

Cement

1QFY26: Quarterly Earnings to Dip 4% q/q, Up 17% y/y

- For the 1QFY26, we expect sector earnings (IGI coverage cement universe) to post slight decrease in earnings -4% q/q to PKR 22.2bn compared to PKR 23.0bn last quarter, and up by +17%y/y compared to PKR 19.0bn during the same period last year.
- Due to better gross margins, the sector profitability is expected to increase by 17% y/y but down by -4%q/q likely owing to lower retention prices in north.
- Cement dispatches increased by +6%q/q and +18%y/y during 1QFY26, likely driven by improvement in construction activities and lower cement prices.

Cement Sector earnings to decline -4%q/q, Up +17% y/y

For the 1QFY26, we expect sector earnings (IGI coverage cement universe) to post slight decrease in earnings -4% q/q to PKR 22.2bn compared to PKR 23.0bn last quarter, and up by +17%y/y compared to PKR 19.0bn during the same period last year. Cement dispatches increased by +6%q/q and +18%y/y during 1QFY26, likely driven by improvement in post floods construction activities and lower cement prices.

Exhibit: Cement sector EPS preview for 1QFY25

Period end = Sep 24

EPS (PKR)	1QFY26E	4QFY25A	q/q	1QFY25A	y/y
LUCK	4.9	3.9	24%	4.5	9%
PIOC	6.2	5.0	25%	4.5	38%
CHCC	9.9	9.5	4%	14.8	-33%
KOHC	2.8	2.5	10%	3.7	-26%
FCCL	1.6	1.6	-1%	1.3	19%
MLCF	2.6	4.7	-44%	1.0	1.62x
DGKC	5.9	7.2	-18%	1.8	2.2x
Cement Sector (in PKRbn)	22.2	23.0	-4%	19.0	17%
DPS (PKR)	1QFY26E	4QFY25A		1QFY25A	
LUCK	0.0	4.5		0	
PIOC	0.0	5.0		0	
CHCC	0.0	0.0		0	
KOHC	0.0	0.0		0	
FCCL	0.0	0.0		0	
MLCF	0.0	0.0		0	
DGKC	0.0	0.0		0	

Source: Company Financials, PSX, IGI Research

Analyst

Sania Bajwa

Sania.bajwa@igi.com.pk

Tel: +92 21 111 234 234 Ext: 569

Due to better gross margins, the sector profitability is expected to increase by 17% y/y but down by -4%q/q likely owing to lower retention prices in north.

LUCK: Earnings to increase by +9%y/y to PKR 5.0/share during 1QFY26

We expect LUCK to report quarterly earnings of PKR 7.1bn (EPS: PKR 5.0/share), up by +24% q/q during 1QFY26 compared to PKR 5.7bn (EPS: PKR 3.9/share) in 4QFY25 due to increase in local dispatches by +16% q/q. On year-on-year basis, the earnings are expected to increase by +9%. We attribute the growth in earnings on a quarterly basis during 1QFY26 to a) Increase in local dispatches, and b) Better retention prices in South. Moreover, we don't expect LUCK to pay any dividends.

PIOC: Earnings to increase by +38%y/y to PKR 6.2/share during 1QFY26

We expect Pioneer Cement Limited (PIOC) to register quarterly earnings of PKR 1.41bn (EPS: PKR 6.2/share), up by +38%y/y and +25%q/q compared to PKR 1.02bn (EPS: PKR 4.5/share) in the same period last year. Earnings are expected to increase on a quarter-on-quarter basis owing to greater demand and better margins driven by easing coal prices. We do not expect the Company to announce any cash dividend along with the result.

CHCC: Earnings to decrease by -33%y/y to PKR 9.9/share during 1QFY26

Cherat Cement Company Limited (CHCC) is projected to register quarterly earnings of PKR 1.9bn (EPS: PKR 9.9/share), down by -33% y/y (up by +4q/q) during 1QFY26 compared to PKR 2.9bn (EPS: PKR 14.8/share) in the same period last year. The decline in y/y profitability is primarily driven by lower gross margins while q/q profitability is sustained by better cement dispatches. Furthermore, we do not expect CHCC to announce any cash dividends.

KOHC: Earnings to decrease by -25%y/y to PKR 2.8/share during 1QFY26

Kohat Cement Company Limited (KOHC) is likely to register quarterly earnings of PKR 2.56bn (EPS: PKR 2.8/share), down by -25% y/y (up by - +11%q/q) during 1QFY26 compared to PKR 3.4bn (EPS: PKR 3.7/share) in the same period last year. The decrease in y/y profitability is primarily attributable to lower gross margins while the growth on q/q basis is driven by better local dispatches (up by +17%q/q) and Export dispatches

(up by +15.5x). In addition, the Company is not expected to pay any dividends.

FCCL: Earnings to increase by +19%y/y to PKR 1.58/share during 1QFY26

We expect Fauji Cement Company Limited (FCCL) to register quarterly earnings of PKR 3.8bn (EPS: PKR 1.58/share), up by +20% y/y (slightly down by -1%q/q) during 1QFY26 compared to PKR 3.9bn (EPS: PKR 1.60/share) during the same period last year. The increase in profitability is likely driven by better cement dispatches (up by +13%y/y). In addition, FCCL is not expected to pay a dividend.

DGKC: Earnings to increase by +2.2xy/y to PKR 6.0/share during 1QFY26

We expect DG Khan Cement Company Limited (DGKC) to register quarterly earnings of PKR 2.6bn (EPS: PKR 6.0/share) during 1QFY26, up by +2.2x y/y (down by -18% q/q) compared to PKR 0.8bn (EPS: PKR 1.8/share) in the same period last year. The increase in profitability on y/y basis is likely attributable to better cement dispatches (up by +14y/y) however, on q/q basis, earnings are expected to decline due to a lower gross margin. Moreover, DGKC is not expected to pay any dividend.

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Sania Bajwa	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	sania.bajwa@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited

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Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Islamabad Office

3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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