

Cement

2QFY25: Earnings to increase by 19%/y/y owing to higher prices and export dispatches

- For the 2QFY25, we expect sector earnings (IGI coverage cement universe) to post an earnings increase of 19% y/y to PKR 20.7bn compared to PKR 17.5bn last quarter, and up by 9%q/q compared to PKR 16.2bn during the same period last year.
- Due to better average cement prices, higher exports, and lower finance cost the sector profitability is expected to increase by 19% y/y. In addition to that there have been some positive developments for the sector which include, declining inflation and coal prices, and monetary easing by SBP.
- Cement dispatches largely stayed stable with a minor decline of -0.3%/y/y during 1HFY25, however the export dispatches witnessed an increase of 45%/y/y during the 1HFY25. Local dispatches were down by -6%/y/y.

Cement Sector earnings to increase by 19%/y/y during 2QFY25

For the 2QFY25, we expect sector earnings (IGI coverage cement universe) to post an earnings increase of 19% y/y to PKR 20.7bn compared to PKR 17.5bn same period last year, and up by 9%q/q compared to PKR 19.0bn during the 1QFY25. During 2QFY25, cement exports increased by +45%/y/y while local dispatches dropped by -6%/y/y.

Exhibit: Cement sector EPS preview for 2QFY25					
Period end = Dec 24					
EPS (PKR)	2QFY25E	1QFY25A	q/q	2QFY24A	y/y
LUCK	23.4	22.4	5%	23.1	1%
PIOC	5.8	4.5	30%	7.5	-22%
CHCC	10.4	14.8	-30%	9.6	8%
KOHC	14.0	17.6	-20%	11.4	23%
FCCL	1.8	1.3	33%	1.1	63%
MLCF	1.6	1.0	58%	1.8	-10%
DGKC	4.1	1.8	121%	0.9	352%
Cement Sector total (in PKRbn)	20.7	19.0	9%	17.5	19%
DPS (PKR)	2QFY25E	1QFY25A		2QFY24A	
LUCK	0.0	0.0		0	
PIOC	0.0	0.0		5	
CHCC	0.0	0.0		1.5	
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

IGI Research

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Due to stable gross margins, increase in average market prices, and lower finance cost the sector profitability is expected to increase by 19%/y/y. In addition to that there have been some positive developments for the sector which include, declining inflation and coal prices, and monetary easing by SBP.

LUCK: Earnings to increase by 1%/y/y to PKR 23.4/share during 2QFY25

We expect LUCK to report quarterly earnings of PKR 6.9bn (EPS: PKR 23.4/share), up by 1% y/y during 2QFY25 compared to PKR 6.7bn (EPS: PKR 23.1/share) in 2QFY24. On quarter-on-quarter basis, the earnings are expected to increase by 5%q/q. We attribute the increase in earnings on a quarterly basis during 2QFY25 to a 26%q/q increase in export dispatches by LUCK. Moreover, we don't expect LUCK to pay any dividends.

PIOC: Earnings to decline by -22%/y/y to PKR 5.8/share during 2QFY25

We expect Pioneer Cement Limited (PIOC) to register quarterly earnings of PKR 1.3bn (EPS: PKR 5.8/share), down by -22%/y/y (up by 30%q/q) compared to PKR 1.7bn (EPS: PKR 7.5/share) in the same period last year. Earnings are expected to increase on a quarter-on-quarter basis owing to an increase of 20%q/q in local dispatches. We do not expect the Company to announce any cash dividend along with the result.

CHCC: Earnings to increase by 8%/y/y to PKR 10.4/share during 2QFY25

Cherat Cement Company Limited (CHCC) is projected to register quarterly earnings of PKR 2.0bn (EPS: PKR 10.4/share), up by 8% y/y (down by 30%q/q) during 2QFY25 compared to PKR 1.9bn (EPS: PKR 9.6/share) in the same period last year. Furthermore, we do not expect CHCC to announce any cash dividends.

KOHC: Earnings to increase by 14%/y/y to PKR 14/share during 2QFY25

Kohat Cement Company Limited (KOHC) is likely to register quarterly earnings of PKR 2.7bn (EPS: PKR 14/share), up by 14% y/y (down by -30%q/q) during 2QFY25 compared to PKR 2.2bn (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 63%/y/y to PKR 1.8/share during 2QFY25

We expect Fauji Cement Company Limited (FCCL) to register quarterly earnings of PKR 4.3bn (EPS: PKR 1.8/share), up by +63% y/y (up by 33%q/q) during 2QFY25 compared to PKR 2.6bn (EPS: PKR 1.08/share) during the same period last year. In addition, FCCL is not expected to pay a dividend.

MLCF: Earnings to decline by -10%/y/y to PKR 1.6/share during 2QFY25

On unconsolidated basis, we expect Maple Leaf Cement Factory Limited (MLCF) to report quarterly earnings of PKR 1.6bn (EPS: PKR 1.6/share), down by -10%/y/y (+58%q/q) during 2QFY25 compared to PKR 1.8bn (EPS: PKR 1.75/share) during the same period last year. Moreover, the Company is not expected to pay a dividend.

DGKC: Earnings to increase by 4.52x%/y/y to PKR 4.1/share during 2QFY25

We expect DG Khan Cement Company Limited (DGKC) to register quarterly earnings of PKR 1.8bn (EPS: PKR 4.1/share) during 2QFY25, compared to PKR 0.4bn (EPS: PKR 0.9/share) in the same period last year. DGKC is not expected to pay any dividend.

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