

FCCL

FY22 Result Review: Stance Reiterated to BUY

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FCCL has announced its FY22 result where it posted a profit after tax of Rs7.11bn (Diluted EPS: Rs2.90) as compared to a profit after tax of Rs3.47bn (Diluted EPS: Rs1.50) in the same period last year, up by 104.9% YoY amid an increase in retention price.

The company has posted a revenue of Rs54.24bn against Rs24.27bn in SPLY, recording a growth of 123.5% YoY. The gross margin has improved slightly by 1.6%.

Furthermore, SG&A and other expenses have increased by 157.4% YoY and 114% YoY respectively while the other income has increased by 174.4% YoY. Moreover, finance cost has increased by 795.1%. Lastly, effective taxation has increased to 38.3% as compared to 32% during SPLY due to imposition of super tax by the government.

Going forward, an increase of construction activity post-floods will increase cement dispatches as well as profitability of the company. Furthermore, the approval for the installment of 11.25MW solar plant at Nizampur site will further cut down cost in the future. FCCL is currently trading at a FY23E P/E of 5.03x. We have a **BUY** stance on the scrip with a DCF-based Jun-23 TP of Rs 22 which provides an upside potential of 44%.

Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Net Sales	31,319	6,743	364.5% ▲	54,243	24,271	123.5% ▲
Cost of Sales	-23,336	-5,159	352.3% ▲	-39,844	-18,207	118.8% ▲
Gross Profit	7,983	1,584	404.0% ▲	14,399	6,064	137.4% ▲
SG&A Expenses	-1,165	-201	478.8% ▲	-1,838	-714	157.4% ▲
Other Expenses	-381	-101	276.8% ▲	-809	-378	114.0% ▲
Operating Profit	6,437	1,282	402.3% ▲	11,752	4,972	136.4% ▲
Other Income	145	-69	309.2% ▼	232	85	174.4% ▲
Finance Income	139	141	1.6% ▼	456	51	795.1% ▲
Profit Before Taxation	6,444	1,353	376.1% ▲	11,528	5,108	125.7% ▲
Taxation	-2,759	-493	459.9% ▲	-4,416	-1,636	169.8% ▲
Profit After Taxation	3,685	861	328.2% ▲	7,113	3,471	104.9% ▲
Earnings Per Share	1.50	0.35	328.2% ▲	2.90	1.42	104.9% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	12.5%	0.0%		12.5%	0.0%	

Closing Period: Oct 15th, 2022 to Oct 21st, 2022

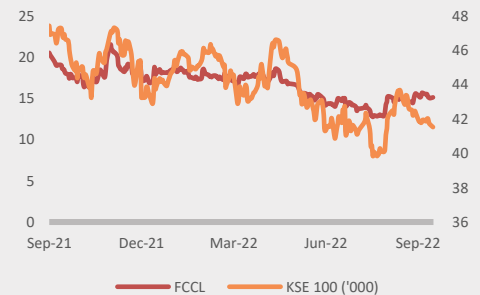
	2022	2021	YoY	2022	2021	YoY
Gross Margin	25.5%	23.5%	2.0% ▲	26.5%	25.0%	1.6% ▲
SG&A Expenses to Sales	-3.7%	-3.0%	0.7% ▲	-3.4%	-2.9%	0.4% ▲
Other Income to Sales	0.5%	-1.0%	1.5% ▲	0.4%	0.3%	0.1% ▲
Ex. Gain / (Loss) to Sales	-3.7%	-3.0%	0.7% ▲	-3.4%	-2.9%	0.4% ▲
Effective Taxation	-42.8%	-36.4%	6.4% ▲	-38.3%	-32.0%	6.3% ▲
Net Margin	11.8%	12.8%	1.0% ▼	13.1%	14.3%	1.2% ▼

Source: ACPL Research, Company Financials

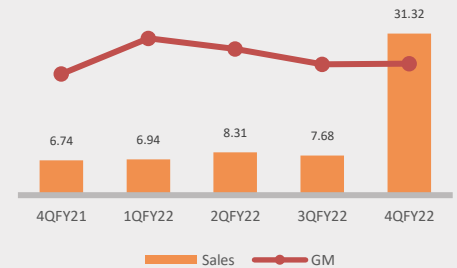
Key Statistics

Symbol	FCCL
TP - Jun 23	22.00
LDCP	15.27
Upside (%)	44
Free Float ('mn)	853
Market Cap. (Rs.'mn)	37,455

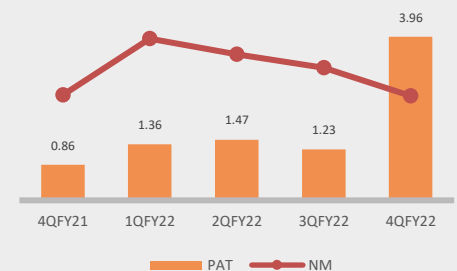
FCCL vs KSE 100



Sales (Rs'Bn) vs Gross Margin



PAT (Rs'bn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	20,798	17,232	24,271	54,243	60,702	69,059	75,894
Cost of sale	15,475	16,583	18,207	39,844	46,782	53,784	58,223
Gross profit	5,323	649	6,064	14,399	13,921	15,274	17,671
Selling and promotion expenses	210	204	190	539	603	686	754
Administration expenses	416	469	525	1,299	1,454	1,654	1,818
Other operating expenses	327	1	378	809	905	1,030	1,132
Operating Profit	4,370	- 24	4,972	11,752	10,958	11,904	13,967
Other operating income	148	85	85	232	260	295	325
Finance cost	107	234	51	456	558	586	616
Profit before taxation	4,412	- 173	5,006	11,528	10,660	11,613	13,676
Taxation	1,588	- 114	1,636	4,416	3,220	3,540	4,192
Profit after taxation	2,824	- 59	3,370	7,113	7,440	8,073	9,484
EPS	1.15	- 0.02	1.37	2.90	3.03	3.29	3.87

