

Flash Note

Wednesday, 25 April 2018

Cements

PIOC: Cessation of clinker sales, fall in cement sales prices and higher cost of production push 3QFY18 earnings down by 54%YoY to PKR 1.81/share

- Pioneer Cement Limited (PIOC) announced its financial results for 3QFY18 with earnings clocked in at PKR 411mn (EPS: PKR 1.81) as compared to PKR 898mn (EPS: PKR 3.95) in the same period last year. On a cumulative basis this brought 9MFY18 earnings to PKR 1.15bn (EPS: PKR 5.06) as against PKR 2.40bn (EPS: PKR 10.56) reported in the corresponding period last year.
- Net sales of the Company fell by 10%YoY partially due to cessation of clinker demand by Fauji Cement Company Limited (FCCL) following re-initiation of its production line II and partially due to falling cement sales prices in the North region.
- Gross profits during 3QFY18 fell by 52%YoY to PKR 585mn largely owing to lower retentions stemming from falling cement sales prices and imposition of higher FED; coupled with higher cost of production due to elevated coal prices globally and devaluation of PKR against the greenback. Accordingly, gross profit margins of the Company fell to 22% in contrast to 42% reported in the similar period last year.
- Net margins of the Company fell to 16% as against 31% reported in the same period last year.

Exhibit:

PIOC Result Highlights

Period end (JUN) - PKRmn	3QFY18	3QFY17	YoY	9MFY18	9MFY17	YoY
Net Sales	2,609	2,897	-10%	7,505	8,089	-7%
Gross Profit	585	1,211	-52%	2,062	3,325	-38%
Sell. / Dist. & Admin	70	38	82%	183	105	75%
Non-Operating Income	6	79	-93%	(94)	184	-151%
EBIT	598	1,159	-48%	1,733	3,169	-45%
Financial Charges	29	3	799%	79	6	1256%
Pre-tax Profits	569	1,156	-51%	1,654	3,164	-48%
Taxation	158	258	-39%	506	764	-34%
Post-tax Profits	411	898	-54%	1,149	2,399	-52%
EPS	1.81	3.95	-54%	5.06	10.56	
DPS	-	-		-	2.15	
Key Ratios						
Gross Margin (%)	22.4	41.8		27.5	41.1	
Net Margin (%)	15.8	31.0		15.3	29.7	
Effective Tax Rate (%)	27.8	22.3		30.6	24.2	

Source: Company Accounts, IGI Research

No. of Shares : 227mn

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