Cement I Result Preview I 1QFY25 I DGKC

REP # 048

ADAM SECURITIES LIMITED

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1QFY25: earnings are expected to decline by 45% YoY

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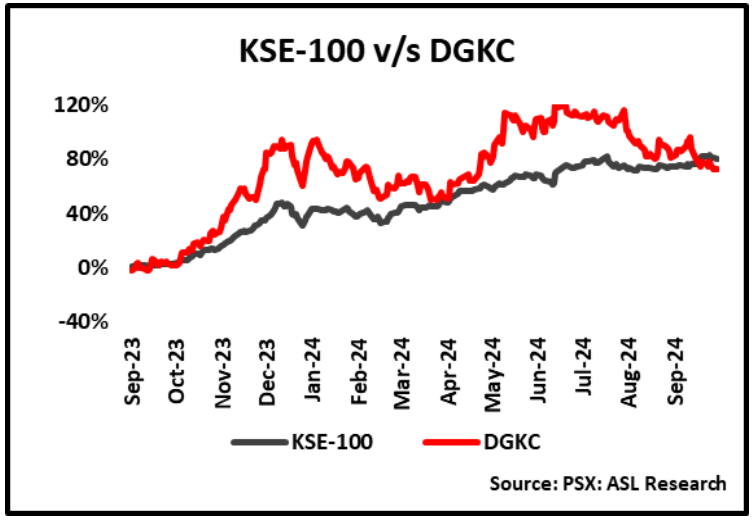
- ***D.G Khan Cement (DGKC) to announce its financial result for 1QFY25, where we expect company to post unconsolidated profit after tax (PAT) of Rs. 0.36bn (EPS: Rs.0.83) in contrast to loss of Rs.1.7bn (LPS; Rs.3.86) in last quarter, improved earnings are primarily due to increase in gross margins and reduction in borrowing cost. While year-on-year earnings are expected to decline by 45%.***
- Topline is largely expected to remain flat, mainly due to high retention prices being offset by lower dispatches. During the period ended 1QFY25, total dispatches decline by 8% QoQ basis, while sales increased by 1% YoY, primarily driven by higher exports. Although, the gross margin is expected to improve to 14%, from 8% in the 4QFY24, though, still remain lower compared to same period of the last year. Similarly, net profit margin is expected remain lower at 2% compared to 4% in corresponding period of the previous year.
- Financial cost is expected to clock in at Rs1.6bn, down 23 YoY during 1QFY25, mainly due to reduction in borrowing cost. However, Distribution cost is expected to remain elevated due to increase in transportation cost. However, other income is expected to post growth of 29% compared to SPLY.
- Additionally, we do not expect the company to announce interim cash dividend during 1QFY25.

DGKC	1QFY25E	1QFY24	YoY	4QFY24	QoQ
Gross Profit	2,290	3,213	-29%	1,341	71%
Operating profit	1,209	2,419	-50%	30	38.95x
Other income	1,067	827	29%	1,058	1%
Finance cost	1,617	2,087	-23%	1,928	-16%
EBT	594	1,083	-45%	-824	NI
Net profit	362	661	-45%	-1,692	NI
EPS (Rs)	0.83	1.51		-3.86	
Gross margin	14%	19%	-6%	8%	5.91%
Net Margin	2%	4%	-2%	NI	NI

Source: Financials, ASL Research



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