

## Pakistan Cements

### DGKC PA: 4QFY23 LPS clocked in at PKR13.1 – below expectation

DGKC has announced its 4QFY23 results where the company has posted unconsolidated loss of PKR5.7bn (LPS: PKR13.1) vs. loss of PKR0.6bn (LPS: PKR1.5) in SPLY. The result is below our expectation mainly due to lower than expected gross margins and higher than expected ETR.

During 4QFY23, company's topline increased by 15% YoY to clock in at PKR16.9bn vs. PKR14.7bn in SPLY. The increase in revenue is mainly attributable to higher retention prices. However, on QoQ basis, revenue plunged by 7% mainly due to decline in dispatches.

Gross margins clocked in at 10.7%, down by 7.0ppts/8.3ppts YoY/QoQ basis. The decline in margins is possibly due to lower fixed cost absorption coupled with higher reliance on expensive fuel.

Other income clocked in at PKR1.8bn, up by 67% YoY amid higher dividend income from UBL and MCB.

Finance cost increased by 67%/12% YoY/QoQ to clock in at PKR1.86bn. The increase in finance cost is mainly attributable to increase in borrowings coupled with rise in interest rate.

During 4QFY23, company has recorded PKR5.7bn tax charge amid imposition of super tax and deferred taxation. In FY23, ETR clock in at 215% vs. 51% in SPLY.

DGKC (PKRmn)	4QFY23	4QFY22	3QFY23	YoY	QoQ	FY23	FY22	YoY
Revenue	16,940	14,747	18,282	15%	-7%	64,983	58,044	12%
Cost of Sales	15,122	12,126	14,802	25%	2%	55,428	47,616	16%
<b>Gross Profit</b>	<b>1,818</b>	<b>2,621</b>	<b>3,480</b>	<b>-31%</b>	<b>-48%</b>	<b>9,555</b>	<b>10,428</b>	<b>-8%</b>
Gross Margins	10.7%	17.8%	19.0%			14.7%	18.0%	
Adm. Expense	234	199	219	18%	7%	879	751	17%
Other income	1,098	755	756	45%	45%	3,246	2,714	20%
Finance cost	1,866	1,118	1,673	67%	12%	6,742	3,572	89%
<b>Profit Before Tax</b>	<b>6</b>	<b>1,201</b>	<b>1,767</b>	<b>-100%</b>	<b>-100%</b>	<b>3,163</b>	<b>6,020</b>	<b>-47%</b>
Taxation	5,754	1,848	586	211%	882%	6,798	3,048	123%
<b>Profit After Tax</b>	<b>(5,748)</b>	<b>(647)</b>	<b>1,180</b>	<b>NM</b>	<b>NM</b>	<b>(3,636)</b>	<b>2,972</b>	<b>NM</b>
<b>EPS</b>	<b>(13.1)</b>	<b>(1.5)</b>	<b>2.7</b>			<b>(8.3)</b>	<b>6.8</b>	

Source: Company accounts, Insight Research

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- 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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