

# Flash Note

Thursday, 23 April 2020

## Cements

### Kohat Cement Company Limited (KOHC)

#### Loss of PKR (1.90)/share reported in 3QFY20 amid deteriorated retentions

- ✓ Kohat Cement Company Limited (KOHC) announced its financial results for 3QFY20 with a net loss of PKR 381mn (LPS: PKR 1.90), down by -0.6xYoY, as compared to a profit of PKR 644mn (EPS: PKR 3.21) reported in the same period last year. This accumulates 9MFY20 loss to PKR 283mn (LPS: PKR 1.41) as against a profitability of PKR 2.17bn (EPS: PKR 10.81) reported in the comparative period.
- ✓ Net sales of the Company during 3QFY20 dropped substantially by 34%YoY as against the comparative period, primarily due depressed retention price achieved during the quarter amid intense competition in the local market.
- ✓ The decline in retention prices led gross profit margins of the Company during the quarter to crash tragically to -8.5% as against 28% recorded in the comparative period. While cost of manufacturing during the quarter is relatively reduced as against the comparative quarter.
- ✓ Finance cost of the Company has increased exponentially, primarily derived from new cement line inaugurated in Jan-20.

Exhibit: <b>KOHC Result Highlights</b>						
Period end (JUN) - PKRmn	3QFY20	3QFY19	YoY	9MFY20	9MFY19	YoY
Net Sales	2,552	3,850	-34%	8,573	12,242	-30%
Gross Profit	(218)	1,070	0.2x	(54)	3,477	-0.0x
Sell. / Dist. & Admin	78	101	-22%	232	301	-23%
Non-Operating Income	28	80	-66%	181	251	-28%
EBIT	(260)	929	-0.3x	(120)	3,134	-0.0x
Financial Charges	176	12	15.3x	195	35	5.5x
Pre-tax Profits	(436)	917	-0.5x	(315)	3,099	-0.1x
Taxation	(55)	273	-0.2x	(31)	928	-0.0x
Post-tax Profits	(381)	644	-0.6x	(283)	2,171	-0.1x
EPS	(1.90)	3.21		(1.41)	10.81	
DPS	-	-		-	-	
<b>Key Ratios</b>						
Gross Margin (%)	(8.5)	27.8		(0.6)	28.4	
Net Margin (%)	(14.9)	16.7		(3.3)	17.7	
Effective Tax Rate (%)	12.6	29.7		10.0	29.9	

Source: Company Accounts, IGI Research

No. of Shares : 201mn

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