KOHC: 3QFY22 EPS at PKR8.19 – In-Line with Expectations

- Kohat Cement Company Limited (KOHC) announced its 3QFY22 results with earnings clocking in at PKR1,646mn (EPS: PKR8.19), registering a growth of 4%QoQ and 55%YoY. This takes total 9MFY22 earnings to PKR4,630mn (EPS PKR23.05), up by massive 83%YoY. The result is in-line with our estimated earnings of PKR1,621mn (EPS PKR8.07).
- Top-line of the company augmented by 28%YoY/4%QoQ to clock in at PKR8,570mn. This YoY and QoQ increase in net sales is mainly due to significant jump in retention prices despite estimated 6%YoY dip in dispatches. Net sales for 9MFY22 climbed up by 32%YoY to PKR23,585mn.
- Gross margins for the period under review settled in at 29.2% as against 25.9% recorded in the same period last year. The YoY increase in gross margins is mainly accredited to massive jump in top-line and higher use of Afghan coal to the tune of ~70%, which mitigated the impact of higher coal prices and PKR depreciation. However, sequentially the margins took a slight hit of 1ppts amid some delay in price hikes.
- Distribution cost of the company portrayed an increase of 79%YoY/ 15%QoQ to clock in at PKR33mn. Whereas, admin cost of the company clocked in at PKR83mn, up/down by 9%YoY/14%QoQ. Other expenses also increased by 49%YoY/1%QoQ.
- Other income of the company clocked in at PKR193mn, significantly up both on YoY and QoQ basis. The increase is mainly attributable to strong liquidity position of the company, we opine.
- Finance cost showed a massive increase of 22%QoQ/21%YoY. This is mainly due to higher borrowing requirements amid higher interest rate regime.
- Effective tax during the quarter under review was 28% compared to 29% of 3QFY21 and 29% of 2QFY22.

KOHC Financial Highlights

PKRmn	3QFY22	QoQ	YoY	9MFY22	YoY
Net Sales	8,570	4%	28%	23,585	32%
Cost of Sales	6,065	6%	22%	16,337	21%
Gross Profit	**2,505**	**1%**	**44%**	**7,248**	**67%**
Distribution Cost	33	15%	79%	85	48%
Administrative Cost	83	-14%	9%	257	10%
Other Operating Cost	142	1%	49%	409	76%
Other Income	193	50%	264%	401	266%
Finance Cost	144	22%	21%	380	-3%
Profit Before Tax	**2,297**	**3%**	**55%**	**6,517**	**85%**
Taxation	651	1%	53%	1,888	161x
Profit After Tax	**1,646**	**4%**	**55%**	**4,630**	**83%**
EPS (PKR)	8.19			23.05	

Source: Company Accounts, Next Research

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Annexure

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