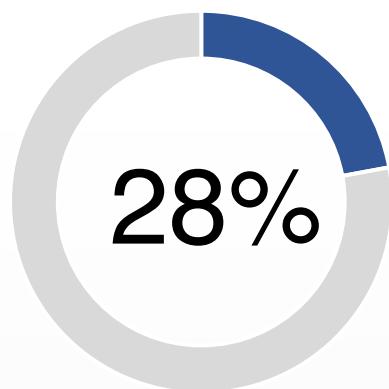


Maple Leaf Cement “MLCF” Buyback play | FY23 Review.

MLCF putting money in Maple Leaf Capital | No dividend announcement is disappointing for shareholders perspective

MLCF announced its FY23 earnings where, company has reported EPS of 5.3/sh – an increase of 33%yoy. MLCF did not announce dividend.

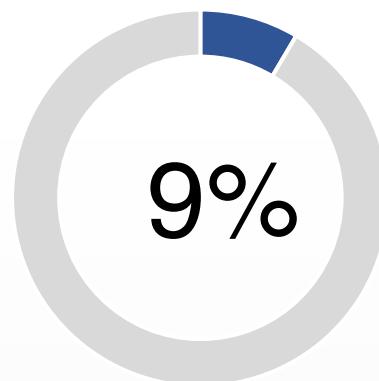
Gross Margin



MLCF gross margin increased by 33%yoy to PKR 18bn, due to higher cement prices and use of alternative fuels and optimizing plant operations.

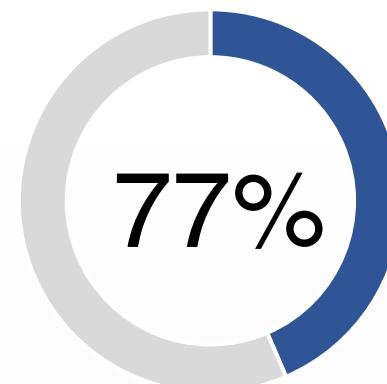
MLCF yields FY23 PE of 5.2x. **HOLD**
MLCF announced to put money in Maple Leaf Capital which could create value.

Net Margin



Despite lower sales and higher fixed cost, the net profit reported at PKR 6bn, depicting an increase of 27%yoy, reported EPS of PKR 5.38/sh compared to PKR 4.15/sh in SPLY. The continuous increase in inflation and increase in KIBOR have increases the interest cost by 44%yoy to PKR 2bn. Furthermore imposition of supertax has also eaten away portion of MLCF's profitability.

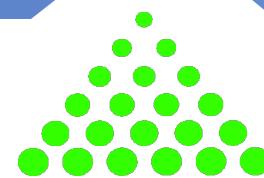
OPEX Ratio



The notable increase in dollar value Vs PKR, higher interest rate, restriction in LCs and increased prices of coal at international market have increased Opex ratio to 77%.

MLCF announced buyback of its 100,000,000 shares at current market price from October 27, 2023 to April 15, 2024.

PKR bn	FY23	FY22	Δ%
Net Revenue	62.07	48.51	28%
Cost of Sales	(44.46)	(35.28)	26%
Gross Profit	17.61	13.23	33%
Distribution Cost	(2.00)	(1.48)	35%
Administrative Expense	(1.40)	(0.98)	43%
Other expenses	(1.09)	(0.83)	32%
Net impairment loss on financial assets	(0.19)	(0.21)	-9%
Other Income	0.15	0.06	145%
Operating Profit	13.07	9.79	33%
Finance Cost	(2.38)	(1.65)	44%
Profit before taxation	10.69	8.14	31%
Income tax expense	(4.92)	(3.59)	37%
Profit after Taxation	5.77	4.56	27%
EPS			
Basic	5.38	4.15	30%



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Rating System

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

- $(\text{Target Price, if any} / \text{Current Price} - 1) > 10\%$ Positive
- $(\text{Target Price, if any} / \text{Current Price} - 1) < -10\%$ Negative
- less than 10% $(\text{Target Price, if any} / \text{Current Price} - 1)$ 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