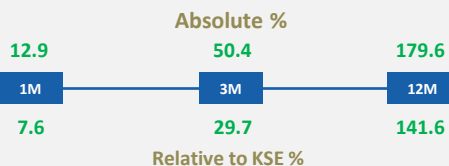
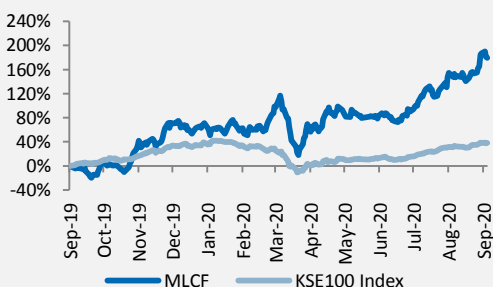


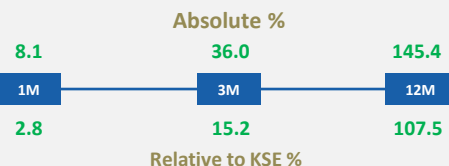
Stock Performance



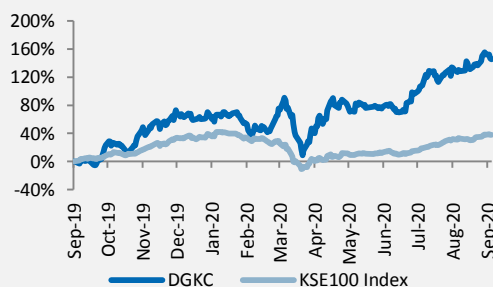
MLCF vs. KSE-100 Index



Stock Performance



DGKC vs. KSE-100 Index



MLCF – Loss (consolidated) expected to clock in at PKR3.0/sh in FY20: Maple Leaf Cement Factory Limited (MLCF) is scheduled to announce its full year result on 10th Sep, 2020. We expect the company's consolidated loss to clock in at PKR3.3bn (LPS: PKR3.0) in FY20 as opposed to a profit of PKR3.1bn (EPS: PKR2.8) in SPLY. The loss is attributed to lower gross margins that are expected to clock in at 4% as opposed to 24% in SPLY owing to i) hike in fuel and power expense and ii) lower retention price. Additionally, hike in finance cost due to increase in policy rate is also going to dent the company's profitability. The topline is anticipated to improve by 11%YoY in FY20 on account of 40%YoY volumetric growth. For 4QFY20, the company's loss is anticipated to clock in at PKR0.6/sh as opposed to a profit of PKR1.1/sh in SPLY. This is accredited to decline in topline by 25%YoY due to lower number of operational days amid closure of plant in the backdrop of pandemic. Furthermore, lower gross margins and hike in finance cost would erode the company's earnings during the period under review. We have a SELL call on the scrip where our TP stands at PKR36/sh.

PKRmn	FY20	FY19	YoY	4QFY20	4QFY19	YoY
Net Sales	28,859	26,006	11%	5,763	7,730	-25%
Gross Profit	1,127	6,180	-82%	419	1,425	-71%
Dist. Exp	770	933	-17%	140	326	-57%
Fin Cost	2,940	1,173	151%	582	163	257%
PBT	(3,395)	2,927	NM	(540)	480	NM
PAT	(3,340)	3,126	NM	(612)	1,232	NM
EPS	(3.0)	2.8	NM	(0.6)	1.1	NM

DGKC – Loss (unconsolidated) expected to clock in at PKR7.3/sh in FY20: DG Khan Cement Company Limited (DGKC) is scheduled to announce its final result on 17th Sep, 2020. We expect the company to post a loss of PKR3.2bn (LPS: PKR7.3) in FY20 as opposed to a profit of PKR1.6bn (EPS: PKR3.7) in SPLY. We accredit the loss to i) lower retention prices, ii) higher fuel and power expense and iii) hike in finance cost. The gross margins are expected to reduce to 3% in the period under review as opposed to 13% in SPLY. Additionally, surge in finance cost by 43%YoY would also erode the profitability. During 4QFY20, we expect DGKC's loss to clock in at of PKR862mn (LPS: PKR2.0) as opposed to PKR992mn (LPS: PKR2.3) in SPLY. We expect the gross margins to decrease to 2% amid lower retention prices and hike in fuel and power cost. We have a SELL call on the scrip where our TP stands at PKR90/sh.

PKRmn	FY20	FY19	YoY	4QFY20	4QFY19	YoY
Net Sales	38,300	40,517	-5%	7,729	10,141	-24%
GP	1,214	5,362	-77%	136	397	-66%
Distr Cost	1,794	1,306	37%	348	298	17%
Other Inc	2,447	2,427	1%	650	710	-8%
Fin Cost	4,724	3,304	43%	1,065	1,044	2%
PBT	(4,123)	2,013	NM	(765)	(388)	97%
PAT	(3,181)	1,632	NM	(862)	(992)	-13%
EPS	(7.3)	3.7	NM	(2.0)	(2.3)	-13%

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