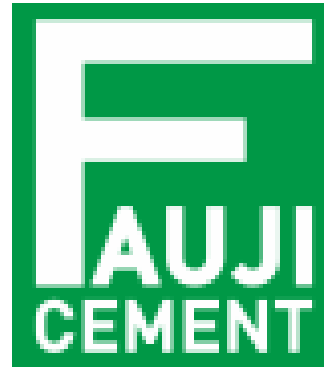


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Fauji Cement Company Limited (FCCL)
Result Review: FCCL 1QFY19 EPS PKR 0.58

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Result Review: FCCL 1QFY19 EPS PKR 0.58

- Fauji Cement Company Limited (FCCL) PAT clocked in at PKR 801.211 million (EPS PKR 0.58) in 1QFY19 against PKR 444.126 million during 1QFY18.
- The company's top-line rose by 11% to clock in at PKR 5,342 million as opposed to PKR 4,794 primarily due to resumption of Line II operations. As per the provisional cement dispatches data FCCL's dispatches grew by 3.2% YoY.
- Gross margin increased by a whopping 10.03 ppts YoY to 26.6% on account of resumption of Line II operations and 2% YoY reduction in COGS primarily due discontinuation of clinker purchasing from third party.
- Other Expenses increased by 86% to record at PKR 84 million as compared to PKR 45 million in SPLY.
- Other Income decreased by 41% to PKR 7 million.

FCCL- 1QFY19 Earning Review (PKR in Mln)

Income Statement	1QFY19	1QFY18	YoY	4QFY18	QoQ
Turnover - Net	5,342	4,794	11%	5,347	0%
Cost of Sales	3,923	4,001	-2%	3,961	-1%
Gross Profit	1,419	793	79%	1,386	2%
Distribution Cost	70	40	73%	114	-39%
Admin Expense	104	74	40%	113	-8%
Operating Profit	1,245	678	84%	1,160	7%
Other Expenses	84	45	86%	83	1%
Finance Cost	30	32	-7%	27	8%
Other Income	7	12	-41%	32	-78%
PBT	1,139	613	86%	1,082	5%
PAT	801	444	80%	989	-19%
EPS -Basic	0.58	0.32	81%	0.95	-39%
Gross Margin	26.6%	16.5%		25.9%	
Net Profit Margin	15.0%	9.3%		18.5%	

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WE Financial Services Ltd. uses three rating categories, depending upon return form current market price, with Target period as December 2018 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

Equity Valuation Methodology

WE Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

Risks

The following risks may potentially impact our valuations of subject security(ies);

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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