

Flash Note

Wednesday, 26 August 2020

Cements

Attock Cement Pakistan Limited (ACPL)

Heavy tax charge in addition to depressed volumes push 4QFY20 earnings to loss of PKR 0.06/share; Cash dividend PKR 3.5/share

- Attock Cement Pakistan Limited (ACPL) announced its financial result for 4QFY20 wherein it reported a net loss of PKR 9mn (LPS: PKR 0.06), as against net profitability of PKR 353mn (EPS: PKR 2.57) in 3QFY20. This concluded FY20 with full year earnings of PKR 1.11bn (EPS: PKR 8.06), down by 47% YoY as against PKR 2.07bn (EPS: PKR 15.09) reported in FY19. The Company announced full and final dividend of PKR 3.50/share (35%) along with the result.
- Net Sales of the Company during 4QFY20, as against 3QFY20 declined by 40% QoQ. This was largely driven by drop in sales volumes (down by ~35% QoQ) amid lockdown situation that persisted during the quarter due to Covid-19.
- The underutilization of plant capacity restricted optimal spread of fixed costs which in turn dragged gross margins of the company to 20% as against 24% registered in the sequential quarter. Gross profits accordingly halved to PKR 587mn in comparison to 3QFY20.
- Some respite came from Non-operating income of the Company which rose +9.5xQoQ, likely on account of healthy exchange gain on export proceeds.
- Finance charges shrunk by 23% QoQ possibly due to early repayment of long term financing made by the Company during the sequential quarter.
- Substantial tax charge (Effective Tax Rate: 103%) over and above profit before taxes (PBT), led to net loss of PKR 9mn. The high tax charge may likely be on account of tax reversal obtained earlier, however we await annual report for further clarity in this regard.
- Along with the result the Company also announced Board's approval of enhancing the capacity of its earlier announced Solar Power Plant of 7MW to 20MW.

Exhibit: ACPL 4QFY20 Result Highlights								
Period end (JUN) - PKRmn	4QFY20	4QFY19	YoY	3QFY20	QoQ	FY20	FY19	YoY
Net Sales	2,950	4,630	-36%	4,939	-40%	18,501	20,781	-11%
Gross Profit	587	1,193	-51%	1,169	-50%	4,249	4,803	-12%
Sell. / Dist. & Admin	378	440	-14%	631	-40%	2,338	1,920	22%
Non-Operating Income	174	155	12%	18	9.5x	239	318	-25%
EBIT	366	860	-58%	549	-33%	2,058	3,052	-33%
Financial Charges	78	163	-52%	101	-23%	526	648	-19%
Pre-tax Profits	287	697	-59%	447	-36%	1,532	2,403	-36%
Taxation	296	0	n/a	94	3.2x	425	330	29%
Post-tax Profits	(9)	697	-0.0x	353	-102%	1,107	2,073	-47%
EPS	(0.06)	5.07		2.57		8.06	15.09	
DPS	3.50	4.00		-		3.50	4.00	
Key Ratios								
Gross Margin (%)	19.9	25.8		23.7		23.0	23.1	
Net Margin (%)	(0.3)	15.1		7.2		6.0	10.0	
Effective Tax Rate (%)	103.0	0.0		21.0		27.7	13.7	

Source: IGI Research, Company Accounts, PSX

No. of Shares: 137mn

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