

Cement

1QFY25: Earnings to decline by -2%/y/y owing to lower demand

- For the 1QFY25, we expect sector earnings (IGI coverage cement universe) to post an earnings increase of 9% q/q to PKR 15.9bn compared to PKR 14.5bn last quarter, and down by -2%/y/y compared to PKR 16.2bn during the same period last year.
- Due to better gross margins, the sector profitability is expected to increase by 9% q/q. In addition to that there were a couple of positive developments, including better PSDP allocation, declining inflation, and monetary easing cycle.
- Cement dispatches declined by -14%/y/y during 1QFY25, this decline in sales is attributable to increase in FED from PKR 100/bag to PKR 200/bag and the monsoon season.

Cement Sector earnings to decline by -2%/y/y during 1QFY25

For the 1QFY25, we expect sector earnings (IGI coverage cement universe) to post an earnings increase of 9% q/q to PKR 15.9bn compared to PKR 14.5bn last quarter, and down by -2%/y/y compared to PKR 16.2bn during the same period last year. During 1QFY25, cement exports increased by +46% y/y while local dispatches dropped by -8%/y/y.

Exhibit: Cement sector EPS preview for 1QFY25

Period end = Sep 24

EPS (PKR)	1QFY25E	4QFY24A	q/q	1QFY24A	y/y
LUCK	21.6	32.3	-33%	23.7	-9%
PIOC	5.1	5.9	-15%	4.1	23%
CHCC	7.2	4.4	63%	7.9	-9%
KOHC	10.8	12.2	-11%	11.4	-5%
FCCL	1.3	0.5	165%	1.1	20%
MLCF	1.2	0.9	28%	1.2	-6%
DGKC	1.1	-3.9	nm	1.5	-25%
Cement Sector (in PKRbn)	15.9	14.5	9%	16.2	-2%
DPS (PKR)	1QFY25E	4QFY24A		1QFY24A	
LUCK	0.0	15.0		0.0	
PIOC	0.0	10.0		0.0	
CHCC	0.0	4.0		0.0	
KOHC	0.0	0.0		0.0	
FCCL	0.0	1.0		0.0	
MLCF	0.0	0.0		0.0	
DGKC	0.0	0.0		0.0	

Source: Company Financials, PSX, IGI Research

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Due to better gross margins, the sector profitability is expected to increase by 9% q/q. In addition to that there were a couple of positive developments, including better PSDP allocation, declining inflation, and monetary easing cycle.

LUCK: Earnings to decline by -9%/y/y to PKR 21.6/share during 1QFY25

We expect LUCK to report quarterly earnings of PKR 6.3bn (EPS: PKR 21.6/share), down by -33% q/q during 1QFY25 compared to PKR 9.5bn (EPS: PKR 32.3/share) in 4QFY24 due to lower demand. On year-on-year basis, the earnings are expected to decline by -9%/y/y. We attribute the decline in earnings on a quarterly basis during 1QFY25 to a) lower local demand, and b) Increase in FED from PKR 100/bag to PKR 200/bag. Moreover, we don't expect LUCK to pay any dividends.

PIOC: Earnings to increase by +23%/y/y to PKR 5.1/share during 1QFY25

We expect Pioneer Cement Limited (PIOC) to register quarterly earnings of PKR 1.15bn (EPS: PKR 5.1/share), up by +23%/y/y (down by -15%q/q) compared to PKR 0.93bn (EPS: PKR 4.1/share) in the same period last year. Earnings are expected to decline on a quarter-on-quarter basis owing to lower demand. We do not expect the Company to announce any cash dividend along with the result.

CHCC: Earnings to decline by 9%/y/y to PKR 7.2/share during 1QFY25

Cherat Cement Company Limited (CHCC) is projected to register quarterly earnings of PKR 1.53bn (EPS: PKR 7.2/share), down by 9% y/y (up by 63%q/q) during 1QFY25 compared to PKR 1.48bn (EPS: PKR 7.6/share) in the same period last year. Furthermore, we do not expect CHCC to announce any cash dividends.

KOHC: Earnings to decline by -5%/y/y to PKR 10.8/share during 1QFY25

Kohat Cement Company Limited (KOHC) is likely to register quarterly earnings of PKR 2.1bn (EPS: PKR 10.8/share), down by -5% y/y (down by -11%q/q) during 1QFY25 compared to PKR 2.3bn (EPS: PKR 11.4/share) in the same period last year. In addition, the Company is not expected to pay any dividends.

FCCL: Earnings to increase by 20%/y/y to PKR 1.3/share during 1QFY25

We expect Fauji Cement Company Limited (FCCL) to register quarterly earnings of PKR 3.1bn (EPS: PKR 1.3/share), up by +20% y/y (up by 2.65xq/q) during 1QFY25 compared to PKR 2.6bn (EPS: PKR 1.07/share) during the same period last year. In addition, FCCL is not expected to pay a dividend.

MLCF: Earnings to decline by -6%/y/y to PKR 1.2/share during 1QFY25

On unconsolidated basis, we expect Maple Leaf Cement Factory Limited (MLCF) to report quarterly earnings of PKR 1.25bn (EPS: PKR 1.17/share), down by -6%/y/y (+28%q/q) during 1QFY25 compared to PKR 1.3bn (EPS: PKR 1.24/share) during the same period last year. Moreover, the Company is not expected to pay a dividend.

DGKC: Earnings to decline by -25%/y/y to PKR 1.1/share during 1QFY25

We expect DG Khan Cement Company Limited (DGKC) to register quarterly earnings of PKR 0.5bn (EPS: PKR 1.1/share) during 1QFY25, compared to PKR 0.66bn (EPS: PKR 1.5/share) in the same period last year. DGKC is not expected to pay any dividend.

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