



**Lafarge Cement Company: French brand started to roar like peers.... | BUY**

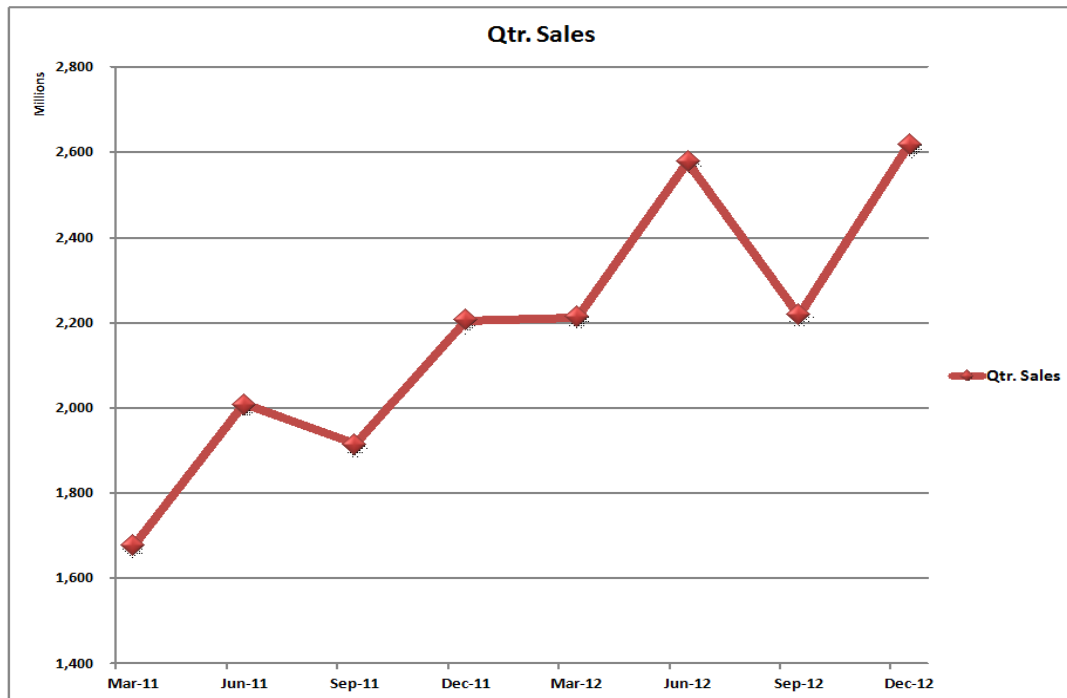
Lafarge Pakistan(LPCL) dispatched outstanding above expectation CY12 results as indicated on Oct01,2012 report with full year target EPS Re 0.80/sh. The French brand performed beyond anticipation with actual EPS Rs1.13/sh in CY12 with contrast to EPS Re -0.09 in CY11, LPCL also delighted with DPS of Re0.30/sh translating into 4.5% dividend yield as compared with DGKC with 2.3% dividend yield. However, dispatches figures would be analysed once figures unveiled.

**CY12 operations**

During the year, quarterly sales has increased in upward slope due to increasing demand and exports in Afghanistan, India and other emerging countries. The top line numbers glowed by 23% and manufacturing cost grew by only 6%. Moreover, LPCL also performed well in terms of other expenses in contrast of reducing non-core income in the wake of LPCL continuous focus on cost optimisation by using alternate fuels and other energy related measures. Industry dispatches grew by 5.3% from 5mn tons to 5.4mn tons over 9MCY11-12. The plant ran at 70% utilisation rate in CY11 which must have grown by a pretty good number as a result of increased sales.

LPCL Rs.('000	CY11	CY12	Chg.
Net Sales	7,804,378	9,624,089	23%
COGS	6,148,726	6,488,928	6%
Gross Profit	1,655,652	3,135,161	89%
Dist. Cost	246,476	225,551	-8%
Admin Exp.	487,678	627,842	29%
Oth. Exp	3,881	-	-100%
Oth. Inc.	55,627	11,871	-79%
EBIT	973,244	2,293,639	136%
Finance cost	1,064,480	1,052,757	-1%
Oth. Charges	-	86,862	-
PBT	(91,236)	1,154,020	-1365%
Tax	27,185	(334,191)	-1329%
PAT	(118,421)	1,488,210	1357%
EPS	(0.09)	1.13	1357%
DPS	-	0.30	-

Source: KSE Announcement



**Valuation**

LPCL is yielding at a P/E multiple of 3x which lowest in the industry which still makes it attractive proposition. We signal BUY stance. (We will shortly publish detail outlook on LPCL). Now we prefer LPCL over FCCL.

**Analyst: Mubeen Diwan**