

Day Break

Monday, 14 October 2019

Company Update

Exhibit: No growth in domestic dispatches witnessed, substantial rise in invaluable clinker exports push overall exports

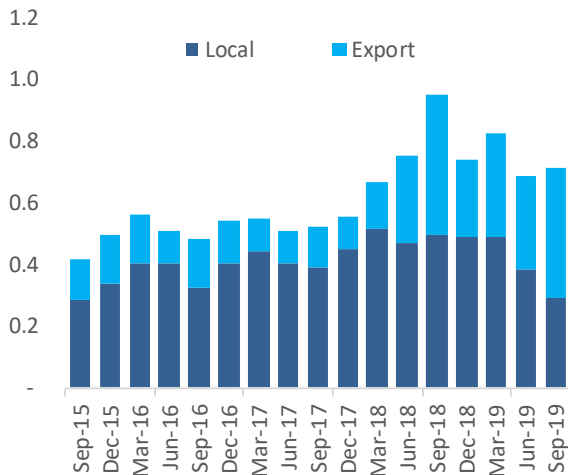


Exhibit: ACPL's Relative Performance to KSE 100



Source: Bloomberg, PSX & IGI Research

Muhammad Saad, ACCA

Research Analyst

saad.khan@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 810

Cements

ACPL: Lesser dispatches, greater export mix and inflated costs to push down 1QFY20E by 60%YoY to PKR 1.24

- Attock Cement Pakistan Limited's (ACPL) board meeting is scheduled on 15th Oct-19 to announce financial result for 1QFY20E, wherein we expect the company to post earnings of PKR 170mn (EPS PKR 1.24), down by 60%YoY
- We estimate decline in earnings on the back a) lower dispatches made during the period – 25%YoY decline, b) material change in domestic to export sales mix, courtesy domestic dispatches offer better yields; and c) higher input costs on the back of +28%YoY depreciation of PKR against greenback, increase in power costs of the Company and enhanced export handling and freight charges on account of higher exports.
- On a quarterly basis, earnings are expected to decrease by 76%QoQ, led by a) substantial decline in domestic dispatches, b) increase of less valuable exports in sales mix and c) enhanced cost structure.

1QFY20E earnings to drop by 60%YoY to PKR 1.24/share

Attock Cement Pakistan Limited's (ACPL) board meeting is scheduled on 15th Oct-19 to announce financial result for 1QFY20E, wherein we expect the company to post earnings of PKR 170mn (EPS PKR 1.24), down by 60%YoY, compared to PKR 423mn (EPS PKR 3.08) in the same period last year. We estimate decline in earnings on the back a) lower dispatches made during the period – 25%YoY decline, b) material change in domestic to export sales mix, courtesy domestic dispatches offer better yields; and c) higher input costs on the back of +28%YoY depreciation of PKR against greenback, increase in power costs of the Company and enhanced export handling and freight charges on account of higher exports.

On a quarterly basis, earnings are expected to decrease by 76%QoQ, led by a) substantial decline in domestic dispatches, b) increase of less valuable exports in sales mix and c) enhanced cost structure.

Exhibit:

ACPL Result Highlights

Period end (JUN) - PKRmn	1QFY20	1QFY19	YoY	4QFY19	QoQ
Net Sales	4,550	5,680	-20%	4,630	-2%
Gross Profit	1,006	1,197	-16%	1,193	-16%
Sell. / Dist. & Admin	584	600	-3%	440	33%
Non-Operating Income	65	61	6%	155	-58%
EBIT	462	634	-27%	860	-46%
Financial Charges	252	123	106%	163	55%
Pre-tax Profits	209	511	-59%	697	-70%
Taxation	39	88	-55%	0	n/m
Post-tax Profits	170	423	-60%	697	-76%
EPS	1.24	3.08		5.07	
DPS	-	-		4.00	

Key Ratios

Gross Margin (%)	22.1	21.1	25.8
Net Margin (%)	3.7	7.4	15.1
Effective Tax Rate (%)	18.8	17.2	0.0

Source: Company Accounts, IGI Research

No. of Shares : 137mn

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to subject company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation	Rating System
Buy	If target price on aforementioned security(ies) is more than 10%, from its last closing price(s)
Hold	If target price on aforementioned security(ies) is in between -10% and 10%, from its last closing price(s)
Sell	If target price on aforementioned security(ies) is less than -10%, from its last closing price(s)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2018 IGI Finex Securities Limited



Jama Punji
 سرمایہ کاری سمجھداری کے ساتھ
<http://www.jamapunji.pk>

Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Suleman Ashraf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	suleman.ashraf@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of
Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

Peshawar Office

2nd Floor, The Mall Tower,
35 The Mall Saddar Cantt.
Tel: (92-91) 5273035, 5223882

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Abbottabad Office

Ground Floor, Al Fatah Shopping Center ,
Opp. Radio Station, Mansehra Road
Tel: (+92-99) 2408243 - 44

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2019 IGI Finex Securities Limited


Jama Punji

 سرمایہ کاری سمجھداری کے ساتھ

<http://www.jamapunji.pk>