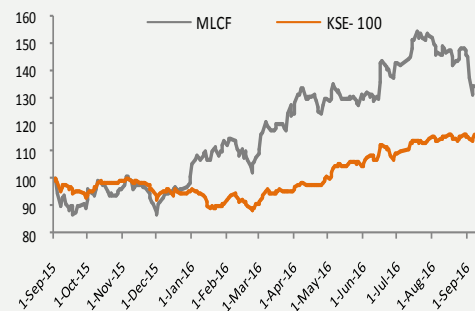


MAPLE LEAF CEMENT FACTORY LTD.
Oct 24, 2016
CURRENT MARKET DATA

Current Price	90.10
Market Cap (PKR mn)	47,422.17
52 wk Hi	114.31
52 wk low	64.48
Outstanding shares (mn)	527.23
Free Float (%)	45%
KATS Code	MLCF

Sources: PSX
RELATIVE TO KSE—100

Sources: PSX
Earnings estimated to clock at PKR 2.02/sh for 1QFY17E

- Maple leaf cement factory ltd (MLCF) is scheduled to announce its 1QFY17E financial result tomorrow, dated October 25, 2016. We expect MLCF to post earnings of PKR 1,066mn (EPS: PKR 2.02), in comparison to PKR 847mn (EPS: PKR 1.60) registered in 1QFY16, depicting steady growth of 26%YoY.
- On yearly basis, projected increase in topline of MLCF is primarily attributable to surge in volumetric sales by ~12% during 1QFY17 as compared to corresponding period of 1QFY16, resulting from an uptick in the regional demand.
- The diversified energy mix (HFO based CPP's, WHR & Grid) of MLCF support the operational cost favorably. We anticipate gross margins to remain stable at ~37% for 1QFY17 in comparison to the same quarter of the previous year, however on sequential basis a sharp decline in margins is anticipated owing to sudden hike in coal prices during the 1st quarter.
- On quarterly basis, top line of the company is expected to witness a noteworthy decline of 16%QoQ from lower domestic sales as compared to last quarter.
- Based on aforementioned reasons & rise in commodity prices, gross profit is expected to decline 33%QoQ.
- The early retirement of Sukuk loan during the 3QFY16 signals positive sentiments of higher liquidity & cash flow generation capability of MLCF.
- This is likely to translate in lower finance cost moving forward which is expected to depict a downside of 79%YoY, resulting in an increase in PBT by 32%YoY which is anticipated to clock in at PKR 1,522mn in 1QFY17E.
- We revise our investment case with 'Buy' stance on MLCF with our June'17 price target of PKR 109.30/sh, implying 21.3% upside from the last closing price of PKR 90.10/sh

FINANCIAL HIGHLIGHTS 1QFY17E

PKR 'mn'	1QFY17E	1QFY16A	YoY	1QFY17E	4QFY16A	QoQ
Net Sales	5,488	4,966	11%	5,488	6,497	-16%
Cost of sales	3,470	3,140	10%	3,470	3,489	-1%
Gross Profit	2,018	1,825	11%	2,018	3,009	-33%
Admin Expenses	117	113	4%	117	118	-1%
Distribution Expenses	248	303	-18%	248	378	-34%
Operating Profit	1,653	1,410	17%	1,653	2,513	-34%
Other operating expenses	107	77	39%	107	302	-65%
Other operating income	15	5	199%	15	23	-34%
EBIT	1,561	1,338	17%	1,561	2,234	-30%
Financial Charges	39	186	-79%	39	16	149%
Profit before taxation	1,522	1,152	32%	1,522	2,218	-31%
Taxation	457	306	49%	457	839	-46%
Profit after Tax	1,066	847	26%	1,066	1,379	-23%
EPS	2.02	1.60	26%	2.02	2.61	-23%

Source: Nael Research, Company accounts

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