

Pioneer Cement Ltd. (PIOC)

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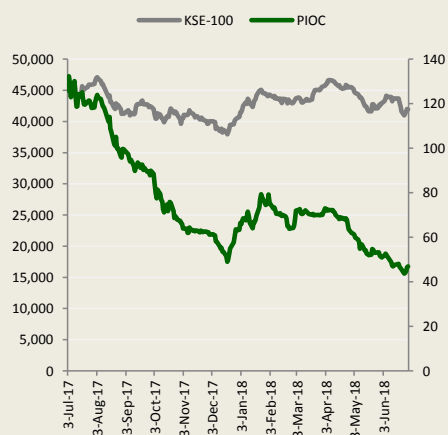
Result Review

KEY DATA

PSX Ticker	PIOC
Sector	Cement
Current Price PKR	41
Market Cap (PKR mn)	9,304
Market Cap (US\$ mn)	75.03
52 weeks High	89.94
52 weeks Low	39.02
Shares Outstanding (mn)	227.15
Free Float (%)	55%

Source: PSX/Darson Research

RELATIVE PERFORMANCE



EPS fell by -44%YoY

Pioneer Cement Limited (PIOC) announced its FY18 result today, wherein the company posted an NPAT of PKR 1,644mn in FY18, down -44%YoY in SPLY which was PKR 2,918mn. In conjunction with the result the company announced annual cash dividend of PKR 4.07/share i.e. 40.70%

The topline of the company amidst FY18 clocked in at PKR 10,121mn as against corresponding period last year which was PKR 10,631mn, declined by -5%YoY owed to an old and inefficient grinding mill. As far as gross profit is concerned, it is plummeted by -37%YoY to PKR 7,311mn in FY18 versus PKR 6,203mn in FY17. This deterioration is mainly accredited to higher input cost along with radical depreciation of PKR against USD.

Focusing on the expense, upsurge of +77%YoY was witnessed in distribution cost due to rising cement exports. On the other hand, finance cost massively inclined by +174%YoY to PKR 95mn as compared to same period last year which was PKR 35mn owed to rise in company's long and short term borrowings. Collectively all these led to a decline in EPS by -44%YoY to PKR 7.24 in FY18 against PKR 12.84 in FY17.

PKR 'mn	FY'18	FY'17	YoY%
Sales	10,121	10,631	-5%
Cost of Sales	7,311	6,203	18%
Gross Profit	2,811	4,428	-37%
Dist. Expenses	167	94	77%
Admin. Expenses	98	85	15%
Other Opr. Expenses	298	522	-43%
	2,249	3,728	-40%
Other Income	59	376	-84%
Finance Cost	95	35	174%
Profit Before Tax	2,213	4,070	-46%
Taxation	569	1,152	-51%
Profit After Tax	1,644	2,918	-44%
EPS	7.24	12.84	-44%

Source: Darson Research, Company Accounts

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Rating System:

- If;
- **Expected return >15%** - Buy Call
 - **Expected Return is in between 0% to 15%** - Neutral/Hold Call
 - **Expected Return <0%** - Sell Call

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

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