

## Earning Review

### ACPL: 3QFY22 EPS clocked in at Rs2.39, down 21% YoY

#### Event

- Attock Cement Pakistan Limited (ACPL PA) profitability clocked in at Rs329mn (EPS Rs2.39) in 3QFY22 as compared to profit of Rs414mn (EPS of Rs3.01) in 3QFY21. This takes 9MFY22 profitability to Rs1,178mn (EPS of Rs8.57, up 23% YoY).
- The result is in line with our expectations.

#### Impact

- We attribute decline in ACPL profitability to (1) decline in exports, (2) increase in fuel and energy cost and (5) higher effective tax rate.
- ACPL revenue increased by 15/39% YoY/QoQ in 3QFY22 due to higher retention prices in domestic market as dispatches declined by ~19% YoY in 3QFY22. Furthermore, ACPL domestic dispatches increased by ~9% YoY in 3QFY22. While its export declined by ~49% YoY in 3QFY22 due to higher freight charges and decline in realized prices in export market.
- Moreover, ACPL domestic dispatches contribution increased by ~17.9ppt YoY to 69% in 3QFY22.
- Among other major heads ACPL admin/distribution cost increased/decreased by 4/9% YoY in 3QFY22. Decline in distribution cost is due to lower exports by the company, in our view.
- ACPL finance cost declined by 21% YoY 3QFY22.
- To highlight, ACPL effective tax rate clocked in at 43.6% in 3QFY22.

#### Outlook

- We have "Positive" stance on the scrip with Dec-22 target price of Rs150/sh. Moreover, 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 increase in energy cost for cement companies in Iraq and decline in exports due to higher freight charges and decline in realized export prices.

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Fig 01: ACPL 3QFY22 Financial Highlights (Rs mn)

	3QFY22	3QFY21	YoY	QoQ	9MFY22	9MFY21	YoY
Sales - net	6,141	5,356	15%	39%	15,959	16,350	-2%
COGS	4,972	4,122	21%	39%	12,868	12,474	3%
<b>Gross profit</b>	<b>1,169</b>	<b>1,235</b>	<b>-5%</b>	<b>39%</b>	<b>3,090</b>	<b>3,876</b>	<b>-20%</b>
Distribution Expenses	399	440	-9%	25%	1,138	1,796	-37%
Admin Expenses	165	159	4%	11%	489	434	13%
Other operating income	71	13	440%	66%	691	61	1028%
Other operating expenses	41	34	21%	78%	109	86	27%
<b>EBIT</b>	<b>635</b>	<b>615</b>	<b>3%</b>	<b>63%</b>	<b>2,045</b>	<b>1,621</b>	<b>26%</b>
Financial Charges	53	66	-21%	37%	159	243	-35%
<b>PBT</b>	<b>583</b>	<b>549</b>	<b>6%</b>	<b>66%</b>	<b>1,886</b>	<b>1,378</b>	<b>37%</b>
Taxation	254	135	88%	214%	708	422	68%
<b>PAT</b>	<b>329</b>	<b>414</b>	<b>-21%</b>	<b>21%</b>	<b>1,178</b>	<b>956</b>	<b>23%</b>
EPS@137.4mn sh	2.39	3.01			8.57	6.95	23%
GP Margins	19.0%	23.1%			19.4%	23.7%	
EBIT Margins	10.3%	11.5%			12.8%	9.9%	
NP Margins	5.4%	7.7%			7.4%	5.8%	

Source: PSX, Company Accounts, Foundation Research, April 2022

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