

# MLCF still depicting lowest EV/ton among peers...

Monday, 03 March 2025

## Highlights...1HFY25 review...

- MLCF net earning is 38% up YoY
- MLCF long term loan increased to PKR 10.6bn from PKR 8.9bn
- Short term 'money market' deal
- MLCF has acquired 15.18% stakes in AGL as at Dec 31, 2024 (total group holding 43.51%)
- MLCF is yielding lowest EV/ton \$33/ton from our earlier reporting of \$27/ton

MLCF reported net earnings of PKR 5.08bn in 1HFY25 vs PKR 3.86bn reported in SPLY which is 31.2% higher on YoY basis. This translates into 1HFY25 **EPS of PKR 4.85/sh** vs PKR 3.69/sh reported SPLY. This also translates into net earnings and EPS in 2QFY25 of PKR 3.7bn & **PKR3.57/sh** respectively.

## Money market deal entry seems 'favorable' bet...

The MLCF short term borrowing increased by 683% from PKR 4.75bn to 37.14bn as per financial statements. This in our view could be an arbitrage like entry at Kibor – 1 (which may actually result in gains in shape of 'finance income' in FY25 accounts).

## Increasing holding in Agritech Ltd – a fertilizer plant

MLCF has acquired 15.18% stakes in AGL as at Dec 31, 2024 (which entails total MLCFL holding of 34.4% and the group's total holding of 43.51%) as per directors report.

## Lowering an effective tax rate...

The effective tax rate is lowered to 27%. One such reason cited is profits earned from Maple Leaf Power (MLP).

MLP is established to install and operate 40MW imported coal-fired captive power plant which are exempt from charge of income tax.

## MLCF Snapshot

Price (PKR/sh)	53
Mkt Cap (PKR)	55.84bn
Avg Vol (12m)	7.5mn
Paid-up (PKR)	10.47bn
Beta	1.59
Par Value (PKR)	10
52 Weeks Low	31.5
52 Weeks High	52.7

Source: SCS Research

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## MLCF P&L Estimations

PKR mn	1QFY24	1QFY25	2QFY24	2QFY25	1HFY24	1HFY25	YoY
Revenue	16,676	15,720	18,073	<b>19,028</b>	34,749	<b>34,748</b>	0.0%
COS	<b>11,448</b>	<b>10,757</b>	<b>11,690</b>	<b>11,451</b>	<b>23,138</b>	<b>22,208</b>	-4.0%
G.P	5,228	4,963	6,383	<b>7,577</b>	11,610	<b>12,540</b>	8.0%
Admin Exp	<b>407</b>	<b>586</b>	<b>576</b>	<b>674</b>	<b>984</b>	<b>1,260</b>	28.0%
Dist Cost	<b>1,151</b>	<b>1,347</b>	<b>1,644</b>	<b>1,043</b>	<b>2,796</b>	<b>2,390</b>	-14.5%
Net Impairment Loss	<b>87</b>	<b>90</b>	<b>90</b>	<b>240</b>	<b>177</b>	<b>330</b>	86.4%
EBIT	3,582	2,939	4,072	<b>5,620</b>	7,654	<b>8,559</b>	11.8%
Other Income	75	55	71	<b>1,158</b>	146	<b>1,213</b>	730.2%
OPEX	<b>249</b>	<b>221</b>	<b>302</b>	<b>241</b>	<b>551</b>	<b>462</b>	-16.2%
Finance Cost	<b>946</b>	<b>675</b>	<b>916</b>	<b>1,416</b>	<b>1,862</b>	<b>2,091</b>	12.3%
PBT	2,463	2,099	2,925	<b>5,121</b>	5,387	<b>7,220</b>	34.0%
Taxation	<b>836</b>	<b>757</b>	<b>682</b>	<b>1,385</b>	<b>1,518</b>	<b>2,142</b>	41.1%
PAT	1,626	1,342	2,243	<b>3,735</b>	3,869	<b>5,078</b>	31.2%
EPS	1.55	1.28	2.14	<b>3.57</b>	3.69	<b>4.85</b>	31.2%

Source: SCS Research

# MLCF depicting lowest EV/ton among producers...

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## 2Q dispatches increased...

During 2QFY25, MLCF dispatched 1,074,827 tons which represents a 21.6% up QoQ.

On the flip side, MLCF 1HFY25 total dispatch volume decreased by 9.3% yoy to 1.96mn tons.

- The export sales increased by 58% YoY.
- local sales increased by 23.6% QoQ with a cumulative local sales reached to 1.81mn tons
- and total annual capacity 7.8mn tons
- The utilization level is currently yielding at 50.2%
- We expect increase in utilization level to continue upward
- There is a talk in newspaper for revival of housing project and *Apni Chhat Apna Ghar* scheme may 'support' the utilization increment

Another thing which is noticeable is consolidated gross profit of PKR 7.5 bn during 2QFY25 depicting a 17.5% increase from PKR 6.38 bn in SPLY.

MLCF also reported other income which increased by 730% from PKR 146mn to PKR 1.2bn in 2HFY25.

## MLCF valuations: MLCF is cheaper vs FCCL on PE, EV/ton

MLCF yields FY25 PE of 5.5x vs FCCL PE of 6.4x.

Also MLCF yields EV/ton of \$33/ton as against FCCL's \$53.5/ton. The industry average cement sector EV/ton is below \$50/ton.

## Cement producers EV/ton tabulations

Companies	EV/ton USD	EV PKR mn	Annual Capacity*	EV/ton PKR
MLCF	33.19	71,963	7,800,000	9,225.98
DCL	8.08	6,601	2,940,000	2,245.40
FECTC	25.59	7,113	1,000,000	7,113.05
GWLC	27.20	15,200	2,010,000	7,562.22
POWER	31.40	29,419	3,370,500	8,728.24
PIOC	40.95	59,137	5,194,500	11,384.54
CHCC	46.05	58,064	4,536,000	12,800.71
DGKC	50.76	94,823	6,720,000	14,110.50
FCCL	53.48	137,723	9,263,625	14,867.06
KOHC	61.05	81,711	4,814,800	16,970.83
ACPL	62.58	74,847	4,302,150	17,397.51
FLYNG	73.38	24,419	1,197,000	20,399.98
BWCL	75.91	307,956	14,593,751	21,101.89
THCCL	88.66	17,081	693,000	24,648.27
LUCK	93.08	395,906	15,300,000	25,876.20

Source: SCS Research

\*Capacity data is taken from latest book

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The time duration is the financial reporting period of Subject Company

### Valuation method

Following research techniques adopted to calculate target price/recommendation

- Price to earnings & Price to Book, EV-EBITDA multiple
- Discounted Cash flows or Dividend Discount Model or Enterprise Value