

Flash Note

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Securities

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Cement

ACPL: 1QFY18 Earnings dropped by 12% to PKR 5.28/share due to reduced margins despite lower effective tax.

- Attock Cement Pakistan Limited (ACPL) announced its financial results for 1QFY18 with unconsolidated earnings clocking at PKR 605mn (EPS: PKR 5.28) down by 12%YoY (-24%QoQ) as compared to PKR 691mn (EPS PKR 6.03) in the same period last year.
- Net sales of the Company have increased by 3% on a QoQ basis and 7% on a YoY basis to arrive at a level of 3.59bn mainly achieved on account of stable growth trend witnessed in the local industry.
- However, the gross profit margin of the Company has declined by 765 bps on a YoY basis to arrive at 34% during 1QFY18 owing to rising coal and falling cement sales prices.
- Although, the effective tax rate dropped to 23% in 1QFY18 as compared to 31% in same period last year, this wasn't able to keep the net profit margins from declining to 17% in 1QFY18 as against 21% in the same period last year.

Exhibit:

ACPL Result Highlights

Period end (JUN) - PKRbn	1Q'FY18	4Q'FY17	QoQ	1Q'FY17	YoY
Net Sales	3,590	3,493	3%	3,359	7%
Gross Profit	1,217	1,318	-8%	1,395	-13%
Sell. / Dist. & Admin	392	240	63%	379	4%
Non-Operating Income	11	109	-90%	61	-82%
EBIT	800	1,107	-28%	1,004	-20%
Financial Charges	11	10	5%	10	8%
Pre-tax Profits	790	1,097	-28%	994	-21%
Taxation	185	302	-39%	303	-39%
Post-tax Profits	605	796	-24%	691	-12%
EPS	5.28	6.95	-24%	6.03	-12%
DPS	-	13.50	-	-	-
Key Ratios					
Gross Margin (%)	33.9	37.7		41.5	
Net Margin (%)	16.8	22.8		20.6	
Effective Tax Rate (%)	23.4	27.5		30.5	

Source: Company Accounts, IGI Research

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