

Confidence Cement Limited (DSE:CONFIDCEM)	
Current Price (August 20, 2015)	91.9
Total Number of Share (Mn)	44.9
Free Float (%)	76.5%
Annualized PE* – CONFIDCEM	13.6x
Trailing PE* – CONFIDCEM	17.7x
Annualized PE – Cement Sector	34.4x

*Based on latest earning disclosure

Financials (BDT Mn)	2013	2014	HY, 2015** (unaudited)
Net Revenue	3,481	3,635	2,143
Gross Profit	716	606	339
Operating Profit	607	444	247
Net Profit after Tax	331	239	152
Total Assets	4,510	5,061	5,203
Total Equity	2,818	2,898	2,938

** Year ends on December 31

YoY Growth (%)	2013	2014	HY, 2015
Revenue	6.4%	4.4%	15.3%
Net Profit after Tax	18.1%	-27.7%	-3.2%

Per share (BDT)	2013	2014	HY, 2015
Restated EPS	7.36	5.32	3.38
Book Value Per Share (BVPS)	62.64	64.41	65.30

Others	2013	2014	HY, 2015
Gross Profit Margin	20.6%	16.7%	15.8%
Operating Profit margin	17.4%	12.2%	11.5%
Net Profit Margin	9.5%	6.6%	7.1%
ROA	7.7%	5.0%	-
ROE	12.5%	8.4%	-
Stock Dividend	-	-	-
Cash Dividend	27.5%	25.0%	-

Source: DSE; Annual Reports of Confidence Cement Ltd. & Research, IDLC Investments Ltd.

3 years' CAGR	Peers			
	CONFIDCEM	MEGHNA CEM	PREMIER CEM	MICEMENT
Revenue	17.5%	-15.0%	30.0%	25.7%
NPAT	6.5%	14.8%	16.2%	15.7%

Source: DSE; Quarterly & Annual Reports of CONFIDCEM, MEGHNA CEM, PREMIER CEM and MICEMENT; Research, IDLC Investments Ltd.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Annualized PE: Based on Annualized Earnings of the latest declared quarter

Trailing PE: Based on Latest 12 Months Earnings

Company Profile

Confidence Cement Limited (DSE: CONFIDCEM) is the first private sector cement manufacturing company in Bangladesh, established in early 90's with a 480,000 MT annual production capacity in Chittagong. As of 2014, the capacity became 750,000 MT. It manufactures and sells Portland Composite Cement (PCC). CONFIDCEM is the first ISO-9002 certified cement manufacturing company in Bangladesh.

Currently, it holds ownership of 50.0%, 25.0% and 49.0%, respectively in three associate companies, Energypac Confidence Power Venture Limited, Confidence Power Limited and Confidence Electric Limited.

Key Revenue Drivers & Company Insight

Sale of Portland Composite Cement (PCC) through the brand namely 'Lion Brand Cement' is the key source of revenue. The company has presence both in domestic and international frontier. During 2014, revenue grew by 4.4% YoY, amid which the company got significant growth in readymix plant which contributed 6.4% of the top line. However, export sale decline to BDT 229.7 Mn which was BDT 313.2 Mn during 2013.

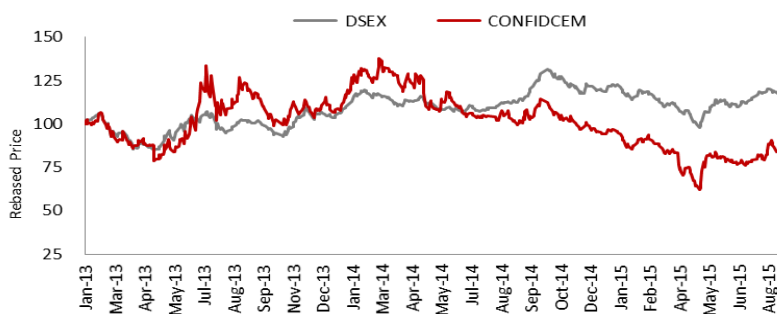
Production growth declined slightly to 492,835 MT which was 500,399 MT in last year. Alongside, the company is planning to double its capacity from existing 2,000 MT/day to 4,000 MT/day, which is scheduled to start operation in 2016.

Financial Performance

Alongside the slower growth in revenue, CONFIDCEM faced margin contraction during 2014. Gross Profit Margin fell to 16.7% which was 20.6% in 2013. In the meantime, operating expenses increased significantly by 35.5% YoY and hit Operating Profit Margin to 12.2% from that of 17.4% in last year. As a result, bottom line margin shrank significantly to 6.6%, below of industry average, streamlining to a negative NPAT growth of 27.7% YoY.

Revenue amplified by 15.3% YoY during HY 2015. But, no significant reversion was observed in profit margins which could be a major threat to future growth of company's profitability.

Recently, the company has reported net profit after tax of Tk. 152.3 million with EPS of Tk. 3.38 for the period of six months (Jan'15 to Jun'15) as against Tk. 157.3 million and Tk. 3.50, respectively for the same period of the previous year.



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