

Flash Note

Monday, 18 February 2019

Cements

Fauji Cement Company Limited (FCCL)

Efficient cost structure push earnings up by +24%YoY to PKR 0.74/share

- Fauji Cement Company Limited (FCCL) announced its financial results for 2QFY19 with earnings clocking in at PKR 1.02bn (EPS: PKR 0.74), up by +24%YoY, as compared to PKR 824mn (EPS: PKR 0.60) reported in the same period last year. This brings 1HFY19 EPS to PKR 1.32 as against PKR 0.92 recorded in the same period last year.
- Net sales of the Company fell by 7%YoY, largely due to decline in cement dispatches made by the Company during the period.
- Gross profits during the period improved by +13%YoY primarily due to base effect anomaly wherein controlled cost structure post operationalization of production line II of the Company as against expensive cost structure in the comparative period helped push gross profits. To recall, production line II of the Company had been severely damaged due to a mishap back in May-16, compelling Company management to procure expensive clinker from regional players in order to sustain its market share till 1QFY18. Accordingly gross margins for the quarter inclined to 32% as against 26% reported in 2QFY18.

Exhibit:

FCCL Result Highlights

Period end (JUN) - PKRmn	2QFY19	2QFY18	YoY	1HFY19	1HFY18	YoY
Net Sales	5,089	5,475	-7%	10,431	10,268	2%
Gross Profit	1,629	1,435	13%	3,048	2,228	37%
Sell. / Dist. & Admin	139	180	-23%	313	294	6%
Non-Operating Income	76	23	229%	83	35	137%
EBIT	1,460	1,186	23%	2,628	1,831	44%
Financial Charges	24	42	-43%	53	74	-28%
Pre-tax Profits	1,436	1,144	25%	2,575	1,758	47%
Taxation	414	321	29%	751	490	53%
Post-tax Profits	1,023	824	24%	1,824	1,268	44%
EPS	0.74	0.60		1.32	0.92	
DPS	0.75	-		0.75	-	
Key Ratios						
Gross Margin (%)	32.0	26.2		29.2	21.7	
Net Margin (%)	20.1	15.0		17.5	12.3	
Effective Tax Rate (%)	28.8	28.0		29.2	27.9	

Source: Company Accounts, IGI Research

No. of Shares : 1380mn

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