Flash Note

Thursday, October 30, 2025

Cement

DG Khan Cement Company Limited (DGKC)

Earnings: DG Khan Cement Company Limited (DGKC) reported earnings of PKR 2.2bn (EPS: PKR 4.93) for 1QFY26, up 1.69x y/y but down 32% q/q compared to PKR 0.8bn (EPS: PKR 1.84) in 1QFY25 and PKR 3.2bn (EPS: PKR 7.20) in 4QFY25. The strong y/y increase in profitability was primarily driven by higher cement dispatches (Dispatches rose +14%y/y & 6%q/q), improved retention prices, and lower finance costs, while the q/q decline reflects weaker gross margins (22% vs 32% previous quarter) and higher taxation (Effective Tax rate 37% vs 23% last quarter).

Dividend/Payout: The Company did not announce any cash dividend along with the result

Operating Performance: Net sales stood at PKR 19.8bn, registering a robust 29% y/y and 18% q/q growth (vs PKR 15.3bn in 1QFY25 and PKR 16.8bn in 4QFY25), driven by improved dispatches and strong pricing momentum. Gross profits increased 44% y/y to PKR 4.3bn but declined 19% q/q (vs PKR 3.0bn in 1QFY25 and PKR 5.3bn in 4QFY25), with gross margins compressing to 22% from 32% in the previous quarter. Finance cost dropped sharply by 73% y/y and 25% q/q to PKR 0.4bn, reflecting effective deleveraging and lower borrowing cost. Taxation stood at PKR 1.3bn, up 2.43x y/y and 36% q/q, taking the effective tax rate to 37% compared to 31% in the same period last year and 23% in the preceding quarter. Consequently, net margins improved to 11% in 1QFY26 from 5% in 1QFY25 but declined from 16% in 4QFY25, reflecting margin pressure and higher tax.

Exhibit: D.G. Khan Cement Company Limited (DGKC) Financial highlights

For period ending: 1q/26

PKRbn	1q/26	4q/25	3q/25	2q/25	1q/25	ΔYoY	ΔQoQ
Net Sales	19.8	16.8	18.1	21.7	15.3	29%	18%
Gross Profits	4.3	5.3	4.7	5.5	3.0	44%	-19%
Admin	0.40	0.3	0.3	0.3	0.3	31%	15%
EBIT	3.9	4.8	4.2	4.9	2.9	33%	-20%
Finance cost	0.43	0.6	0.7	1.1	1.6	-73%	-25%
Profit before tax	3.4	4.1	3.4	3.7	1.2	1.92x	-16%
Taxation	1.3	0.9	1.4	1.0	0.4	2.43x	36%
Profit after Tax	2.2	3.2	2.0	2.7	0.8	1.69x	-32%
EPS*	**4.93**	**7.20**	**4.56**	**6.21**	**1.84**	**1.69x**	**-32%**
DPS	**0.00**	**2.00**	**0.00**	**0.00**	**0.00**		
Gross Margins	22%	32%	26%	25%	20%	2%	-32%
EBIT Margins	19%	29%	23%	23%	19%	0%	-32%
Effective tax	37%	23%	42%	27%	31%	6%	62%
Net Margins	11%	19%	11%	13%	5%	6%	-42%

Source: Company Accounts, IGI Research, *Number of Shares (mn): 438.1

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- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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Basic Definitions and Terminologies used: Target Price: A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

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