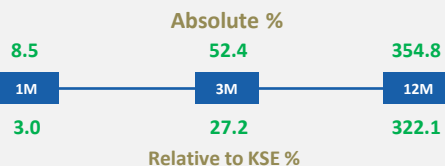
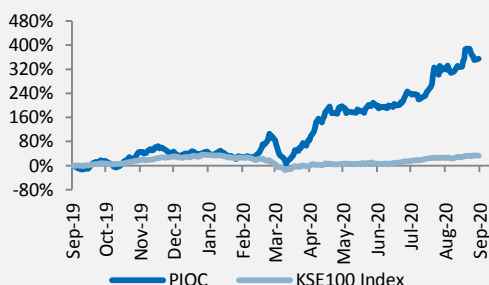


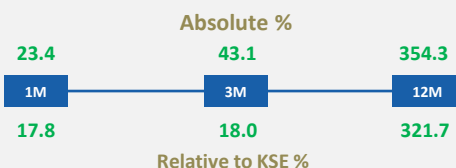
### Stock Performance



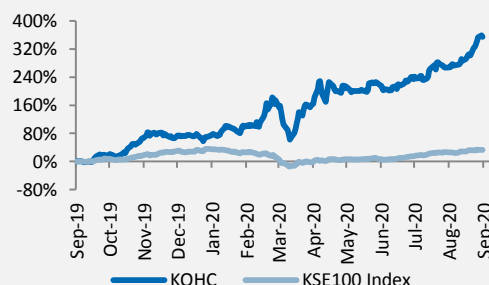
### PIOC vs. KSE-100 Index



### Stock Performance



### KOHC vs. KSE-100 Index



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REP 039

**PIOC – Loss expected to clock in at PKR4.7/sh in FY20:** We expect Pioneer Cement Company Limited (PIOC) to post a loss of PKR1.1bn (LPS: PKR4.7) in FY20 as opposed to a profit of PKR790mn (EPS: PKR3.5) in SPLY. The loss is attributed to lower gross margins that are expected to clock in at -2% as opposed to 22% in SPLY owing to i) hike in fuel and power expense ii) lower retention price and iii) increase in fixed cost due to commencement of new line. Additionally, hike in finance cost due to initiation of new line is also going to dent the company's profitability. The topline is anticipated to decline by 17%YoY in FY20 on account of lower realized retention price. For 4QFY20, the company's loss is anticipated to clock in at PKR2.4/sh as opposed to a loss of PKR0.2/sh in SPLY. This is accredited to decline in topline by 5%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 PKR58/sh.

PKRmn	FY20	FY19	QoQ	4QFY20	4QFY19	YoY
Net Sales	8,109	9,734	-17%	2,136	2,245	-5%
Gross Profit	(202)	2,135	NM	(144)	376	NM
Dist. Exp	300	182	64%	64	49	30%
Finance Cost	519	271	92%	254	(17)	NM
PBT	(1,191)	1,323	NM	(511)	185	NM
PAT	(1,061)	790	NM	(538)	(35)	NM
EPS	(4.7)	3.5	NM	(2.4)	(0.2)	NM

**KOHC – Loss expected to clock in at PKR2.8/sh in FY20:** Kohat Cement Company Limited (KOHC) is expected to post a loss of PKR572mn (LPS: PKR2.8) in FY20 as opposed to a profit of PKR2.6bn (EPS: PKR12.7) in SPLY. We accredit the loss to i) lower retention prices, ii) higher fuel and power expense and iii) hike in finance cost. The company is anticipated to post a gross loss of PKR49mn in the period under review as opposed to gross profit of PKR4.3bn in SPLY. Additionally, surge in finance cost by 7.4xYoY would also erode the profitability. During 4QFY20, we expect KOHC's loss to clock in at of PKR288mn (LPS: PKR1.4) as opposed to a profit of PKR88mn (EPS: PKR0.4) in SPLY. This is on the back of i) lower gross margins amid lower retention prices and ii) increase in finance cost. We have a SELL call on the scrip where our TP stands at PKR184/sh.

PKRmn	FY20	FY19	YoY	4QFY20	4QFY19	YoY
Net Sales	11,277	18,639	-39%	2,704	2,994	-10%
Gross Profit	(49)	4,328	-101%	5	123	-96%
Admin Exp	69	314	-78%	75	60	25%
Finance Cost	398	54	639%	203	8	2501%
PBT	(569)	3,793	NM	(255)	118	NM
PAT	(572)	2,556	NM	(288)	88	NM
EPS	(2.8)	12.7	NM	(1.4)	0.44	NM

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The rating system	Rating Definition
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Hold	0% $\leq$ Total stock return < 15%
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\* Total stock return = capital gains + dividend yield

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To arrive at our period end target prices, BIPL Securities 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.)