

Result announcement 1QFY23

Cements

Kohat Cement Company Limited

Earnings: Kohat Cement Company Limited(KOHC) announced its financial result for the first quarter FY23, whereby company reported earnings of PKR 1,785mn or PKR 8.89/share compared to last year PKR 1,398mn or PKR 6.96/share, up by +28%/y. On quarterly basis, company's profitability is up by +4.5x, due to higher tax charge taken in previous quarter.

Payout: The Company did not announce any payout along with the result.

Operating performance: For the 1QFY23, Company's sales recorded a +30%/y growth to PKR 8.85bn backed by better retention prices. However, on sequential basis, sales are down by 5%/q. Moreover, company's gross margins clocked in at 31% up when compared to previous quarter 4QFY23: 28% and 1QFY22: 33%). Interest costs during the quarter settled at PKR 173mn up by +10%/q on sequential basis, and +45%/y amid higher interest rates. Effective tax rate for the period came at 33% (additional tax measures announced in budget 2023) compared to 84% in 4QFY23, and 30% during last year same period.

| Exhibit: Kohat Cement Company Limited (KOHC) Financial highlights | | | | | | | |
|---|-------------|--------------|-------------|-------------|-------------|-------------|--------------|
| For period ending: 1q/23a | | | | | | | |
| PKRmn=Jun(end) | 1q/23a | FY22a | 4q/22a | 3q/22a | 2q/22a | 1q/22a | FY21 |
| Net Sales | 8,853 | 32,877 | 9,292 | 8,570 | 8,211 | 6,804 | 24,057 |
| Gross Profits | 2,771 | 9,812 | 2,564 | 2,505 | 2,482 | 2,261 | 5,965 |
| EBIT | 2,823 | 9,463 | 2,566 | 2,441 | 2,345 | 2,112 | 5,403 |
| Finance cost | 173 | 538 | 157 | 144 | 118 | 119 | 517 |
| Profit before tax | 2,650 | 8,925 | 2,408 | 2,297 | 2,228 | 1,993 | 4,886 |
| Taxation | 865 | 3,901 | 2,014 | 651 | 642 | 595 | 1,388 |
| Profit after Tax | 1,785 | 5,024 | 394 | 1,646 | 1,586 | 1,398 | 3,498 |
| EPS | 8.89 | 25.01 | 1.96 | 8.19 | 7.90 | 6.96 | 17.41 |
| DPS | 0.0 | 5.0 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sales Gr. y/y | 30% | 37% | -61% | 28% | 38% | 31% | 103% |
| Gross Margins | 31% | 30% | 28% | 29% | 30% | 33% | 25% |
| EBIT Margins | 32% | 29% | 28% | 28% | 29% | 31% | 22% |
| Effective tax | 33% | 44% | 84% | 28% | 29% | 30% | 28% |
| Net Margins | 20% | 15% | 4% | 19% | 19% | 21% | 15% |

Source: Company Accounts, IGI Research

Number of Shares (mn): 200.9

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Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

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