

Pakistan Cements

PIOC PA - 4QFY23 LPS clocked in at PKR0.4 - Below Expectation

PIOC has announced its 4QFY23 results where the company has posted loss of PKR100mn (LPS: PKR0.4) vs. loss of PKR578mn (LPS: PKR2.5) 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 plunged by 2%/9% YoY/QoQ to clock in at PKR8.36bn. The decline in revenue is mainly attributable to lower volumetric sales during the qtr. In FY23, company's topline witnessed an increase of 13% YoY to clocked in at PKR36.1bn vs. PKR31.8bn in SPLY mainly due to higher retention prices.
- Gross margins clocked in at 26.6%, up by 1.8ppts as compared to SPLY. The increase in margins is mainly attributable to optimal fuel mix coupled with decline in coal prices. However, on QoQ basis, company's gross margins plunged by 30bps.
- Finance cost increased by 21% YoY to clocked in at PKR563mn. The higher finance cost is mainly attributable to elevated interest rates. However, on QoQ basis, finance cost decline by 35% mainly due to decline in debt levels.
- During 4QFY23, ETR clocked in at 106% vs. 33% in 3QFY23. The higher ETR is mainly due to imposition of super tax. In FY23, ETR clocked in at 54% vs. 73% in SPLY.

PIOC (PKRmn)	4QFY23	4QFY22	3QFY23	YoY	QoQ	FY23	FY22	YoY
Revenue	8,368	9,340	9,150	-10%	-9%	36,165	31,879	13%
Cost of Sales	6,142	7,026	6,689	-13%	-8%	26,756	24,676	8%
Gross Profit	2,226	2,313	2,461	-4%	-10%	9,408	7,203	31%
Gross Margins	26.6%	24.8%	26.9%			26.0%	22.6%	
Adm. Expense	48	35	39	37%	23%	167	134	25%
Other income	8	13	21	-38%	-62%	46	41	12%
Finance cost	563	719	867	-22%	-35%	3,198	2,656	20%
Profit Before Tax	1,735	1,399	1,418	24%	22%	5,731	3,944	45%
Taxation	1,835	1,978	468	-7%	292%	3,120	2,895	8%
Profit After Tax	(100)	(578)	950	NM	NM	2,611	1,050	149%
EPS	(0.4)	(2.5)	4.2			11.5	4.6	

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

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

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