

October 13, 2020



Fauji Cement: 1QFY21 preview...

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Anticipation of Re 0.36 – Re 0.44 EPS in 1Q...

FCCL to announce its 1QFY21 results on October 21, 2020. We expect FCCL to report Re 0.36/sh – Re 0.44/sh in the wake of increase in cement dispatches to 824k tons in 1Q vs 717k tons in 4Q. The monthly average dispatches remain ~274k tons. We have assumed retention price of Rs290/50kg bag – Rs300/50kg bag.

We expect FCCL gross margins to remain 19% in line with regional players viz. DGKC given coal prices remained lower versus FY19. We also see FCCL is relatively less leveraged versus its peers in northern zone.

We expect FCCL to give a token dividend.

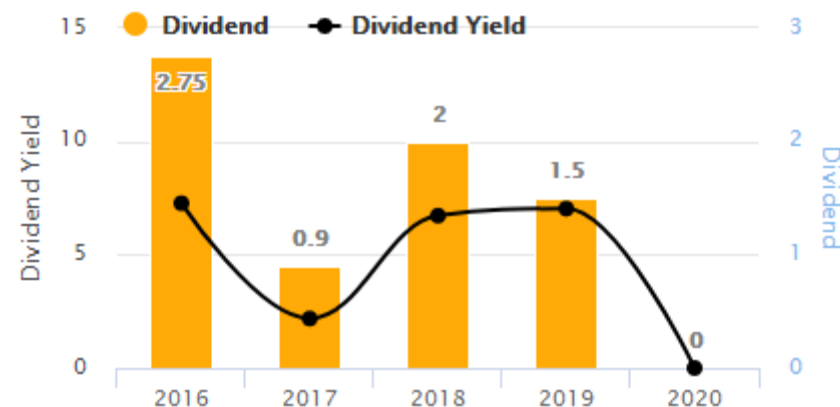
FCCL yield FY21 PE of 10x – ‘hold’ as per our methodology.

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Ticker	FCCL
Price	19.70
Avg. Volume	7.09mn
52 week hi	22.80
52 week lo	11.50
Paid up in Rs	13.79bn
Market cap Rs	27.18bn
Enterprise Value Rs	31.36bn
EV per share Rs	22.73/sh
Book Value Rs	14.3/sh

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Rs mn	1QFY21	1QFY20	Chg
Net Sales	4,820	4,243	14%
Gross margins	19%	14%	
NPAT	497	293	70%
Net margins	10%	7%	
EPS	0.36	0.21	70%
SCS Research			



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- Standard Capital Securities (Pvt.) Ltd. standardized recommendation structure i.e. positive, Hold and negative, based on rating system i.e.

- (Target Price, if any/Current Price - 1) > 10% Positive*
- (Target Price, if any/Current Price - 1) < -10% Negative*
- less than 10% (Target Price, if any/Current Price -1) Hold*

- The time duration is the financial reporting period of Subject Company.

Valuation method

Following research techniques adopted to calculate target price/recommendation

Price to earnings & Price to Book, EV-EBITDA multiple

Discounted Cash flows or Dividend Discount Model or Enterprise Value