

April 9, 2021



Fauji Cement: Investment Proposition...

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In continuation to our earlier report, we increase FCCL FY21 earnings estimation to Rs3.01/sh in the wake of increase in retention rates in northern zone.

Hence we see 2HFY21 earnings to be well above 1HFY21. There is sudden rise in retail prices, which will propel earnings estimation.

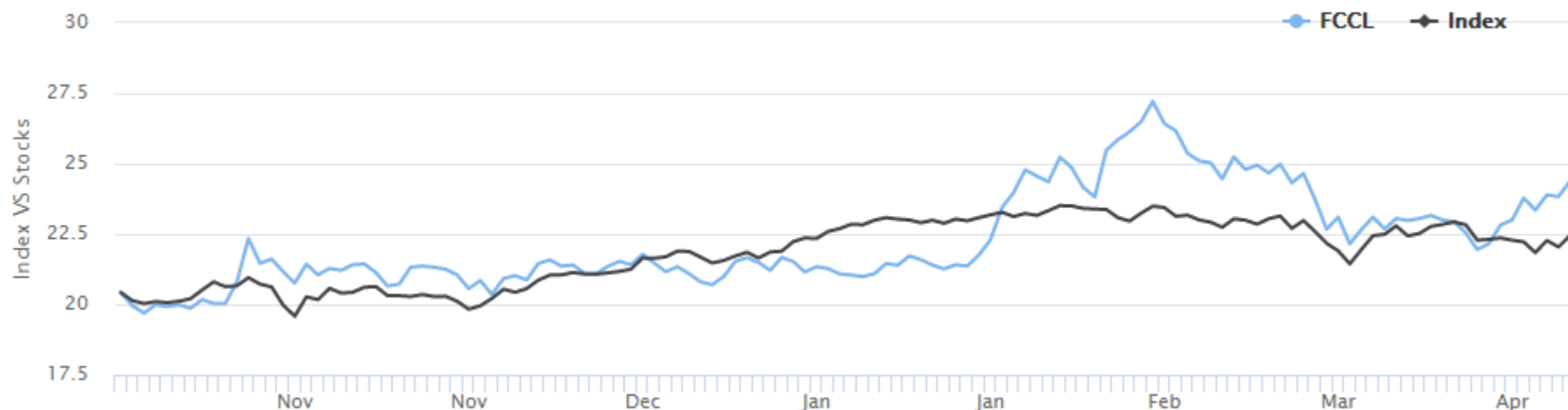
We also expect FCCL to pay cash dividend in lieu of earnings during FY21. FCCL yields FY21 PE of 7.6x and also dividend yield of 8%.

FCCL can report Rs2/sh 9MFY21...

FCCL in its board meeting on April 22, 2021 can announce EPS of Rs2/sh at the pretext of improved operations, optimum supplies and increasing trend of prices. Previously during 1HFY21, retention prices were hovering above Rs327/50kg bag. We see this increasing ~Rs415.

| | |
|--------------|---------|
| Ticker | FCCL |
| Price | 24.80 |
| 52 week hi | 27.61 |
| 52 week lo | 14.4 |
| Avg Vol. | 6.5mn |
| Beta | 1.43 |
| BV | Rs 15.5 |
| EV per share | Rs 27.0 |

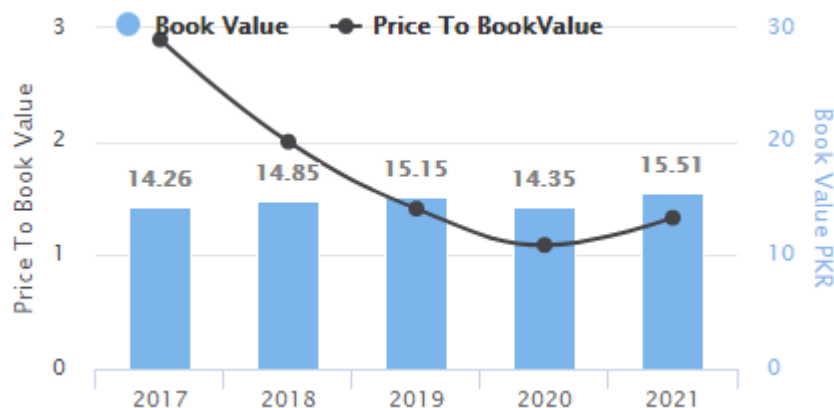
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Fauji Cement: 9MFY21 operations showing turnaround

As per cement association figures, FCCL dispatched 2.583mn tons during 9MFY21 as against 2.378mn reported in same period last year. We expect German plant is poised to attain utilization of above 95% at least.

During March 2021 alone, dispatches are reported ~293k tons. Given summer season, we expect cement consumption to increase. Already government housing projects being unveiled one after another.



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- (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