1.3    |       | 22.9   |       | 2.0     | 23.3   |       |
| Net Margin (%)           | (13.8)  | (13.9) |       | 9.3    |       | (12.2)  | 9.5    |       |
| Effective Tax Rate (%)   | 23.0    | 2.8    |       | 20.1   |       | 9.5     | 7.5    |       |

Source: Company Accounts, IGI Research

No. of Shares: 1098mn

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IGI Finex Securities Limited

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