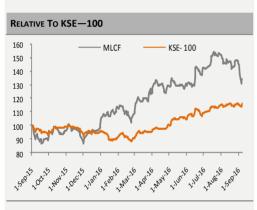


CURRENT MARKET DATA	
Current Price	90.10
Market Cap (PKR mn)	47,422.17
52 wk Hi	114.31
52 wk low	64.48
Outstanding shares (mn)	527.23
Free Float (%)	45%
KATS Code	MLCF
Sources: PSX	



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MAPLE LEAF CEMENT FACTORY LTD.

Oct 24, 2016

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 guarterly basis, top line of the company is expected to witness a noteworthy decline of 16%QoQ from lower domestic sales as compared to last guarter.
- 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

PKR 'mn'	1QFY17E	1QFY16A	YoY	1QFY17E	4QFY16A	QoC
Net Sales	5,488	4,966	11%	5,488	6,497	-16%
Cost of sales	3,470	3,140	10%	3,470	3,489	-19
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	-239

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