

## Earning Review

### ACPL: 2QFY23 EPS clocked in at Rs3.23, down 23% YoY

#### Event

- Attock Cement Pakistan Limited (ACPL PA) profitability clocked in at Rs445mn (EPS Rs3.23, down 23% YoY) in 2QFY23 as compared to profit of Rs581mn (EPS of Rs4.23) in 2QFY22. This takes 1HFY23 profitability to Rs560mn (EPS Rs4.08) as compared to profit of Rs852mn (EPS Rs6.20) in 1HFY22.

#### Impact

- We attribute decline in ACPL profitability to (1) lower export and domestic dispatches, (2) increase in fuel and energy cost, (3) higher finance cost given increase in interest rates, (4) increase in effective tax rate and (5) decline in other income due to absence of dividend income from its investments.
- ACPL revenue increased by 11% YoY in 2QFY23 due to better retention prices as dispatches remained on lower side. However, on sequential basis company revenue increased by 38% QoQ due to recovery in dispatches amid higher prices.
- Among other major heads ACPL admin/distribution cost decreased by 10/18% YoY in 2QFY23. Decline in distribution cost is due to lower exports by the company, in our view.
- ACPL finance cost increased by 15% YoY in 2QFY23 due to higher interest rates.
- To highlight, ACPL effective tax rate clocked in at 45.2% in 2QFY23 as compared to 39.1% in 2QFY22.

#### Outlook

- Company profitability is expected to remain under pressure in near term due to (1) lower dispatches in both domestic and export market, (2) higher finance cost given increase in interest rates and (3) higher fuel cost due to elevated international coal prices amid restricted supply of Afghan coal in south region.

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Fig 01: ACPL 2QFY23 Financial Highlights (Rs mn)

	2QFY23	2QFY22	YoY	QoQ	1HFY23	1HFY22	YoY
Sales - net	6,009	5,391	11%	38%	10,373	9,818	6%
COGS	4,631	4,309	7%	28%	8,259	7,896	5%
<b>Gross profit</b>	<b>1,378</b>	<b>1,083</b>	<b>27%</b>	<b>87%</b>	<b>2,114</b>	<b>1,922</b>	<b>10%</b>
Distribution Expenses	343	420	-18%	14%	643	740	-13%
Admin Expenses	159	176	-10%	-20%	359	324	11%
Other operating income	72	579	-88%	-12%	154	623	-75%
Other operating expenses	59	45	31%	436%	70	68	3%
<b>EBIT</b>	<b>890</b>	<b>1,022</b>	<b>-13%</b>	<b>190%</b>	<b>1,196</b>	<b>1,412</b>	<b>-15%</b>
Financial Charges	78	68	15%	-42%	214	106	101%
<b>PBT</b>	<b>811</b>	<b>954</b>	<b>-15%</b>	<b>375%</b>	<b>982</b>	<b>1,306</b>	<b>-25%</b>
Taxation	367	373	-2%	567%	422	454	-7%
<b>PAT</b>	<b>445</b>	<b>581</b>	<b>-23%</b>	<b>284%</b>	<b>560</b>	<b>852</b>	<b>-34%</b>
EPS@137.4mn sh	3.23	4.23			4.08	6.20	
GP Margins	22.9%	20.1%			20.4%	19.6%	
EBIT Margins	14.8%	19.0%			11.5%	14.4%	
NP Margins	7.4%	10.8%			5.4%	8.7%	

Source: PSX, Company Accounts, Foundation Research, February 2023

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