

## Pakistan Cements

### FCCL PA: 4QFY23 EPS clocked in at PKR0.19 – inline with expectation

FCCL has announced its 4QFY23 results where the company has posted profit after tax of PKR0.47bn (EPS: PKR0.19) vs. PKR1.76bn (EPS: PKR0.72) in SPLY. The result is inline with our expectation. However, gross margins came higher than our expectation which were offset by higher tax charge.

During 4QFY23, company's topline increased by 2% YoY to clocked in at PKR16.2bn vs. PKR15.8bn in SPLY. Revenue remain flat on YoY basis mainly due to decline in cement dispatches which were offset by higher retention prices. In FY23, company's topline witnessed an increase of 35% YoY to clock in at PKR51.9bn vs. PKR38.4bn in SPLY.

Gross margins clocked in at 39% in 4QFY23, up by 6.7ppts as compared to SPLY. The increase in margins is mainly attributable to optimal fuel mix and decline in afghan coal prices. Similarly, on QoQ basis, company's gross margins increased by ~13.4ppts due to lower cost coal inventory. However, we await for detail accounts further clarity.

Administrative expense during the qtr clocked in at PKR247mn, down by 28% YoY. Similarly, on QoQ basis, company administrative expense plunged by 36%.

Finance cost increased by 3.3x YoY to clocked in at PKR1.13bn. The higher finance cost is mainly attributable to increase in borrowings coupled with rise in interest rate.

During 4QFY23, ETR clocked in at 84% vs. 48% in SPLY. Whereas, in FY23, ETR clocked in at 42% vs. 38% in SPLY.

FCCL (PKRmn)	4QFY23	4QFY22	3QFY23	YoY	QoQ	FY23	FY22	YoY
Revenue	16,162	15,835	18,234	2%	-11%	68,069	54,244	25%
Cost of Sales	9,803	10,669	13,505	-8%	-27%	47,651	39,844	20%
<b>Gross Profit</b>	<b>6,359</b>	<b>5,167</b>	<b>4,730</b>	<b>23%</b>	<b>34%</b>	<b>20,418</b>	<b>14,398</b>	<b>42%</b>
Gross Margins	39.3%	32.6%	25.9%			30.0%	26.5%	
Adm. Expense	247	340	383	-27%	-36%	1,382	1,300	6%
Other income	343	348	284	-1%	21%	964	850	13%
Finance cost	1,135	345	1,612	229%	-30%	3,470	1,075	223%
<b>Profit Before Tax</b>	<b>2,922</b>	<b>3,426</b>	<b>2,695</b>	<b>-15%</b>	<b>8%</b>	<b>12,900</b>	<b>11,528</b>	<b>12%</b>
Taxation	2,450	1,659	807	48%	204%	5,460	4,415	24%
<b>Profit After Tax</b>	<b>472</b>	<b>1,767</b>	<b>1,888</b>	<b>-73%</b>	<b>-75%</b>	<b>7,440</b>	<b>7,113</b>	<b>5%</b>
<b>EPS</b>	<b>0.19</b>	<b>0.72</b>	<b>0.77</b>			<b>3.0</b>	<b>2.9</b>	

Source: Company accounts, Insight Research



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- Discounted cash flow (DCF)
- Relative Valuation (P/E, P/Bv, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

## Frequently Used Acronyms

<b>TP</b>	Target Price	<b>DCF</b>	Discounted Cash Flows	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DDM</b>	Dividend Discount Model
<b>SOTP</b>	Sum of the Parts	<b>P/E</b>	Price to Earnings ratio	<b>P/Bv</b>	Price to Book ratio
<b>P/S</b>	Price to Sales	<b>EVA</b>	Economic Valued Added	<b>BVPS</b>	Book Value per Share
<b>EPS</b>	Earnings per Share	<b>DPS</b>	Dividend per Share	<b>DY</b>	Dividend Yield
<b>ROE</b>	Return on Equity	<b>ROA</b>	Return on Assets	<b>CAGR</b>	Compounded Annual Growth Rate

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