

Flash Note

Tuesday, 15 October 2019

Cements

Attock Cement Pakistan Limited (ACPL)

1QFY20 EPS drops by 15%YoY to PKR 2.60; Volumes fail to deliver as margins improve

- Attock Cement Pakistan Limited (ACPL) announced its financial results for 1QFY20 with earnings clocking in at PKR 358mn (EPS: PKR 2.60) as compared to PKR 423mn (EPS: PKR 3.08) reported in the same period last year.
- On consolidated basis, the Company reported earnings of PKR 311mn (EPS: PKR 3.06) as against PKR 489mn (EPS: PKR 3.08) reported in the comparative period.
- During the quarter under review, net sales of the Company on an unconsolidated basis declined by 13%YoY, largely driven by sluggish domestic demand amid weakened macro environment of the country.
- Gross margins of the Company as against the comparative period improved by 500bps, despite possible cost escalation, largely due to increased retention prices both in the South region and export front due to substantial currency slippages as against the comparative period.
- Finance charges of the Company surged by +29%YoY, majorly due to rise in short term financing requirements of the Company and increase in benchmark interest rates as against the comparative period.
- Effective tax rate of the Company jumped up to 29%, despite an improved export sales mix, possibly due to prior year tax adjustments. We await issue of interim report for further information in this regard.

Exhibit:

ACPL Result Highlights - unconsolidated

Period end (JUN) - PKRmn	1QFY20	1QFY19	YoY	4QFY19	QoQ
Net Sales	4,968	5,680	-13%	4,630	7%
Gross Profit	1,300	1,197	9%	1,193	9%
Sell. / Dist. & Admin	619	600	3%	440	41%
Non-Operating Income	20	61	-67%	155	-87%
EBIT	665	634	5%	860	-23%
Financial Charges	159	123	29%	163	-3%
Pre-tax Profits	506	511	-1%	697	-27%
Taxation	149	88	69%	0	n/m
Post-tax Profits	358	423	-15%	697	-49%
EPS	2.60	3.08		5.07	
DPS	-	-		4.00	
Key Ratios					
Gross Margin (%)	26.2	21.1		25.8	
Net Margin (%)	7.2	7.4		15.1	
Effective Tax Rate (%)	29.4	17.2		0.0	

Source: Company Accounts, IGI Research

No. of Shares : 137mn

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