

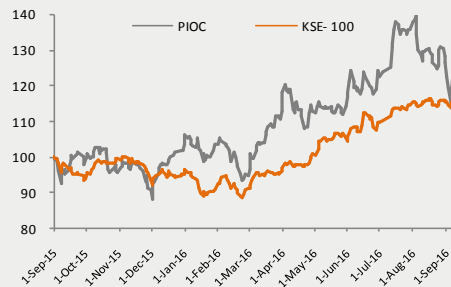
PIONEER CEMENT LIMITED
September 27, 2016
BUY

Price Target : PKR 132/share

CURRENT MARKET DATA

Current Price	105.9
Market Cap (PKR mn)	24,077.77
52 wk Hi	122.36
52 wk low	77.03
Outstanding shares (mn)	227.15
Free Float (%)	55

Sources: PSX

STOCK PERFORMANCE


Source: PSX

EARNINGS SUMMARY FOR FY16A

PKR 'mn'	FY16A	FY15A	YoY
Net Sales	9,367	8,426	11%
Cost of sales	5,361	5,260	2%
GP	4,005	3,166	27%
Op. Profit	3,864	3,520	10%
Fin Cost	17	56	-69%
PBT	3,847	3,501	10%
Tax	1,328	1,005	32%
PAT	2,519	2,496	1%
EPS	11.09	10.99	1%

Source: Nael Research, Company accounts

Taha Rehman

taha@naelcapital.com

(+92-21) 32461812-13 (Ext.) 150

Earnings clocked in at PKR 11.09/sh for FY16A

- In line with our expectations, Pioneer cement ltd (PIOC) has announced its FY16 earnings of PKR 2,519mn (EPS: PKR 11.09) as compared to our projected earnings of PKR 2,509mn (EPS: PKR 11.04).
- The company also declared a final cash dividend of PKR 3.75/sh, taking full year payout to PKR 6.25/sh.
- This translates in PAT of PKR 774mn (EPS: PKR 3.41) for 4QFY16 in comparison to PKR 636mn (EPS: PKR 2.80) of 4QFY15, depicting robust growth of 22%YoY.
- The bottom line accretion is mainly attributable to 1) higher sales volume 2) improving gross margins & 3) meager finance cost.
- The top line of the company swelled by 11%YoY in FY16 due to higher volumetric sales.
- The gross margins stood at ~43% owing to 1) muted coal prices and 2) lower adjusted tariffs from national grid.
- Finance cost plunged by significant 69%YoY from PKR 56mn to PKR 17mn owing to constant principal retirement and historically low interest rates.
- In 4QFY16, topline of the company soared 3%QoQ showing a modest improvement on sequential basis.

Recommendation: We maintain our stance of "BUY" Recommendation on PIOC with our June'17 TP of PKR 132/sh, an upside of 24.5%.

FINANCIAL HIGHLIGHTS 4QFY16

PKR 'mn'	4QFY16	4QFY15	YoY	4QFY16	3QFY16	QoQ
Net Sales	2,534	2,396	6%	2,534	2,454	3%
Cost of sales	1,316	1,386	-5%	1,316	1,402	-6%
GP	1,218	1,009	21%	1,218	1,052	16%
Op. Profit	1,190	889	34%	1,190	1,008	18%
Fin Cost	2	10	-84%	2	3	-50%
PBT	1,189	879	35%	1,189	1,005	18%
Tax	415	244	70%	415	248	67%
PAT	774	636	22%	774	757	2%
EPS	3.41	2.80	22%	3.41	3.33	2%

Source: Nael Research, Company accounts