



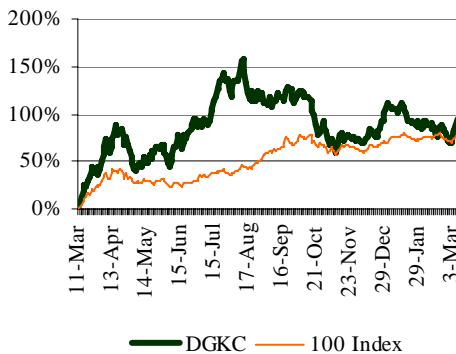
Company Statistics

KATS Code	DGKC
Bloomberg Code	DGKC:PA
Router Code	DGKH.KA
Sector	Construction & Materials
Paid-up Capital (PKR mn)	3,042.49
O/S (mn)	304.25
Free Float (Shares mn)	152.12
Mkt. Cap. (PKR bn)	9.46
Mkt. Cap. (US\$ bn)	0.11
Volume mn (Mar 09'10)	11.52

Performance at KSE

	3M	6M	12M
Avg. Price	30.20	30.56	29.78
Max	34.20	37.42	42.25
Min	26.66	24.80	15.85
Avg. Vol. Mn	3.51	4.87	7.82
Rel %	14.81%	-9.02%	90.56%

DGKC V/S KSE 100 Index



DGKC – 1HFY10 result snapshot

D.G. Khan Cement Company Ltd. (DGKC) recently released its detailed financial results for the period ended December 31, 2009 whereby the Company reported a net profit after tax of PKR470mn, EPS: PKR1.54 against a net earnings of PKR127mn, EPS: PKR0.42 during the corresponding period. Currently we are in the process of updating DGKC model and back soon with updated financial forecast.

1HFY10 result review

During 1HFY10, the Company reported a Profit after tax (PAT) of PKR470mn, EPS: PKR1.54 compared to a PAT of PKR127mn, EPS: PKR0.42 during the same period last year. The Company's top line dropped by 8% to PKR7,958mn compared to PKR8,652mn during 1HFY09 on the back of lower cement prices despite higher cement dispatches. Further gross profit margins remained depressed at 21% due to lower retention rate during the period under review. While break up of cost of good sold reveals that fuel cost dropped by 37% as DGKC relied on alternative fuel; nevertheless, higher cost of raw materials, packaging materials and utilities cost resulted in 3% increase in CGS (Y-o-Y).

Other income jumped by 9% to PKR471mn as against PKR432mn during 1HFY09 primarily due to a higher dividend income received on its investments. Administrative and selling expenses during the period dropped by 48% to PKR605mn compared to PKR1,156mn during 1HFY09 attributable to lower export dispatches. On the other hand, Other Operating Costs dropped to PKR140mn since as 1QFY09 Operating Costs included a one-time exchange loss.

While on Q-o-Q basis, the Company posted a Loss After Tax (LAT) of PKR115mn, EPS: (PKR0.38) as against PAT of PKR296mn, EPS: PKR0.97 amid decline in retention levels. Gross margins of the Company depicted a significant drop of 18pps to 12% during 2QFY10. DGKC announced a right share issue of 20% at PKR20/share and utilizing funds raised would be used to pay off the bank loans.

Financial Costs & lower taxation rate

Financial charges during the period dropped by 34% to PKR956mn compared to PKR1,457mn during 1HFY09 on account of falling interest rates. Furthermore, the Company booked a tax of PKR5mn which further boosted its profitability during the period under review.

Key Income Statement Items

PKR mn	2QFY10	2QFY09	%Δ	1HFY10	1HFY09	%Δ
Sales	3,366	4,315	-22%	7,958	8,652	-8%
G profit	388	1,293	-70%	1,705	2,594	-34%
EBIT	473	799	-41%	1,431	1,211	18%
PAT	(115)	296	n/a	470	127	270%
EPS	(0.38)	0.97		1.54	0.42	
GP margin	12%	30%		21%	30%	



Pakistan Capital Market

Outlook

Recently the Government of Pakistan slashed PSDP in an attempt to fill the fiscal gap, consequently, it will bode negative for the domestic cement demand which is already subdued due to slow economic recovery, deteriorating law & order situation. On the export front, cement exports is expected to remain lower due self-sufficiency achieved by Gulf countries.



Pakistan Capital Market

REPO RATES (AVG. YIELD %)			KIBOR RATES (%)			OIL PRICES (US\$/BARREL)	
TENOR	AVERAGE		TENOR	BID	OFFER		
Overnight	12.35		1 Month	11.98	12.48	London Brent	79.38
3-Months	12.00		3 Months	12.09	12.34	US Crude	81.49
6-Months	12.06		6 Months	12.14	12.39	GDR (US\$)	
1-Year	12.09		12 Months	12.25	12.75	MCBS @ 2 Ord. Sh	2.60
PIB YIELD (%)			EXCHANGE RATES (PKR)			OTHERS	
TENOR	YIELD RANGE		CURRENCY	BID	OFFER	OGDC @ 10 Ord. Sh	14.10
2.6-3.0 Years	12.40	12.45	US Dollar	84.70	84.90	UBLA @ 4 Ord. Sh	2.39
4.6-5.0 Years	12.50	12.55	Euro	114.40	114.90	LKCA @ 4 Ord. Sh	3.10
9.6-10.0 Years	12.62	12.64	UK Pound	126.05	126.55	ECONOMIC EVENTS	
15 Years	13.00	13.10	Japan Yen	0.92	0.93	DATE	EVENTS
20 Years	13.10	13.20	UAE Dirham	22.90	23.00	Mar 27, 2010	Monetary Policy Statement
30 Years	13.15	13.25	Saudi Riyal	22.30	22.40	May 15, 2010	Federal Budget 2010
T-BILL YIELD (%)			LIBOR USD (%)			*March 08'10	
TENOR	YIELD RANGE					ECONOMIC EVENTS	
16-30 Days	12.05	12.10	1 Month	0.23			
61-90 Days	12.05	12.10	3 Months	0.25			
121-180 Days	12.14	12.17	6 Months	0.39			
271-365 Days	12.25	12.27	12 Months	0.85			

COMPANY	PERIOD	DPS %	BONUS %	RIGHT %	EPS	DATE	COMPANY
Network Mic Bank	31-Dec-09	-	-	-	0.01	12-Mar-10	Pakistan Tobacco Co. Ltd.
						14-Mar-10	Bank Alfalah Ltd.
						15-Mar-10	Pakistan Gum & Chemicals Ltd.
						15-Mar-10	Abbott (Lab) Pakistan Ltd.
						16-Mar-10	Pakistan Int. Airlines Corp.
						27-Mar-10	United Growth & Income Fund
						15-Apr-10	Shabbir Tiles & Ceramics Ltd.