

**Kohat Cement Company Limited**

## Key Takeaways

PSX: KOHC Bloomberg: KOHC:PA Reuters: KOHC.KA

Pakistan Research

**KOHC: FY21 Analyst briefing key takeaways**

- KOHC held analyst briefing yesterday to discuss its FY21 financial results. The company recorded net earnings of PKR 17.41/share during FY21 compared to net loss of PKR 2.21/share in SPLY.
- The company witnessed 1.13x growth in net sales to the tune of PKR 24bn and attributed the increase to improved dispatches (+69% YoY) coupled with 26% YoY increase in retention prices.
- The management highlighted that ground work for upcoming expansion of greenfield 8000-10,000 tpd is expected to complete by 2QFY22 with establishment of LC for imports of plant and equipment and the COD to be during FY24.
- Debt to equity mix of 60:40 is targeted where PKR 15bn would be raised through debt including PKR 5bn through LTFF while PKR 12bn would be through internal cash generation.
- Apart from the cement line, the company has also planned on optimization of pyro process of line 3 with a cost of PKR 1.2bn to be raised through combination of debt and equity.
- Moreover, the company also mentioned that its plans regarding the installation of cement grinding mill and coal fired boiler would be contingent upon the financing need of the upcoming cement line.
- KOHC had maintained coal inventory at USD 100-110/ton during 1QFY22 however latest purchase of coal was at USD 175/ton. Therefore, the company intends to substitute its current share of 70% imported coal through higher share of local/ Afghan coal which is currently hovering at PKR 21,000/30,000 per ton.
- The power mix of the company during FY21 was Grid (40%), FO/Coal (35%) and WHR (25%) which has now shifted to Grid (70%) and WHR (30%) in the wake of rising international coal and oil prices.
- The management expects the industry demand to witness single digit growth during FY22. Moreover, prospects for exports also remain bleak due to uncertain situation in Afghanistan.
- The current capacity utilization of the company is 70%.

**Key Data**

PSX Ticker	KOHC
Current Price (PKR)	162.04
12-month High (PKR)	262.00
12-month Low (PKR)	152.00
Outstanding Shares (mn)	200.86
Market Cap (PKR mn)	30,896
Year End	June

Source: Company Accounts, Akseer Research

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Hold	Between -5% and +15%
Sell	Less than or equal to -5%

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