

Flash Note

Monday, 23 October 2017

Cement

PIOC: 1QFY18 Earnings slashed by 41% to PKR 1.84/share due to reduced margins and mark to market loss on short term investments.

- Pioneer Cement Limited (PIOC) announced its financial results for 1QFY18 with earnings clocking in at PKR 417mn (EPS PKR 1.84) down by 41%YoY (down by 19%QoQ) as compared to PKR 702mn (EPS PKR 3.09) in the same period last year.
- Net sales of the Company have declined by 3%YoY (5%QoQ) to arrive at a level of PKR 2.42bn on account of lower dispatches made and trimmed cement sales prices in the northern region.
- In line with rising coal prices globally, the cost of sales of the Company have also enhanced by +12%YoY to arrive at PKR 1.60bn as against PKR 1.43bn in the corresponding period last year.
- Accordingly, the Company registered a gross profit of PKR 817mn as against PKR 1,073mn in the comparative period of preceding year, marking a sharp decline of 24%YoY.
- Further injury on earnings was also likely provided in the shape of mark to market losses incurred on short term investments (comprising of mutual funds) leading to a negative non-operating income of PKR 106mn, hence deteriorating net profit margins to 17% as against 28% in the same period last year.

Exhibit:

PIOC Result Highlights

Period end (JUN) - PKRmn	1Q'FY18	4Q'FY17	QoQ	1Q'FY17	YoY
Net Sales	2,421	2,542	-5%	2,504	-3%
Gross Profit	817	1,104	-26%	1,073	-24%
Sell. / Dist. & Admin	51	74	-31%	36	44%
Non-Operating Income	(106)	(28)	284%	35	-406%
EBIT	616	935	-34%	997	-38%
Financial Charges	20	29	-32%	1	1640%
Pre-tax Profits	596	906	-34%	996	-40%
Taxation	179	388	-54%	294	-39%
Post-tax Profits	417	518	-19%	702	-41%
EPS	1.84	2.28	-19%	3.09	-41%
DPS	-	3.35	-	-	-

Key Ratios

Gross Margin (%)	33.7	43.4	42.9
Net Margin (%)	17.2	20.4	28.0
Effective Tax Rate (%)	30.0	42.8	29.5

Source: Company Accounts, IGI Research

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