

Maple Leaf Cement Factory Limited

Maple Leaf Cement Factory Limited is a Pakistan-based company. The Company is a subsidiary of Kohinoor Textile Mills Limited. The company owns and operates two production lines for grey cement and one production line for white cement. Its plants are located at Daudkhel District Mianwali. The Company supplies its products to domestic market and overseas markets. During the fiscal year ended June 30, 2012, the Company produced 2,648,479 metric tons of clinker.

Performance During The Year :

The Maple Leaf Cement posted profit after tax of Rs.1,350 million or EPS Rs.2.56 in HY13 as compared to the loss after tax of Rs.223 million or EPS Rs.-0.47. The Company recorded improved net sales of Rs.8,175 million during the HY13 as against net sales of Rs.7,021 million in HY12. The increased of 16% in net sales is due to higher local retention prices and increased sales quantities.

Gross profit increased to Rs.2,745 million during the HY13 as compared to Rs.1,583 million in the HY12. Operating profit was Rs.2,208 million in HY13 as compared to operating profit of Rs. 1,023 million in HY12. The increased of 115% is due to better cement prices and effective running of Waste Heat Recovery Plant.

Financial cost Decreased by 24% mainly due to slashing of discount rates by State Bank of Pakistan in Dec 2012.

Boost in the prices was experienced due to pick up in post cotton crop harvesting construction activity and increased Government spending on infrastructure projects. Near-term cement demand/supply dynamics suggest strong pricing power for cement manufactures. Expected seasonal pick-up in local cement demand with higher utilizations levels and export growth, providing room for improvement in primary margin. Improved cash flow will help the MLCF in deleveraging its balance sheet in the coming few years

Overview

Overall, The cement sector has been in the limelight in the recent past on the back of favorable sector fundamentals (primarily margin expansion). We maintain our positive outlook on the cement sector with our liking premised upon robust earnings outlook and attractive valuations.

We still consider MLCF as best placed to benefit from declining fuel and power costs, fall in interest rates, and strong cement prices. We expect MLCF to post EPS of Rs.5.20 in FY13. This will be the highest EPS reported by the company in its history.

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KATS Code: MLCF
Sector: Construction & Materials
Face Value: Rs.10
Year End: June

Current Price Rs. 18
Target price Rs. 26

Paid up Capital 5277.33 million.

Free float shares 184.138 million

Avg Volume 52 weeks: 6,087,363

12-month High/low

19.34 / 4

Earning Per Share				
2010	2011	2012	HY 2013	E-FY13
-6.06	-3.36	0.84	2.56	5.20

Key Executives	Designation
Mr. Tariq Sayeed Saigol	Chairman
Mr. Sayeed Tariq Saigol	CEO
Mr. Taufique Sayeed Saigol	Director
Mr. Waleed Tariq Saigol	Director
Mr. Danial Taufique Saigol	Director
Mr. Zamiruddin Azar	Director
Mr. Masood Karim Shaikh	Director
Mr. Syed Mohsin Raza Naqvi	Director

Recommendation (BUY)

In view of the strong future outlook we maintained over "BUY" stance on the stock based on our target price of Rs.26.

On the fundamental basis company has still lot to gain. On the other hand Technical indicators (MACD, RSI and STS indicator) are still in favor for upside movement. We will recommend Avg. buying at Rs.17.30.