

Maple Leaf Cement (MLCF)

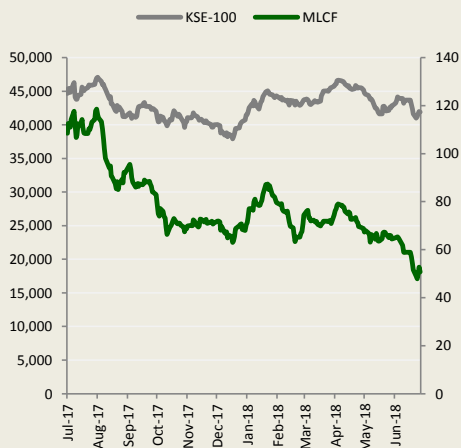
Result Review

KEY DATA

PSX Ticker	MLCF
Sector	Cement
Current Price PkR	46.76
Market Cap (PkR mn)	27,761
Market Cap (US\$ mn)	224
52 weeks High	88.96
52 weeks Low	39.9
Shares Outstanding (mn)	593.7
Free Float (mn)	45%

Source: PSX/Darson Research

RELATIVE PERFORMANCE



EPS in FY18 stood at PKR 7.92, a decline of -10%YoY

Maple leaf Cement Company Limited (MLCF) consolidated profitability clocked in at PKR 4,573mn, down -4% YoY with EPS PKR 7.9, accompanied with a final cash payout of PKR 1.00/share taking full year payout to PKR 2.5/share.

Board has also approved a loan of PKR 1bn for KTML as well as increase in its authorized capital by 28.5% to 9bn shares due to rise in ordinary shares from PKR 6bn to PKR 8bn.

Nullifying the impact of the increase in topline by 8%YoY, the gross profit margin declined by -15.4%YoY from 39% to 33% as a consequence of major upsurge in CoGS by +18%YoY mainly attributable to the escalating coal prices and continuous rupee depreciation.

On the back of one time deferred tax adjustment, the effective tax rate of the company drop to 14% from 30%, due to the cooperate tax adjustment in the budget by 1% to 25% from previous 30% in the next five years.

Moreover, the NPM marginally dropped by -4%YoY from 20% for FY18 to 18% for SPLY owed to the rise in finance cost by +86% because of higher markup cost on financing raised for power project.

PKR MN - Consolidated	FY'18	FY'17	YoY%
Sales-net	25,684	23,885	8%
COGS	17,159	14,510	18%
Gross profit	8,525	9,376	-9%
Distribution Expenses	1,230	1,275	-4%
Admin Expenses	739	636	16%
Operating Profit	6,183	7,044	-12%
Financial Charges	847	174	387%
Profit before taxation	5,336	6,870	-22%
Taxation	763	2,093	-64%
Profit after tax	4,573	4,776	-4%
EPS reported	7.9	8.8	-10%

Source: Darson Research, Company Accounts

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Notified Research Entity

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Rating System:

- | | |
|-------------------------------------------|---------------------|
| If; | |
| • Expected return >15% | - Buy Call |
| • Expected Return is in between 0% to 15% | - Neutral/Hold Call |
| • Expected Return <0% | - Sell Call |

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

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