

Premier Cement Mills Limited (DSE: PREMIERCEM)	
Current Price (January 14, 2016)	76.7
Total Number of Share (Mn)	105.5
Free Float (%)	11.4%
Annualized PE* – PREMIERCEM	23.7x
Trailing PE – PREMIERCEM	19.8x
Annualized PE – Cement	28.7x

\* Based on annualized earnings of Q1 2016.

Financials (BDT Mn)**	2014	2015	Q1, 2016 (Unaudited)
Revenue	7,540	8,099	1,707
Gross Profit	1,296	1,239	309
Operating Profit	1,106	908	210
Net Profit after Tax	509	409	87
Total Assets	9,803	10,089	10,793
Total Equity	3,305	3,398	3,274

Growth (%)	2014	2015	Q1, 2016
Revenues	17.5%	7.4%	2.5%
Net profit after tax	2.0%	-19.7%	3.9%

Per share (BDT)	2014	2015	Q1, 2016
Restated EPS	4.8	3.9	0.8
Restated BV Per Share	31.3	32.2	28.3

Others	2014	2015	Q1, 2016
Gross Profit Margin	17.2%	15.3%	18.1%
Operating Profit Margin	14.7%	11.2%	12.3%
Net Profit Margin	6.8%	5.0%	5.1%
ROA	5.6%	4.1%	-
ROE	15.6%	12.2%	-
Stock Dividend	-	-	-
Cash Dividend	30.0%	20.0%	-

\*\* Accounting year Jul-Jun

3 years' CAGR	Peers			
	PREMIERCEM	HEIDELBCEM	MICEMENT	CONFIDENCE
Revenue	23.6%	7.2%	13.5%	17.5%
NPAT	32.9%	16.3%	4.7%	6.5%

Source: Financial Statements of PREMIERCEM, HEIDELBCEM, MICEMENT and CONFIDENCE; Research, IDLC Investments Limited.

#### 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 last 12 months earnings

#### Company Profile

Premier Cement Mills Limited (DSE: PREMIERCEM) was established in 2001 as a private limited company. Later, it was converted into public limited company in 2010. The company subsequently got listed in DSE and CSE in 2013.

PREMIERCEM started its commercial production under the brand name 'Premier Cement' in 2004. It has a subsidiary company named 'Premier Power Generation Limited (PPGL)' where it holds 96.0% ownership. Along with this, it has an associate company named as 'National Cement Mills Limited (NCML)' where it holds 40.0% ownership. NCML produces under the same brand name. During 2014, the company established its own packing unit as backward linkage by setting up a bag plant at their factory premise which can produce 26.0 Mn bags per annum.

#### Key Revenue Drivers & Company Insight

Sale of Portland Composite Cement (PCC) and Ordinary Portland Cement (OPC) both in local and international market generates 100.0% of the revenue for the company. During 2014-15, PREMIERCEM achieved largest volume of sales in their history by fulfilling the highest export demand of BDT 246.3 Mn to attain an export revenue growth of 161.7% YoY. However, local revenue growth was significantly low, only 2.4% YoY, supporting lower capacity utilization rate of 44.5% than the industry average.

Moreover, the company's associate, NCML supported to the financial performance positively in the year ended 2015 while PPGL faced erosion in bottom line. Besides supplying electricity exclusively to PREMIERCEM, PPGL contributed a profit of BDT 49.7 Mn. Additionally, NCML demonstrated an upbeat in its revenue and NPAT by 34.0% and 7.9%, respectively.

#### Financial Performance

Although higher volume of sales pushed topline growth by 7.4% YoY, profit fell by 19.7% during 2015. Meanwhile, Gross Profit Margin (GPM) deteriorated to 15.3% which was 17.2% a year before. Besides, increased operating expenses due to political and economic volatility hit Operating Profit Margin (OPM) severally to 11.2% from that of 14.7% in 2014. Again, higher debt services finally dragged bottom line downward, causing NPAT Margin (NPM) fell to 5.0% from that of 6.8% in 2014.

During Q1 2016, PREMIERCEM started recovering in terms of financial performance. However, the company recorded a mere 2.5% YoY growth in revenue. In the meantime, GPM, OPM and NPM became 18.1%, 12.3% and 5.1%, respectively. However, like top line, bottom line also observed a mere 3.9% YoY growth.

**Recently, the company has reported consolidated NPAT (excluding non-controlling interest) of BDT 85.6 Mn with consolidated EPS of BDT 0.81 for the period of three months (Jul'15 to Sep'15) as against BDT 80.0 Mn and BDT 0.76, respectively for the same period of the previous year.**



Source : DSE; Research, IDLCIL

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