

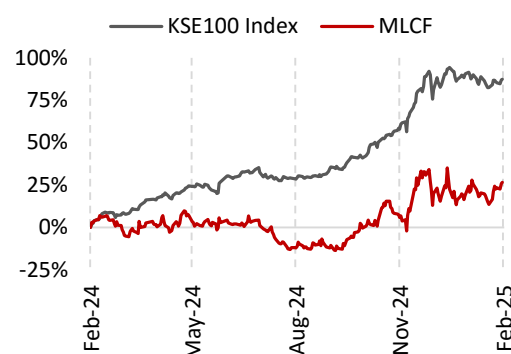
Maple Leaf Cement Factory Ltd. (MLCF)

2QFY25 EPS at PkR 3.6/sh; higher than market expectations

Thursday, February 20, 2025

- Maple Leaf Cement Factory Limited (MLCF) recorded consolidated earnings available to equity owners of PkR 3,735mn (EPS: PkR 3.6) in 2QFY25 compared to profit of PkR 2,243mn in 2QFY24 (EPS: PkR 2.1), up by 67% YoY and 178% QoQ.
- The result came higher than market expectation due to higher other income and higher gross margin.
- Along with the results, the company did not announce any cash dividend.
- The company's topline increased by 5% YoY and 21% QoQ, totaling PkR 19.02bn. The YoY sales increase is likely due to higher cement prices while QoQ sales growth is due to higher volumetric sales.
- MLCF's local dispatches in 2QFY25 totaled 0.96mn tons, down 6% YoY and up 24% QoQ. Meanwhile, exports increased by 65% YoY and down 3% QoQ, reaching 0.07mn tons.
- The company's gross margins stood at 39.8% in 2QFY25, compared to 35.3% in 2QFY24 and 31.6% in 1QFY25. According to channel checks, the improvement in gross margins is attributed to growth in volumetric sales, higher retention prices, and lower fuel costs due to increased use of alternative fuels.
- The company reported distribution cost of PkR 1,043mn for 2QFY25, reflecting a decline of 37% YoY and 23% QoQ.
- Other income surged by an impressive 16.4x YoY and 20.9x QoQ to PkR 1,158mn, primarily due to an increase in short-term investments, in our view. According to channel checks, the company earned an arbitrage of PkR 800mn by investing in short-term government securities, utilizing lower KIBOR-based loans offered by banks to meet the ADR target.
- Finance cost clocked in at PkR 1,416mn, up 55% YoY and 110% QoQ likely due to higher borrowing, in our view.
- Effective tax rate (ETR) clocked in at 27.1% in 2QFY25 compared to 23.3% in 2QFY24 and 36.1% in 1QFY25.

KSE100 Index vs. MLCF Performance Chart



Source: PSX, BMA Research

Maple Leaf Cement Factory Ltd. - (PSX: MLCF) Earnings Snapshot

PKR Mn	2QFY25A	2QFY24A	YoY	1QFY25A	QoQ
Sales	19,028	18,073	5%	15,720	21%
Cost of sales	11,451	11,690	-2%	10,757	6%
Gross profit	7,577	6,383	19%	4,963	53%
Gross Margin (%)	39.8%	35.3%		31.6%	
Distribution expenses	1,043	1,644	-37%	1,347	-23%
Admin. Expenses	674	576	17%	586	15%
Other expenses	481	392	23%	311	55%
Other income	1,158	71	NM	55	NM
Finance costs	1,416	916	55%	675	110%
Profit before taxation	5,121	2,925	75%	2,099	144%
Taxation	1,385	682	103%	757	83%
Profit after taxation	3,735	2,243	67%	1,342	178%
EPS (PkR/sh)	3.6	2.1		1.3	

Source: Company Accounts, BMA Research

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Old rating system

Valuation Methodology

To arrive at our period end target prices, BMA Capital uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)