

Flash Note: FCCL 2QFY24 result wrap

- Fauji Cement Company Limited (FCCL) has announced its 2QFY24 result today whereby it reported earnings of PKR2.66bn (EPS: PKR1.08) up/down 2%/4% QoQ/YoY. Company hasn't announced any interim cash dividend.
- Net sales decreased 1% QoQ as export dispatches decreased 39% QoQ to 0.11MT while local dispatches remained broadly stable. Gross profit clocked in at PKR6.54bn up 3%/16% QoQ/YoY. Gross profit margin also increased 1.5ppts QoQ to remain at 32.6% this quarter. This increase in gross margin is primarily due to higher retention as cement price per bag increased by ~PKR62/bag QoQ while input costs remained stable.
- Distribution expense increased 33% QoQ to PKR0.94bn due to implementation of axle load restrictions. Finance cost was down/up 13%/136% QoQ/YoY to PKR0.94bn. Lower sequential net finance cost is due to offsetting impact of finance income coming from healthy cash reserve while higher YoY finance cost is due to commissioning of new cement line at Nizampur last year. Note that, company hasn't booked finance cost associated with D.G. Khan facility in the outgoing quarter – commissioned at the end of Nov'23.
- Further analysis will be done once detailed accounts are available.

PKRmn	2QFY24	1QFY24	2QFY23	QoQ	YoY	1HFY24	1HFY23	YoY
Net Sales	20,039	20,313	18,973	-1%	6%	40,352	33,673	20%
Cost of Sales	13,502	13,991	13,318	-3%	1%	27,493	23,435	17%
Gross Profit	6,537	6,321	5,654	3%	16%	12,858	10,239	26%
Dist. Exp.	936	704	676	33%	38%	1,640	1,175	40%
Admin Exp	384	358	433	7%	-11%	742	751	-1%
Other Opt Exp.	295	280	232	5%	27%	575	468	23%
Other Income	103	97	50	6%	106%	200	76	163%
Finance Cost	935	1070	397	-13%	136%	2,005	637	215%
PBT	4,090	4,007	3,967	2%	3%	8,097	7,282	11%
Tax	1,430	1,394	1,203	3%	19%	2,824	2,203	28%
PAT	2,660	2,614	2,764	2%	-4%	5,274	5,079	4%
EPS (PKR)	1.08	1.07	1.13			2.15	2.07	
DPS (PKR)	0	0	0			0	0	
<i>GP Margin</i>	32.62%	31.12%	29.80%			31.86%	30.41%	
<i>Effective tax rate</i>	34.96%	34.79%	30.33%			34.88%	30.25%	

Source: PSX, Alfalah CLSA Research