

## DIRECTORS' REVIEW

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

The Board of Directors are pleased to present their Review Report along with the condensed interim financial statements of the Company, for the Half Year ended 31<sup>st</sup> December 2020, duly reviewed by the External Auditors.

### Overview – Cement Industry.

Cement Industry witnessed a robust growth of 16% on the back of boom in construction activity due to incentives announced by the Government and commencement of infrastructure projects. The Breakup of overall industry dispatches are as under:-

S/No	Despatches	Half year ended 31 December 2020	Half year ended 31 December 2019	Variance (Million Tons)	Variance (%)
		(Million Tons)			
a.	Local	23.61	20.37	3.24	16
b.	Exports	5.02	4.38	0.64	15
c.	<b>Total</b>	<b>28.63</b>	<b>24.75</b>	<b>3.88</b>	<b>16</b>

The capacity utilization was recorded at 83% during the period, same as in corresponding period last year.

### Overview - The Company.

During the review period, the Company's capacity utilisation improved to 100% compared to last year's 92%. Cement despatches and sales revenue during the review period were highest ever during any six months period. Export sales during review period declined compared to previous period mainly due to closure of Afghan borders.

The Breakup of dispatches during the review period and corresponding period of last year are as under:-

S/No	Despatches	Half year ended 31 December 2020	Half year ended 31 December 2019	Variance (Million Tons)	Variance (%)
		(Million Tons)			
a.	Local	1.65	1.46	0.19	13
b.	Exports	0.13	0.18	(0.05)	(28)
c.	<b>Total</b>	<b>1.78</b>	<b>1.64</b>	<b>0.14</b>	<b>9</b>

The plant performance was very good and the cement production was 8% higher as compared to same period last year. Production statistics are as under:-

Particulars	Half year ended 31 December 2020	Half year ended 31 December 2019
Cement Production (Tons)	1,789,309	1,651,018
Clinker Production (Tons)	1,654,986	1,512,097

Cement production recorded during the review period was highest ever in history of FCCL during any six months period.

Solar power plant having capacity of 2.5 MW has started its trial operations during the month of January 2021, making the total solar power capacity as 17.5 MW largest captive solar project in Pakistan.

## Financial Performance

Key financial results of Company for the review period and their comparison with the same period of last year are tabulated below:-

Particulars	Half year ended 31 December 2020	Half year ended 31 December 2019
	Rs.000	Rs.000
Sales Revenue	11,610,729	9,557,063
Gross Profit	2,717,687	983,753
EBIT	2,225,673	610,668
PBT	2,193,293	555,369
PAT	1,600,829	482,189
Earnings Per Share – Rs.	1.16	0.35

The improved financial performance is mainly attributable to higher dispatches and improved retentions during the review period. The initiatives to reduce costs have also started to realise with improvement in fixed costs. Cost of production showing decrease by 6% as compared to last year owing to lower fuel, power and fixed costs. Power cost reduction is attributable to cheaper own generation and to fuel the reduced coal prices during review period.

## Future Outlook

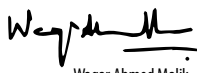
Going forward, the cement demand is expected to remain strong on the back of pick up in construction activity and initiating of work on CPEC and mega hydro power projects. Due to stable local demand, prices are also expected to remain stable in 2<sup>nd</sup> half year of the year. Exports to Afghanistan are also expected to increase with the start of summer season and more borders being opened.

However, the increase in international coal prices and the recent announcement by the Government to increase electricity prices will increase the cost of production going forward.

## Acknowledgement

The Board of Directors would like to express their appreciation to all the Employees and Management of the Company for their hard work resulting in a positive outcome during 1st half of FY 21. The Board also expresses its appreciation for the initiatives taken especially by State Bank of Pakistan in particular and the focus of the Government towards the construction sector in general to be the key ingredients in reviving growth in the sector in this pandemic period. The Board would also like to extend their gratitude to all the stakeholders in their ongoing support to the Company.

## On behalf of the Board of Directors



Waqar Ahmed Malik

Chairman Board of Directors

Date: February 19, 2021

Place: Rawalpindi



Qamar Haris Manzoor

Chief Executive & Managing Director