

AHL Alert: Cement

D.G. Khan Cement Company Limited

Result Review: FY24 EPS @ PKR 1.24

4QFY24: The company posted a loss of PKR 3.86/share

D.G. Khan Cement Company Limited (DGKC) announced its financial result for FY24 today, posting a profit of PKR 542mn (EPS: PKR 1.24) compared to a loss of PKR 3,636mn (LPS: PKR 8.30) in SPLY. During 4QFY24 the company reported a loss of PKR 1,692mn (LPS: PKR 3.86).

Result Highlights

- Topline during FY24 arrived at PKR 66,039mn, depicting an uptick of 2% YoY in contrast to PKR 64,984mn in SPLY, on the back of higher retention prices. However, during 4QFY24 net sales remained flat at PKR 16,988mn.
- Gross margins for FY24 climbed up by 124bps arriving at 16% owed to higher cement prices in tandem with a fall in coal prices during the period. In 4QFY24 gross margins came at 8% vis-à-vis 11% in SPLY. This was primarily attributable to increase in exports arriving at 453k tons (up 5% YoY).
- Selling and Distribution expenses in FY24 surged by 43% YoY to settle at PKR 2,609mn, on the back of elevated freight charges given higher export sales, we view. In 4QFY24, selling and distribution expenses arrived at PKR 992mn vis-à-vis PKR 770mn, jump of 29% due to aforementioned reason.
- Other income for FY24 ascended by 30% YoY, which is mainly due to higher dividend income from MCB.
- Finance costs in FY24 increased by 19% YoY to clock in at PKR 8,001mn on the back of higher interest rate. In 4QFY24, the finance cost arrived at PKR 1,928mn, displaying a rise of 3% YoY due to the reason stated above.
- The company booked effective taxation at 81% in FY24 amid amendment made in tax laws where normal tax is charged on the sale of exports (compared to presumptive tax). During SPLY effective taxation arrived at 215% due to the imposition of super tax which was retrospective

Exhibit: Financial Highlights

(PKR mn)	FY24	FY23	YoY	4QFY24	4QFY23	YoY	QoQ
Net Revenue	66,039	64,984	2%	16,988	16,940	0.3%	19%
Gross Profit	10,528	9,556	10%	1,341	1,818	-26%	-63%
Admin Expense	1,206	879	37%	319	234	36%	4%
Distribution Expense	2,609	1,818	43%	992	770	29%	139%
Other Expenses	108	201	-46%	(15)	41	nm	nm
Other Income	4,235	3,247	30%	1,058	1,098	-4%	4%
Finance Cost	8,001	6,742	19%	1,928	1,866	3%	-1%
PBT	2,839	3,163	-10%	(824)	6	nm	-143%
Taxation	2,297	6,799	-66%	868	5,754	-85%	17%
Effective Tax Rate	81%	215%		nm	1,009x		
PAT	542	(3,636)	nm	(1,692)	(5,748)	-71%	nm
EPS (PKR)	1.24	(8.30)		(3.86)	(13.12)		

Source (s): Company Financials, AHL Research

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