

Day Break

Wednesday, 22 April 2020

COMPANY UPDATE

Attock Cement Pakistan Limited

Cement

Recommendation	NEUTRAL
Target Price: Dec/20	124.4
Last Closing: 21-Apr-20	129.3
Upside / (Down side) %:	(3.74)
Valuation Methodology:	Discounted Cash Flow (DCF)

Time Horizon: 8M

Market Data

Bloomberg Tkr.	ACPL PA		
Shares (mn)	137.4		
Free Float Shares (mn)	27.5		
Free Float Shares (%)	20.0%		
Market Cap (PKRbn USDmn)	17.8		115.1
Exchange	KSE 100		
Price Info.	90D	06M	12M
Abs. Return	22.9	72.4	47.0
Lo	72.9	72.9	66.0
Hi	132.2	132.2	132.2

Key Company Financials

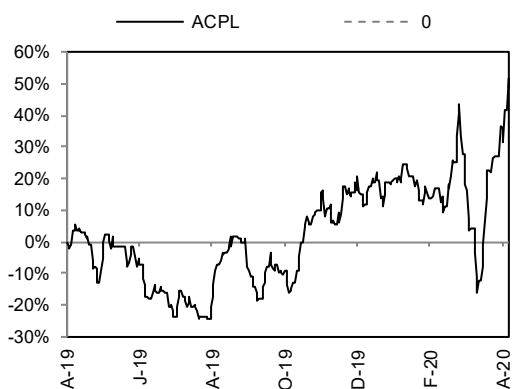
Period End: Jun

PKRbn	2020e	2021f	2022f	2023f
Total Revenue	18.0	15.5	22.0	23.3
Net Income	0.8	0.6	1.9	2.3
EPS (PKR)	5.5	4.5	13.6	16.4
DPS (PKR)	4.0	2.5	10.0	12.5
Total Assets	24.6	22.9	23.3	23.3
Total Equity	16.3	16.4	17.9	18.8

Key Financial Ratios

ROE (%)	4.7	3.8	10.9	12.3
P/E (x)	23.5	28.7	9.5	7.9
P/B (x)	1.1	1.1	1.0	0.9
DY (%)	3.1	1.9	7.7	9.7

Relative Price Performance



Source: Bloomberg, PSX & IGI Research

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Cements

ACPL: 3QFY20E EPS to drop by 85%YoY to PKR 0.62, 9MFY20 EPS comes to PKR 4.07

- ✓ ACPL's board meeting is scheduled on 23rd Apr-20 to announce financial result for 3QFY20, wherein we expect the company to post unconsolidated earnings of PKR 0.62/share, compared to net profitability of PKR 4.07/share in the same period last year.
- ✓ Net sales of the Company during 3QFY20E are expected to decline by 13%YoY, due to a combination of lower retention prices and reduced dispatches sold during the quarter.
- ✓ Further injury is expected to occur due to enhanced distribution costs on account of improved export sales and rise in finance costs.

3QFY20E EPS to drop by 85%YoY to PKR 0.62

Attock Cement Pakistan Limited's (ACPL) board meeting is scheduled on 23rd Apr-20 to announce financial result for 3QFY20, wherein we expect the company to post unconsolidated net earnings of PKR 86mn (EPS: PKR 0.62), down by 85%YoY, compared to earnings PKR 559mn (EPS: PKR 4.07) in the same period last year. This will bring 9MFY20E overall earnings to PKR 849mn (EPS: PKR 6.17), down by 38%YoY, as against overall earnings of PKR 1.38bn (EPS: PKR 10.01) reported in the similar period of the preceding year.

Net sales of the Company during 3QFY20E are expected to decline by 13%YoY, due to a combination of lower retention prices (down -3%YoY) and reduced dispatches sold during the quarter (down -8%YoY). This is expected to recede gross margins to 19% as against 25% reported in the comparative period, given the costs structure is anticipated to remain relatively controlled. Further injury is expected to occur due to enhanced distribution costs on account of improved export sales made during the quarter whereas finance costs are to increase on account of increase in short term borrowing requirements of the Company and rise in benchmark interest rates.

Exhibit: ACPL Result Highlights

Period end (JUN) - PKRmn	3QFY20	3QFY19	YoY	9MFY20	9MFY19	YoY
Net Sales	4,780	5,517	-13%	15,391	16,151	-5%
Gross Profit	924	1,362	-32%	3,417	3,610	-5%
Sell. / Dist. & Admin	615	478	29%	1,944	1,480	31%
Non-Operating Income	25	29	-13%	72	163	-56%
EBIT	327	871	-63%	1,471	2,191	-33%
Financial Charges	222	185	20%	568	485	17%
Pre-tax Profits	105	686	-85%	902	1,706	-47%
Taxation	19	127	-85%	54	330	-84%
Post-tax Profits	86	559	-85%	849	1,376	-38%

EPS 0.62 4.07 6.17 10.01

Key Ratios

Gross Margin (%)	19.3	24.7	22.2	22.4
Net Margin (%)	1.8	10.1	5.5	8.5
Effective Tax Rate (%)	17.9	18.5	6.0	19.3

Source: Company Accounts, IGI Research

No. of Shares : 137mn

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Recommendation	Rating System
Buy	If target price on aforementioned security(ies) is more than 10%, from its last closing price(s)
Hold	If target price on aforementioned security(ies) is in between -10% and 10%, from its last closing price(s)
Sell	If target price on aforementioned security(ies) is less than -10%, from its last closing price(s)

Time Horizon: Dec – 2020

Valuation Methodology: The analyst(s) has used following valuation methodology to arrive at the target price of the said security (ies):
(Discounted Cash Flow)

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