

Cherat Cement Co. Ltd. (CHCC)

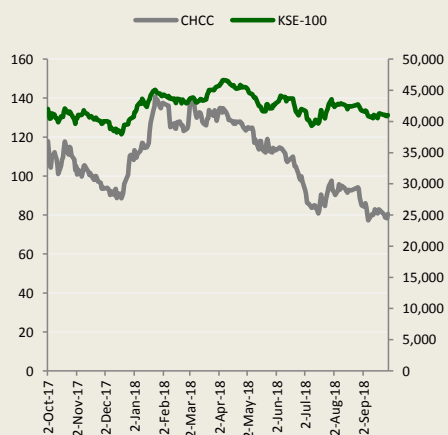
Result Review

KEY DATA

PSX Ticker	CHCC
Sector	CEMENT
Current Price PKR	56.62
Market Cap (PKR mn)	10,001
Market Cap (US\$ mn)	80.65
52 weeks High	140.72
52 weeks Low	56.62
Shares Outstanding (mn)	176.63
Free Float (%)	60%

Source: PSX/Darson Research

RELATIVE PERFORMANCE



EPS fell by -29%YoY in 1QFY19

Cherat Cement Company Limited (CHCC) announced its 1QFY19 result today and according to the result the company posted after tax profit (PAT) of PKR 431mn in 1QFY19 down -29%YoY SPLY which was PKR 606mn.

The topline of the company amidst 1QFY19 clocking in at PKR 3,341mn as against corresponding period last year which was PKR 3,891mn, shed -4%YoY mainly due to lower cement dispatches. As far as gross profit is concerned, it massively slashed by -44%YoY due to higher coal prices, and weakened retention price.

Focusing on the expense, upsurge of +12%YoY was witnessed in distribution cost, on the other hand finance cost meagerly augmented by +2%YoY to PKR 98mn as compare to same period last year which was PKR 95mn. Collectively all these led to dwindled EPS by -29%YoY to PKR 2.44 in 1QFY19 versus PKR 3.43 in 1QFY18.

As far as taxation is concerned, it declined by -3%YoY to PKR 126mn against PKR 129mn SPLY owed to higher utilization of line II.

PKR 'mn	1QFY19	1QFY18	YoY%
Sales	3,341	3,891	-14%
Cost of Sales	2,788	2,902	-4%
Gross Profit	553	989	-44%
Distribution Costs	91	81	12%
Admin Expenses	65	57	14%
Other expenses	19	41	-55%
Other income	25	20	21%
Operating Profit	403	831	-52%
Finance Cost	98	95	2%
PBT	305	735	-58%
Taxation	126	129	-3%
PAT	431	606	-29%
EPS	2.44	3.43	-29%

Source: Darson Research, Company Accounts



Notified Research Entity

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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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