

M. I. Cement Factory Limited (DSE: MICEMENT)

Current Price (January 21, 2016)	78.3
Total Number of Share (Mn)	148.5
Free Float (%)	32.9%
Annualized PE* – MICEMENT	20.0x
Trailing PE – MICEMENT	18.6x
Annualized PE – Cement	28.9x

*Based on annualized earning of Q1 2016.

Financials (BDT Mn)	2014	2015	Q1 2016** (Unaudited)
Revenue	7,991	8,264	1,772
Gross Profit	1,259	1,414	355
Operating Profit	937	985	246
Net Profit After Tax	674	649	146
Total Asset	11,347	12,062	13,130
Total Equity	5,675	5,879	6,025

**Year ends on June 30

YoY Growth (%)	2014	2015	Q1 2016
Revenue	17.0%	3.4%	-8.7%
Net Profit After Tax	1.4%	-3.8%	-12.9%

Per Share (BDT)	2014	2015	Q1 2016
Restated EPS	4.5	4.4	1.0
Book Value Per Share	38.2	39.6	40.6

Others (%)	2014	2015	Q1 2016
Gross Profit Margin	15.8%	17.1%	20.0%
Operating Profit Margin	11.7%	11.9%	13.9%
Net Profit Margin	8.4%	7.9%	8.2%
ROA	6.4%	5.5%	-
ROE	12.0%	11.2%	-
Stock Dividend	-	-	-
Cash Dividend	30.0%	25.0%	-

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

Source: DSE; Quarterly & Annual Reports of MICEMENT, HEIDELBCEM, PREMIERCEM and CONFIDENCE; 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

M. I. Cement Factory Limited (DSE: MICEMENT), a local cement producer, was incorporated as a Public Limited Company in 1994. MICEMENT started its commercial production in October 2000 under the brand name "Crown Cement". In 2011, the company went for Initial Public Offering (IPO), and got listed in both DSE and CSE in the same year.

MICEMENT has four associate companies which are Crown Power Generation Ltd., Crown Mariners Ltd., Crown Concrete and Building Products Ltd. and Crown Transportation & Logistics Ltd. M. I. Cement has 20% equity stake in all of the associates except one (Crown Power Generation) where it holds 50% stake.

Key Revenue Drivers & Company Insight

The Company is a manufacturer and marketer of Ordinary Portland Cement (OPC) and Portland Composite Cement (PCC) which is the key driver of its revenue. In FY 2015 revenue grew by 3.4% YoY riding on 4.2% increase in domestic sales. On the contrary, export sales continued its decline, shrinking by 12.3% YoY. The fall in export was due to both reduced volume sales as well as diminished price of final product, resulting from stiffer competition.

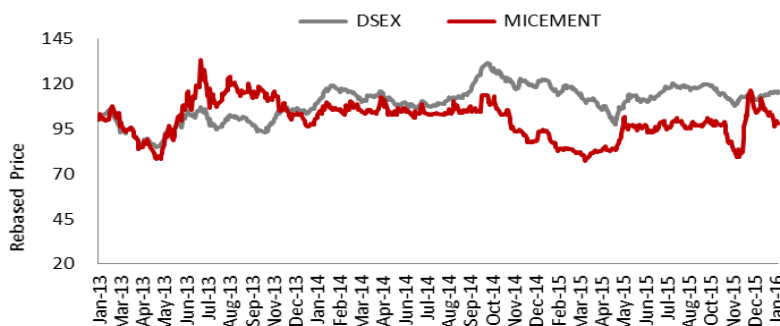
MICEMENT has increased its capacity utilization to 73.1% in FY 2015 as against 68.6% in FY 2014. Resultantly, volume sales also grew, by 5.6%. During 2015, the company procured its second mother vessel "M. V. Crown Victory".

Financial Performance

As said before increased domestic sales helped revenue grew by 3.4% YoY in 2015, but bottom line shrank by 3.8% YoY as Net Profit Margin declined. During the year, Gross Profit Margin (GPM) increased to 17.1% which was 15.8% in 2014 as global commodities price declined. In tandem, Operating Profit Margin also improved slightly to 11.9% from 11.7% in the year before. However, loss on investment on share and higher financial expenses dragged Net Profit Margin (NPM) downward to 7.9% compared to 8.4% in 2014.

During Q1 2016, revenue declined by 8.7% YoY, while NPAT decline accelerated to 12.9% YoY. Lower input price took a toll in final product price and made a dent on revenue. Nevertheless, the company managed to attain higher margins compared to 2015. Despite this, bottom line imploded for top line de-growth.

Recently, the company has reported consolidated net profit after tax (excluding non-controlling interests) of Tk. 146.0 million with consolidated EPS of Tk. 0.98 for the period of three months (July' 15 to Sep' 15) as against Tk. 167.7 million and Tk. 1.13, respectively for the same period of the previous year.



Source: DSE and Research, IDLC Investments Limited