

# Flash Note

Tuesday, 23 October 2018

## Cements

### Kohat Cement Company Limited (KOHC)

#### Lesser dispatches, lower retentions and elevated production costs push earnings down by 41%YoY

- Kohat Cement Company Limited (KOHC) announced its financial results for 1QFY19 with earnings clocking in at PKR 529mn (Fully diluted EPS: PKR 2.63), down by 41%YoY, as compared to PKR 903mn (EPS: PKR 4.50) reported in the same period last year.
- Sales of the Company during the quarter inched up by +3%YoY, likely due to increase in cement sales prices as against 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:

#### KOHC Result Highlights

Period end (JUN) - PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	3,521	3,417	3%	3,054	15%
Gross Profit	862	1,352	-36%	838	3%
Sell. / Dist. & Admin	98	73	34%	82	19%
Non-Operating Income	86	88	-2%	94	-9%
EBIT	790	1,266	-38%	795	-1%
Financial Charges	11	17	-36%	57	-81%
Pre-tax Profits	780	1,249	-38%	738	6%
Taxation	251	346	2x	54	4.6x
Post-tax Profits	529	903	-41%	684	-23%
EPS	2.63	4.50		3.41	
DPS	-	-		3.00	
<b>Key Ratios</b>					
Gross Margin (%)	24.5	39.6		27.5	
Net Margin (%)	15.0	26.4		22.4	
Effective Tax Rate (%)	32.2	27.7		n/m	

Source: Company Accounts, IGI Research

No. of Shares : 201mn

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