

Flash Note

Thursday, 14 February 2019

Cements

Cherat Cement Company Limited (CHCC)

Lower dispatches, curtailed retention prices and elevated cost structure push 2QFY19 EPS down by 20%YoY to PKR 3.38

- Cherat Cement Company Limited (CHCC) announced its financial results for 2QFY19 with earnings clocking in at PKR 596mn (EPS: PKR 3.38) as compared to PKR 743mn (EPS: PKR 4.21) reported in the same period last year. This brings 1HFY19 EPS to PKR 5.82 as against PKR 7.64 recorded in the comparative period last year. The Company announced Nil dividends along with the result.
- Sales of the Company during the quarter remained flattish despite increase in cement sales prices during the quarter, largely possible due to lower dispatches made during the period and enhanced FED levied therein.
- Gross profits during the period fell by 18%YoY largely on the back of lower dispatches made by the Company, decreased retention prices and rise in input costs stemming from PKR devaluation.
- Positive impact of tax credit worth PKR 174mn (PKR 0.98/share), as against previous year benefit of PKR 129mn, kept 2QFY19 earnings floating at PKR 3.38/share. We await 1HFY19 interim report for detailed analysis over the subject.

Exhibit:

CHCC Result Highlights

Period end (JUN) - PKRmn	2QFY19	2QFY18	YoY	1HFY19	1HFY18	YoY
Net Sales	3,692	3,695	0%	7,033	7,586	-7%
Gross Profit	714	872	-18%	1,267	1,861	-32%
Sell. / Dist. & Admin	182	147	24%	338	285	19%
Non-Operating Income	46	17	174%	71	37	90%
EBIT	553	701	-21%	956	1,532	-38%
Financial Charges	130	87	50%	228	182	25%
Pre-tax Profits	423	614	-31%	728	1,349	-46%
Taxation	(174)	(129)	34%	(300)	(0)	n/m
Post-tax Profits	596	743	-20%	1,027	1,350	-24%
EPS	3.38	4.21		5.82	7.64	
DPS	-	1.00		-	1.00	

Key Ratios

Gross Margin (%)	19.3	23.6		18.0	24.5	
Net Margin (%)	16.2	20.1		14.6	17.8	
Effective Tax Rate (%)	(41.1)	(21.1)		(41.2)	(0.0)	

Source: Company Accounts, IGI Research

No. of Shares : 177mn

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