

# Flash Note

Wednesday, 24 October 2018

## Cements

### Maple Leaf Cement Factory Limited (MLCF)

#### Lower offtakes and elevated production costs push earnings down by 45%YoY to PKR 0.99/share

- Maple Leaf Cement Factory Limited (MLCF) announced its financial results for 1QFY19 with consolidated earnings clocking in at PKR 587mn (EPS: PKR 0.99), down by 45%YoY, as compared to PKR 1,073mn (Fully Diluted EPS: PKR 1.81) reported in the same period last year.
- Sales of the Company during the quarter declined by 3%YoY, likely due to slowdown in dispatches as a consequence of halt in development projects by the caretaker government during the period.
- Gross profits during the period dropped substantially by 23%YoY largely due to rise in input costs stemming from elevated coal prices globally and impact of PKR devaluation.
- Financial charges of the group have increased by 131%YoY, largely on account of unwinding of financial charges of Maple Leaf Power Limited that were capitalized in the comparative period and likely due to exchange losses ascribed to PKR devaluation taking place during the period.
- Effective tax rate of the group for the quarter stood at 13% as against 28% reported in the comparative period. On a standalone basis, effective tax rate stood at 20%. We await quarterly report of the Company for further analysis.

Exhibit:

#### MLCF Result Highlights - Consolidated

Period end (JUN) - PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	5,655	5,800	-3%	6,382	-11%
Gross Profit	1,655	2,152	-23%	1,719	-4%
Sell. / Dist. & Admin	572	419	37%	530	8%
Non-Operating Income	4	17	-78%	8	2.1x
EBIT	1,008	1,625	-38%	1,188	-15%
Financial Charges	333	144	131%	254	31%
Pre-tax Profits	675	1,481	-54%	934	-28%
Taxation	88	408	-78%	(269)	n/m
Post-tax Profits	587	1,073	-45%	1,203	-51%
EPS	0.99	1.81		2.03	
DPS	-	-		-	
<b>Key Ratios</b>					
Gross Margin (%)	29.3	37.1		26.9	
Net Margin (%)	10.4	18.5		18.8	
Effective Tax Rate (%)	13.1	27.5		n/m	

Source: Company Accounts, IGI Research

No. of Shares: 594mn

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