

Flash Note

Wednesday, 20 February 2019

Cements

Maple Leaf Cement Factory Limited (MLCF)

Lower offtakes and elevated production costs push 2QFY19 earnings down by 36%YoY to PKR 1.26/share

- Maple Leaf Cement Factory Limited (MLCF) announced its financial results for 2QFY19 with consolidated earnings clocking in at PKR 748mn (EPS: PKR 1.26), down by 36%YoY, as compared to PKR 1.17bn (Diluted EPS: PKR 2.09) reported in the same period last year. This brings 1HFY19 consolidated earnings to PKR 1.34bn (EPS: PKR 2.25), down by 41%YoY, as against PKR 2.25bn (Diluted EPS: 4.12) recorded in the similar period of the preceding year.
- Net Sales of the Company during the quarter inclined by mere +4%YoY despite substantial increase in cement sales prices, largely owing to lower dispatches made as a consequence of slowdown in development projects during the period.
- Gross profits during the period dropped by 10%YoY largely due to rise in input costs stemming from elevated coal prices globally and impact of PKR devaluation.
- Financial charges of the group have doubled by 2.08x YoY, largely on account of unwinding of financial charges of Maple Leaf Power Limited that were capitalized in the comparative period and likely due to exchange losses ascribed to PKR devaluation taking place during the period.
- Effective tax rate of the group for the quarter stood at 30% as against 19% reported in the comparative period. We await quarterly report of the Company for further details.

Exhibit:

MLCF Consolidated Result Highlights

Period end (JUN) - PKRmn	2QFY19	2QFY18	YoY	1HFY19	1HFY18	YoY
Net Sales	6,683	6,450	4%	12,249	12,221	0%
Gross Profit	1,906	2,119	-10%	3,375	4,123	-18%
Sell. / Dist. & Admin	362	373	-3%	747	645	16%
Non-Operating Income	16	31	-47%	20	48	-58%
EBIT	1,461	1,633	-11%	2,469	3,258	-24%
Financial Charges	388	186	2.08x	721	330	2.18x
Pre-tax Profits	1,073	1,447	-26%	1,748	2,928	-40%
Taxation	325	272	19%	413	680	-39%
Post-tax Profits	748	1,174	-36%	1,335	2,248	-41%
EPS	1.26	2.09		2.25	4.12	
DPS	-	1.50		-	1.50	

Key Ratios

Gross Margin (%)	28.5	32.8		27.6	33.7	
Net Margin (%)	11.2	18.2		10.9	18.4	
Effective Tax Rate (%)	30.3	18.8		23.6	23.2	

Source: Company Accounts, IGI Research

No. of Shares: 594mn

Analyst

Muhammad Saad, ACCA

muhammad.saad@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 816

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Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Suleman Ashraf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	suleman.ashraf@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Umesh Solanki	Database Manager	Tel: (+92-21) 111-234-234 Ext: 974	umesh.solanki@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of
Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

Peshawar Office

2nd Floor, The Mall Tower,
35 The Mall Saddar Cantt.
Tel: (92-91) 5273035, 5223882

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Abbottabad Office

Ground Floor, Al Fatah Shopping Center ,
Opp. Radio Station, Mansehra Road
Tel: (+92-99) 2408243 - 44

Sialkot Office

Suite No. 10 & 11, 1st Floor, Soni Square,
Mubarik Pura
Tel: (+92-52) 3258028

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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