

# Flash Note

Tuesday, 17 April 2018

## Cements

### FCCL: Lower cost of production following recommencement of production line II push 3QFY18 earnings up by +28%YoY to PKR 0.62/share

- Fauji Cement Company Limited (FCCL) announced its financial results for 3QFY18 with earnings clocking in at PKR 854mn (EPS: PKR 0.62) as compared to PKR 669mn (EPS: PKR 0.48) in the same period last year. On a cumulative basis this brought 9MFY18 earnings to PKR 2.12bn (EPS: PKR 1.54) as against PKR 1.97bn (EPS: PKR 1.43) in the corresponding period last year. The Company also announced a dividend of PKR 1.00/share along with the result.
- Net sales of the Company during the quarter under review remained at similar levels as from comparative period despite volumetric increase in sales. This is likely attributable to falling cement sales prices in the North region.
- Gross profits of the Company during 3QFY18 rose by 31%YoY to PKR 1.50bn as against PKR 1.14bn in the comparative period. This was largely owed to reduced cost of production following recommencement of production line II. Accordingly, gross profit margins of the Company increased to 27% in contrast to 21% reported in the similar period last year.
- Net margins of the Company also improved to 15% as against 12% reported in the same period last year.

Exhibit:

#### FCCL Result Highlights

Period end (JUN) - PKRmn	3QFY18	3QFY17	QoQ	9MFY18	9MFY17	YoY
Net Sales	5,546	5,573	0%	15,814	15,760	0%
Gross Profit	1,500	1,144	31%	3,728	3,462	8%
Sell. / Dist. & Admin	171	121	41%	465	364	28%
Non-Operating Income	37	31	18%	72	98	-27%
EBIT	1,276	982	30%	3,107	2,987	4%
Financial Charges	47	11	337%	121	160	-25%
Pre-tax Profits	1,229	971	27%	2,987	2,828	6%
Taxation	375	302	24%	864	856	1%
Post-tax Profits	854	669	28%	2,122	1,972	8%
EPS	0.62	0.48	28%	1.54	1.43	
DPS	1.00	-		1.00	-	

#### Key Ratios

Gross Margin (%)	27.1	20.5		23.6	22.0	
Net Margin (%)	15.4	12.0		13.4	12.5	
Effective Tax Rate (%)	30.5	31.1		28.9	30.3	

Source: Company Accounts, IGI Research

No. of Shares : 1380mn

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