

AHL Brief Note: Cement

Fauji Cement Company Limited

Analyst Briefing Takeaways

Management Conference Call

The management of Fauji Cement Company Limited (FCCL) held an analyst briefing session on 09th Oct'24 to discuss the company's performance and future outlook

Brief Takeaways

- To recall, the company posted an earnings of PKR 8,223mn (EPS: PKR 3.35) compared to PKR 7,440mn (EPS: PKR 3.03) in SPLY, jump of 11% YoY.
- In FY24, volumetric dispatches rose by 5%, recording at 5.08mn tons, with local dispatches up by 3%, arriving at 4.56mn tons.
- The company exported about 500K tons to Afghanistan and expects 10-15% growth in FY25.
- The company capacity utilization in FY24 stood at 55% as compared to 65% in SPLY.
- The company's market share in north stood at 15% in FY24.
- FCCL's fuel mix comprised of 59% of both imported and Afghan coal and 31% of local coal in FY24 as compared to 53% of Afghan and 47% of local coal in FY23. The company also increased the usage of alternate fuel to 5.24% as compared to 3.17% in SPLY. The company is expecting to increase the alternate fuel to 10-11% in FY25.
- The price of Afghan and local coal is trading at PKR 45,000-47,000/ton and PKR 35,000-37,000/ton respectively.
- The company has a solar capacity of 52.5MW and WHRP capacity of 64.5MW. Additionally, the company expects to install solar of 5MW in Oct'24 and 10MW in Feb'25, with a total cost of PKR 1.5bn and a payback period of 3.5 years.
- Additionally, in FY24 the company's power mix comprised 52% from captive power and 48% from the grid.
- The current MRP hovers around PKR 1400-1450/bag and the retention price is about PKR 860-880/bag.
- The company has passed on 50% of the royalty imposed on limestone and argillaceous clay into its selling price. The impact of this royalty is around PKR 1,500-1,600 per ton. Currently, the industry has obtained a stay order from the court.
- The company anticipates demand to remain stable throughout FY25. However, cement dispatches are expected to pick up starting from Mar'25.
- Regarding the convertible loan from the sponsor, management clarified that there has been no intention of conversion as of now.

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