

# Lotte Chemical Pakistan Limited

## Result review: 2QCY24 EPS @ PKR 0.84

### Profitability up by 4x YoY in 2QCY24

Lotte Chemical Pakistan Limited (LOTCEM) announced its 1HCY24 financial result today where the company posted a profit after tax (PAT) of PKR 2.2bn (EPS: PKR 1.43), down by 24% YoY compared to PKR 2.9bn (EPS: PKR 1.88) during SPLY. On a quarterly basis, earnings were up by 4x YoY and 42% QoQ to PKR 1.3bn (EPS: 0.84). Alongside the result, the company's cash dividend for 1HCY24 stood at PKR 0.50/share.

### Result Highlights

- In 2QCY24, net sales soared by an impressive 95% YoY, reaching PKR 32.1bn. This significant increase was primarily driven by a substantial rise in volumetric sales. As a result of this robust quarterly performance, net sales for the 1HCY24 rose by 67% YoY totaling PKR 64.4bn.
- During 1HCY24 gross margin arrived at 6.2%, down from 16.7% during SPLY mainly due to a 15% YoY decline in PTA margins. During 2QCY24, the company achieved a gross profit margin of 7%, down from 12% YoY. This decline in gross margins is largely due to reduction in international PTA margins and an increase in gas prices.
- Furthermore, in 2QCY24, the finance cost increased by 48% YoY, reaching PKR 206mn. This rise in finance costs is primarily due to lower exchange losses compared to the previous year.
- Other income fell by 39% YoY to PKR 365mn in 2QCY24, mainly due to lower cash and cash equivalent compared to the SPLY.
- Effective taxation during the quarter remained 39% compared to 85% during 2QCY24. The decline in effective taxation is witnessed due to the imposition of retrospective super tax in SPLY.

### Exhibit: Financial Highlights

(PKR mn)	1HCY24a	1HCY23a	YoY	2QCY24a	2QCY23a	YoY	QoQ
Net Revenue	64,379	38,543	67%	32,102	16,430	95%	-1%
Gross Profit	3,984	6,439	-38%	2,300	2,000	15%	37%
<b>Gross Margins</b>	<b>6.2%</b>	<b>16.7%</b>		<b>7.2%</b>	<b>12.2%</b>		
Other Expenses	361	313	15%	179	161	11%	-2%
Other Income	716	1,184	-39%	365	598	-39%	4%
Finance Cost	429	895	-52%	206	140	48%	-7%
PBT	3,544	5,877	-40%	2,075	2,094	-1%	41%
Taxation	1,377	3,023	-54%	805	1,783	-55%	41%
PAT	2,167	2,854	-24%	1,270	311	4x	42%
EPS (PKR)	1.43	1.88		0.84	0.21		
DPS (PKR)	0.50	2.00			-		

Source (s): Company Financials, AHL Research

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