

# Flash Note

Thursday, 23 April 2020

## Cements

### Attock Cement Pakistan Limited (ACPL)

#### 3QFY20 earnings decline by 37%YoY to PKR 2.57/share. Gross margins stand intact, thanks to better export mix

- ✓ Attock Cement Pakistan Limited (ACPL) announced its financial results for 3QFY20 with unconsolidated net earnings of PKR 353mn (EPS: PKR 2.57), down by 37%YoY, as compared to PKR 559mn (EPS: PKR 4.07) reported in the same period last year. This accumulates 9MFY20 profitability to PKR 1.12bn (EPS: PKR 8.12) as against earnings of PKR 1.38bn (EPS: PKR 10.01) reported in the comparative period.
- ✓ Net sales of the Company during 3QFY20 dropped by 10%YoY as against the comparative period, possibly due to lower overall dispatches made during the quarter and reduced retention price achieved during the quarter amid intense competition in the local market. It is pertinent to note that due to a good export mix, ACPL is shielded from excessive brunt of reduced domestic retentions as is the case with majority of local cement producers.
- ✓ Gross margins of the Company during 3QFY20 declined marginally to 24% as against 25% recorded in the similar period of the preceding year, thanks to a controlled cost structure in these challenging times.
- ✓ Selling and Distribution costs of the Company jacked up by +44%YoY driven largely from freight costs associated with enhanced export sales made during the quarter.
- ✓ Finance cost of the Company has decreased by 45%YoY, despite higher benchmark interest rates in the current quarter, possibly due to greater use of soft financing from export refinance scheme of the SBP.

Exhibit: ACPL Result Highlights						
Period end (JUN) - PKRmn	3QFY20	3QFY19	YoY	9MFY20	9MFY19	YoY
Net Sales	4,939	5,517	-10%	15,550	16,151	-4%
Gross Profit	1,169	1,362	-14%	3,662	3,610	1%
Sell. / Dist. & Admin	631	478	32%	1,960	1,480	32%
Non-Operating Income	18	29	-36%	66	163	-60%
EBIT	549	871	-37%	1,693	2,191	-23%
Financial Charges	101	185	-45%	448	485	-8%
Pre-tax Profits	447	686	-35%	1,245	1,706	-27%
Taxation	94	127	-26%	129	330	-61%
Post-tax Profits	353	559	-37%	1,116	1,376	-19%
EPS	2.57	4.07		8.12	10.01	
DPS	-	-		-	-	
<b>Key Ratios</b>						
Gross Margin (%)	23.7	24.7		23.5	22.4	
Net Margin (%)	7.2	10.1		7.2	8.5	
Effective Tax Rate (%)	21.0	18.5		10.4	19.3	

Source: Company Accounts, IGI Research

No. of Shares : 137mn

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