

# Flash Note

Tuesday, 16 October 2018

## Cements

### Cherat Cement Company Limited (CHCC)

#### CHCC: Earnings fall to PKR 2.44/share amid declining sales volumes

- Cherat Cement Company Limited (CHCC) announced its financial results for 1QFY19 with earnings clocking in at PKR 431mn (EPS: PKR 2.44) as compared to PKR 606mn (EPS: PKR 3.43) reported in the same period last year.
- Sales of the Company during the quarter dropped by 14%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 fell by 44%YoY largely on the back of lower dispatches made by the Company and rise in input costs stemming from surged coal prices globally and impact of PKR devaluation.
- Positive impact of tax credit worth PKR 126mn (PKR 0.71/share), as against tax charge of PKR 129mn, kept 1QFY19 floating at PKR 2.44/share. We await 1QFY19 quarterly report for detailed analysis over the subject.

Exhibit:

#### CHCC Result Highlights

Period end (JUN) - PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	3,341	3,891	-14%	3,240	3%
Gross Profit	553	989	-44%	570	-3%
Sell. / Dist. & Admin	156	138	13%	152	2%
Non-Operating Income	25	20	21%	26	-4%
EBIT	403	831	-52%	416	-3%
Financial Charges	98	95	2%	90	9%
Pre-tax Profits	305	735	-58%	326	-6%
Taxation	(126)	129	-197%	(11)	11.7x
Post-tax Profits	431	606	-29%	337	28%
EPS	2.44	3.43		1.91	
DPS	-	-		4.00	
<b>Key Ratios</b>					
Gross Margin (%)	16.5	25.4		17.6	
Net Margin (%)	12.9	15.6		10.4	
Effective Tax Rate (%)	n/m	17.6		n/m	

Source: Company Accounts, IGI Research

No. of Shares : 177mn

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