

Flash Note

Thursday, 25 October 2018

Cements

Pioneer Cement Limited (PIOC)

Lower offtakes and elevated production costs push earnings down by 38%YoY to PKR 1.14/share

- Pioneer Cement Limited (PIOC) announced its financial results for 1QFY19 with earnings clocking in at PKR 258mn (EPS: PKR 1.14), down by 38%YoY, as compared to PKR 417mn (EPS: PKR 1.84) reported in the same period last year.
- Sales of the Company during the quarter declined by 8%YoY, likely due to slowdown in dispatches ascribed to a) halt in development activities by the caretaker government during the period, b) operational bottlenecks; and c) cessation of clinker sales to FCCL as against the comparative period.
- Gross profits during the period dropped substantially by 36%YoY largely due to rise in input costs stemming from elevated coal prices globally and impact of PKR devaluation.

Exhibit:

PIOC Result Highlights

Period end (JUN) - PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	2,232	2,421	-8%	2,617	-15%
Gross Profit	524	817	-36%	749	-30%
Sell. / Dist. & Admin	70	51	36%	82	-15%
Non-Operating Income	9	(106)	n/m	153	-94%
EBIT	416	616	-32%	575	-28%
Financial Charges	61	20	3.09x	16	3.73x
Pre-tax Profits	355	596	-40%	559	-36%
Taxation	97	179	-46%	63	54%
Post-tax Profits	258	417	-38%	495	-48%
EPS	1.14	1.84		2.18	
DPS	-	-		4.07	

Key Ratios

Gross Margin (%)	23.5	33.7		28.6	
Net Margin (%)	11.6	17.2		18.9	
Effective Tax Rate (%)	27.4	30.0		11.3	

Source: Company Accounts, IGI Research

No. of Shares : 227mn

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