

Flash Note

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Securities

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Cement

MLCF: MLPL drags unconsolidated 2QFY18 earnings down by 37%YoY to PKR 924mn.

- Maple Leaf Cement Factory Limited (MLCF) announced its financial result for 2QFY18 with earnings clocking in at PKR 924mn (Fully Diluted EPS: PKR 1.56), down by 37%YoY (down 12%QoQ) as against PKR 1,471mn (EPS: PKR 2.48) in the same period last year. This brings 1HFY18 earnings to PKR 1,973mn (EPS: PKR 3.32) as against PKR 2,694mn (EPS: PKR 4.54) in the same period last year, down by 27%YoY
- On a consolidated basis, earnings stood at PKR 2,248mn (EPS: PKR 3.79) for 1HFY18 as against PKR 2,624mn (EPS: PKR 4.42) in 1HFY17, marking a decline of 14%YoY
- Net sales of the Company witnessed a meagre growth of +1%YoY (+12%QoQ) to arrive at a level of PKR 6.48bn, majorly driven by stable dispatches growth.
- Cost of Sales of the Company rose significantly by +25%YoY (+22%QoQ) to arrive at PKR 4.50bn as against PKR 3.60bn in the corresponding period last year, likely owing to transfer pricing of power cost from coal based power plant operated by its 100% owned subsidiary – Maple Leaf Power Limited.
- The Company registered a gross profit of PKR 1.98bn as compared to PKR 2.81bn in the same period last year, registering a decline of 29%YoY.
- The effective tax rate of the Company clocked in at 23% as against otherwise applicable corporate tax rate of 30%, likely due to positive deferred tax implications.
- The Company announced a dividend of PKR 1.50/share on a consolidated basis.

Exhibit:

MLCF Result Highlights

Period end (JUN) - PKRmn	2QFY18	2QFY17	YoY	1HFY18	1HFY17	YoY
Net Sales	6,480	6,414	1%	12,290	11,970	3%
Gross Profit	1,982	2,810	-29%	4,109	5,191	-21%
Sell. / Dist. & Admin	496	465	6%	911	961	-5%
Non-Operating Income	25	44	-43%	39	48	-19%
EBIT	1,383	2,201	-37%	2,984	3,942	-24%
Financial Charges	186	58	223%	330	104	218%
Pre-tax Profits	1,196	2,143	-44%	2,653	3,838	-31%
Taxation	272	672	-59%	680	1,144	-41%
Post-tax Profits	924	1,471	-37%	1,973	2,694	-27%
EPS	1.56	2.48	-37%	3.32	4.54	-27%
DPS	1.50	2.00				

Key Ratios

Gross Margin (%)	30.6	43.8		33.4	43.4	
Net Margin (%)	14.3	22.9		16.1	22.5	
Effective Tax Rate (%)	22.8	31.4		25.6	29.8	

Source: Company Accounts, IGI Research

No. of Shares : 594mn

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