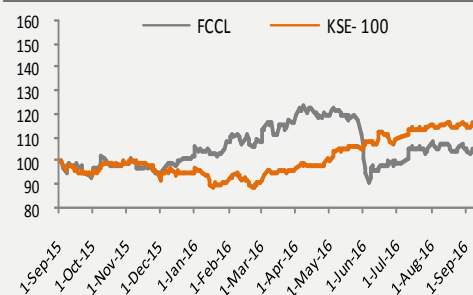


FAUJI CEMENT COMPANY LIMITED
Oct 28, 2016
CURRENT MARKET DATA

Current Price	34.6
Market Cap (PKR mn)	47,741.6
52 wk Hi	44.71
52 wk low	32.85
Outstanding shares (mn)	1379.82
Free Float (%)	55

Sources: PSX
RELATIVE TO KSE—100

Source: PSX
EARNINGS SUMMARY FOR FY16A

PKR 'mn'	FY16A	FY15
Net Sales	20,044	18,642
Cost of sales	10,879	11,615
Gross Profit	9,165	7,027
Admin. Exp.	312	272
Dist. Exp.	209	141
Other Op. Exp.	579	420
Other Op. Inc.	269	191
Finance Cost	503	706
PBT	7,831	5,680
Tax	2,464	1,564
PAT	5,367	4,116
EPS - Basic	3.98	2.91
EPS - Diluted	3.94	-
DPS - Final	2.75	2.5

Source: Nael Research, Company accounts
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FCCL posted earnings of PKR 3.94/sh, closely in line with our expectations..

- Fauji Cement Company Ltd. (FCCL) announced its annual result of FY16A today, dated October 28, 2016, where the company posted earnings of PKR 5,367mn (EPS: 3.94), in line with our projected earnings of PKR 5,413mn (EPS: 3.92) for the period ended FY16.
- FCCL also announced a cash dividend of PKR 1.00/sh in 4QFY16, taking total dividend payout to PKR 2.75/sh in FY16A.
- Topline of FCCL settled at PKR 20,044mn increasing 8%YoY as compared to corresponding period of FY15A, resulting from increased volumetric sales of the company.
- The annual gross margins significantly inclined to ~48% from 38% of FY15A, owing to cost efficiency achieved during the first three quarters.
- To recall, FCCL witnessed an accident during the end of May'16 which resulted in destruction of raw meal silo and coal mill area of line II. This led to halt in production from line II with a capacity of 7560tpd.
- Owing to the said reason the topline of the company plunged by 8%QoQ in 4QFY16A, and the GP margins dropped to ~43% in 4QFY16/QoQ from ~48% of the 3rd quarter.
- The WHR plant of 10MW is expected to remain closed until line II gets operational. This will result in more reliance on grid and is likely to hurt gross margins and earning potential of the coming periods.

FINANCIAL HIGHLIGHTS 4QFY16

PKR 'mn'	4QFY16A	4QFY15	YoY	4QFY16A	3QFY16	QoQ
Net Sales	4,849	5,224	-7%	4,849	5,245	-8%
Cost of sales	2,764	2,991	-8%	2,764	2,742	1%
Gross Profit	2,085	2,233	-7%	2,085	2,503	-17%
Admin Exp	84	76	11%	84	78	7%
Dist. Exp	66	32	104%	66	48	37%
Other Op. Exp	132	142	-7%	132	162	-19%
Other Op. Inc.	55	50	10%	55	81	-32%
Finance Cost	89	123	-28%	89	95	-6%
PBT	1,770	1,910	-7%	1,770	2,200	-20%
Tax	740	444	67%	740	639	16%
PAT	1,030	1,466	-30%	1,030	1,561	-34%
EPS	0.75	0.92	-19%	0.75	1.13	-34%

Source: Nael Research, Company accounts