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	-1.7%	-17.1%	40.9%	123.5%	11.9%	13.8%	9.9%
Cost of sale	-3.6%	7.2%	9.8%	118.8%	17.4%	15.0%	8.3%
Gross profit	4.1%	-87.8%	834.3%	137.4%	-3.3%	9.7%	15.7%
Selling and promotion expenses	-23.8%	-2.8%	-7.2%	184.4%	11.9%	13.8%	9.9%
Administration expenses	7.9%	12.7%	12.0%	147.6%	11.9%	13.8%	9.9%
Other operating expenses	5.0%	-99.8%	66557.1%	114.0%	11.9%	13.8%	9.9%
Operating Profit	5.5%	-100.6%	20329.6%	136.4%	-6.8%	8.6%	17.3%
Other operating income	42.5%	-42.7%	-0.5%	174.4%	11.9%	13.8%	9.9%
Finance cost	-27.8%	119.0%	-78.2%	795.1%	22.4%	5.0%	5.1%
Profit before taxation	7.7%	-103.9%	-2989.1%	130.3%	-7.5%	8.9%	17.8%
Taxation	137.4%	-107.2%	-1536.8%	169.8%	-27.1%	9.9%	18.4%
Profit after taxation	-17.6%	-102.1%	5674.4%	111.1%	4.6%	8.5%	17.5%
EPS	-17.6%	-102.1%	5674.4%	111.1%	4.6%	8.5%	17.5%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	%	25.60	3.77	24.99	26.55	22.93	22.12	23.28
NP Margin	%	13.58	-0.34	13.88	13.11	12.26	11.69	12.50
OP Margin	%	21.01	-0.14	20.49	21.67	18.05	17.24	18.40
ROE	%	13.51	-0.19	9.91	20.11	21.03	22.83	26.81
ROCE	%	173.59	-2.27	136.43	235.62	220.03	224.12	246.05
ROA	%	9.75	-0.20	9.90	16.97	13.66	11.87	11.44
Cost per ton	'mn	5.00	5.32	5.04	11.17	11.80	12.23	12.33
EBITDA per ton	'mn	1.89	0.52	6.36	4.14	3.75	3.84	3.94
Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	1.51	1.38	2.02	0.25	0.05	0.00	0.86
Acid-test	x	0.36	0.32	1.11	-0.62	-0.89	-0.94	-0.09
Cash to current liab.	x	0.11	0.11	0.15	-0.85	-1.10	-1.15	-0.31
Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Average Inventory	'mn	1,094	1,066	1,188	1,896	2,829	3,284	3,658
Inventory Turnover	x	14	16	15	21	17	16	16
Inventory Days		26	23	24	17	22	22	23
Receivables Days		16	20	25	30	23	23	23
Payables Days		22	26	37	50	50	50	50
Operating Cycle		20	18	13	-3	-5	-5	-4
Utilization	%	85	87	97	55	62	69	45
Export Revenue	%	7	10	10	10	9	8	7
Local Revenue	%	93	90	90	90	91	92	93
Export Market Share	%	9	16	13	13	13	13	13
Local Market Share	%	9	8	8	7	6	6	5
Total Market Share	%	9	8	8	7	7	6	6
Investment Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
EPS		1.15	-0.02	1.37	2.90	3.03	3.29	3.87
DPS		1.50	0.00	0.00	0.00	0.00	0.00	0.00
Div. Yield	%	9.82	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Cover		0.77	0.00	0.00	0.00	0.00	0.00	0.00
BVPS		8.52	12.45	13.86	14.42	14.42	14.42	14.42
Payout	%	130.27	0.00	0.00	0.00	0.00	0.00	0.00
Retention	%	-30.27	100.00	100.00	100.00	100.00	100.00	100.00
No. of Shares	'mn	2,453	2,453	2,453	2,453	2,453	2,453	2,453
P/E		13.26	-630.76	11.12	5.27	5.03	4.64	3.95
Sales per share		8.48	7.03	9.90	22.11	24.75	28.15	30.94
P/BV		1.79	1.23	1.10	1.06	1.06	1.06	1.06
Price to Sales		1.80	2.17	1.54	0.69	0.62	0.54	0.49
Gearing Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Debt to Equity	x	0.08	0.09	0.07	0.09	0.10	0.10	0.11
L.T. Debt to Equity	x	0.02	0.01	0.01	0.01	0.00	0.00	0.00
Interest Cover	x	40.94	-0.10	97.65	25.79	19.64	20.32	22.69

Source: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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- II. Dividend Discount Model
- III. Relative Valuation Model
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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
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Market Weight	Neutral
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