



Wednesday, 20 April 2022

MLCF announced buy-back of 25mn shares

Maple Leaf Cement Factory (MLCF) announced its 3QFY22 result with EPS of PKR 1.08/sh below street expectations.

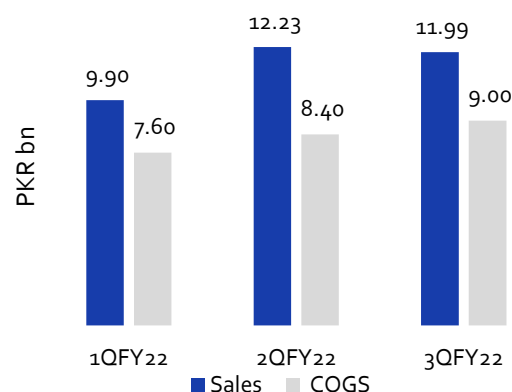
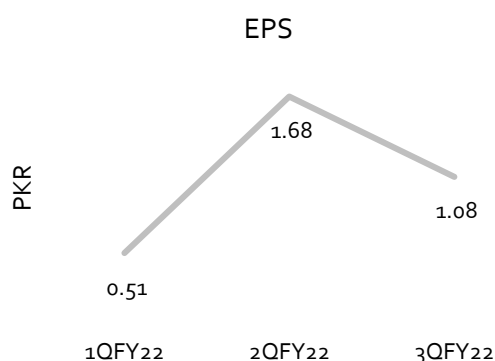
- **MLCF announced to buy-back 25mn own shares, which is a good for future EPS appreciation since number of common shares will be reduced slightly.**
- As for the operations, contrary to street expectations, the company sales declined by 2% despite hike in cement bag rates. On the flipside, cost of sales increased by 8% in comparison with last quarter.
- The distribution cost increased by 2% although the cement dispatches seen some decline in 3Q, we see it to rise in 4Q. Recent announcement of motorway from **Peshawar Morr Islamabad** is a big news for big cement players like MLCF.
- Finance cost has increased by 30%. The effective tax rate is also showing a significant number of 29%.

PKR in "000"	1QFY22	2QFY22	3QFY22	Δ in %
Sales	9,895,557	12,225,855	11,990,223	-2%
Cost of sales	(7,966,856)	(8,425,091)	(9,081,017)	8%
Gross profit	1,928,701	3,800,764	2,909,206	-23%
Distribution cost	(399,531)	(380,103)	(388,233)	2%
Admin expenses	(215,562)	(230,417)	(225,819)	-2%
Other charges	(163,876)	(303,414)	(106,454)	-65%
Other income	11,165	29,031	(17,023)	-159%
Operating Profit	1,160,897	2,915,861	2,171,677	-26%
Finance cost	(330,223)	(380,051)	(494,404)	30%
PBT	830,674	2,535,810	1,677,273	-34%
Taxation	(268,064)	(694,901)	(489,000)	-30%
PAT	562,610	1,840,909	1,188,273	-35%

EPS 0.51 1.68 1.08

MLCF	PKR 35.7
Mkt Cap	39.27 bn
Avg vol. (12M)	4.3 mn
Paid up	10.983bn
Authorized	15bn
52 Weeks Lo	PKR29.85
52 weeks Hi	PKR50.90
FY20 EPS	-3.24
FY21 EPS	3.49

Source: SCS Research



Announcement Source

dps.psx
MLCF



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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