

Flash Note

Monday, 30 September 2019

Cements

Kohat Cement Company Limited (KOHC)

4QFY19 EPS clocks in at PKR 1.48; FY19 closes at PKR 12.29 – 2.50/share dividend

- Kohat Cement Company Limited (KOHC) announced its financial results for 4QFY19 with earnings clocking in at PKR 297mn (EPS: PKR 1.48), down by 57%YoY, as compared to PKR 684mn (EPS: PKR 3.41) reported in the same period last year. This brings FY19 EPS to PKR 12.29 as against PKR 14.84 recorded in the same period last year.
- The Company announced a full and final dividend of PKR 2.50/share along with the result.
- Net sales of the Company during FY19 increased by +16%YoY, owing largely to improved retentions during the year as compared to the previous years.
- Gross margins of the Company during FY19 however fell to 27% as against 32% reported in the comparative period, largely owing to improved cost structure of the Company driven by +24%YoY depreciation of the PKR against the greenback and mounting inflationary pressures.
- Effective tax of the Company increased to 48%, owing to adverse impacts on deferred tax liabilities on account of changes enacted in Finance Act, 2019. We await publication of annual report for further information in this regard.

Exhibit:

KOHC Result Highlights

| Period end (JUN) - PKRmn | 4QFY19 | 4QFY18 | YoY | FY19 | FY18 | YoY |
|--------------------------|--------|--------|------|--------|--------|------|
| Net Sales | 3,404 | 3,054 | 11% | 15,646 | 13,439 | 16% |
| Gross Profit | 729 | 838 | -13% | 4,206 | 4,353 | -3% |
| Sell. / Dist. & Admin | 71 | 82 | -14% | 372 | 328 | 14% |
| Non-Operating Income | 97 | 94 | 3% | 349 | 362 | -4% |
| EBIT | 588 | 795 | -26% | 3,722 | 4,077 | -9% |
| Financial Charges | 11 | 57 | -81% | 46 | 107 | -57% |
| Pre-tax Profits | 577 | 738 | -22% | 3,676 | 3,970 | -7% |
| Taxation | 279 | 54 | 5.2x | 1,207 | 990 | 22% |
| Post-tax Profits | 297 | 684 | -57% | 2,469 | 2,980 | -17% |
| EPS | 1.48 | 3.41 | | 12.29 | 14.84 | |
| DPS | 2.50 | 5.00 | | 2.50 | 5.00 | |

Key Ratios

| | | | | | | |
|------------------------|------|------|--|------|------|--|
| Gross Margin (%) | 21.4 | 27.5 | | 26.9 | 32.4 | |
| Net Margin (%) | 8.7 | 22.4 | | 15.8 | 22.2 | |
| Effective Tax Rate (%) | 48.4 | 7.3 | | 32.8 | 24.9 | |

Source: Company Accounts, IGI Research

No. of Shares : 201mn

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