

## Earning Review

### ACPL: 1QFY22 EPS clocked in at Rs1.97, up 127% YoY

#### Event

- Attock Cement Pakistan Limited (ACPL PA) profitability clocked in at Rs271mn (EPS Rs1.97) in 1QFY22 as compared to profit of Rs119mn (EPS of Rs0.87) in 1QFY22.

#### Impact

- We attribute increase in ACPL profitability to (1) higher dispatches in domestic market amid better retention prices, (2) decline in distribution cost due to lower exports, (3) higher other income, (4) decline in finance cost and (5) lower effective tax rate.
- ACPL revenue declined by 15/10% YoY/QoQ in 1QFY22 due to ~36/24% YoY/QoQ decline in cement dispatches. Furthermore, ACPL domestic dispatches increased by ~16% YoY in 1QFY22., while its export declined by ~62% YoY in 1QFY22 due to higher freight charges and decline in realized export prices.
- Furthermore, ACPL domestic dispatches contribution increased by ~27/7ppt YoY/QoQ to 60% in 1QFY22.
- The company's local cement retention prices increased by ~16% YoY in 1QFY22 as company partially passed on the impact of higher energy cost.
- Furthermore, among other major heads ACPL admin/distribution cost increased/decreased by 12/46% YoY in 1QFY22. Decline in distribution cost is due to lower exports by the company, in our view.
- ACPL finance cost declined by 16/66% YoY 1QFY22.

#### Outlook

- We have "Neutral" stance on the scrip with Jun-22 target price of Rs138.6/sh. As we expect near term profitability of the company to come under pressure given sector inability to completely pass on the impact of rise in fuel/power and other overhead costs. Furthermore, ACPL profitability growth would be further restricted by ~66% QoQ increase in energy cost for cement companies in Iraq in 2QFY22 and decline in exports due to higher freight charges and decline in realized export prices
- However company would benefit from (1) favorable Gov't policies (2) continuous increase in consumer housing finance (up 39.8% YoY to Rs111.7bn in Aug'21) amid lower interest rates and (3) increased demand from public sector due to early disbursement of PSDP.

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Fig 01: ACPL 1QFY22 Financial Highlights (Rs mn)

Rs (mn)	1QFY22	1QFY21	YoY	QoQ
Sales - net	4,427	5,224	-15%	-10%
COGS	3,588	4,254	-16%	-13%
<b>Gross profit</b>	<b>839</b>	<b>970</b>	<b>-14%</b>	<b>9%</b>
Distribution Expenses	320	592	-46%	-21%
Admin Expenses	149	133	12%	11%
Other operating income	43	16	164%	-41%
Other operating expenses	23	15	53%	-18%
<b>EBIT</b>	<b>390</b>	<b>246</b>	<b>58%</b>	<b>44%</b>
Financial Charges	38	46	-16%	-66%
<b>PBT</b>	<b>352</b>	<b>200</b>	<b>76%</b>	<b>125%</b>
Taxation	81	81	0%	667%
<b>PAT</b>	<b>271</b>	<b>119</b>	<b>127%</b>	<b>86%</b>
EPS@137.4mn sh	1.97	0.87		
GP Margins	19.0%	18.6%		
EBIT Margins	8.8%	4.7%		
NP Margins	6.1%	2.3%		

Source: PSX, Company Accounts, Foundation Research, October 2021

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### Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.