

MLCF: Earnings arrived in at PKR1.42; Below expectations

- Maple Leaf Cement Factory Limited (MLCF) announced the financial result for 3QFY22 whereby, it declared consolidated net profit of PKR1,563mn (EPS PKR1.42), compared to PKR1,223mn (EPS PKR1.11) of 3QFY21 and PKR1,198mn (EPS PKR1.74) of 2QFY22, registering a growth of 28%YoY while declining sequentially by 18.5%QoQ. This takes total 9MFY22 earnings to PKR4,321mn (EPS PKR3.93), up by 52%YoY.
- The result came slightly below our expectation of PKR1,708mn (EPS PKR1.56). We attribute the underperformance to operating costs coming above our estimates.
- Despite provisional dispatches declining by 12%YoY, net sales of the company increased by 27%YoY (declined by 2%QoQ) to PKR11,990mn, on account of 37%YoY increase in retention prices. Similarly, net sales for 9MFY22 grew by 31%YoY to clock in at PKR34,112mn.
- With the company using a mix of pet-coke, imported and Afghani coal, gross profit margin of the company jacked up to 27.4%, against 26.7% registered in the same period last year and 31.8% in the previous quarter.
- Distribution cost of the company increased by 23%YoY. The YoY rise in distribution cost is largely ascribed to increased freight charges associated with higher export sales.
- Finance cost increased by 56%YoY/30%QoQ due to higher borrowing requirements amid higher interest rates and increased borrowings for expansion, we opine.
- Effective tax rate during the quarter under review was 24% compared to 23% of 3QFY21 and 27% of 2QFY22.
- In conjunction with the result, the BoD of MLCF recommended the shareholders to buy-back up to a maximum of 25mn shares of the face value of PKR10/share by the company at a current spot price.

MLCF Financial Highlights

PKRmn	3QFY22	QoQ	YoY	9MFY22	YoY
Sales-Net	11,990	-2%	27%	34,112	31%
Cost of Sales	8,704	4%	25%	24,729	24%
Gross Profit	3,286	-15%	29%	9,382	51%
Distribution Cost	388	2%	23%	1,168	63%
Admin Cost	227	-2%	-14%	676	-3%
Other Operating Exp	123	-62%	4%	625	122%
Other Income	(16)	n.m.	n.m.	26	-85%
Finance Cost	474	30%	56%	1,150	10%
Profit Before Tax	2,058	-21%	29%	5,790	58%
Taxation	494	-30%	33%	1,469	83%
Profit After Tax	1,563	-18.5%	28%	4,321	52%
EPS (PKR)	1.42			3.93	

Source: Company Accounts, Next Research

Annexure

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