

February 03, 2015

Flash Note on Premier Cement Mills Limited (DSE: PREMIERCEM) – 2Q 2015 Observations:

We would like to update you with the following observations on latest quarterly (2Q 2015) earnings reporting of Premier Cement Mills Limited (DSE: PREMIERCEM) –

- During 2Q 2015, Revenue increased by 32.9% YoY.
- Increased COGS took toll on Gross Profit Margin, which declined significantly from 20.4% in 2Q 2014 to 11.1% in 2Q 2015.
- Alongside, Operating Profit Margin declined too, to 8.2% in 2Q 2015 from that of 15.6% in 2Q 2014.
- Besides, the company got fixed interest expense due to higher debt burden (*total of BDT 6,026.6 mn, out of which BDT 1,569.1 mn is the loan of its associate company, National Cement Mills Limited*) which ultimately hit bottom line, shrinking NPAT Margin very significantly to 0.8% which was 4.3% in 2Q 2014.
- Accordingly, 2Q 2015 NPAT shredded to BDT 14.7 mn, which was BDT 59.9 mn in 2Q 2014.

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