

Flash Note

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Cement

D.G. Khan Cement Company Limited (DGKC)

Earnings: D.G. Khan Cement Company Limited (DGKC) announced its 2QFY25 result. The Company reported unconsolidated earnings of PKR 2.7bn (EPS PKR 6.21/share), up by 7xy/y. On a 1HFY25 basis, the company reported a profit of PKR 3.5bn (EPS PKR 8.04/share) compared to earnings of PKR 1.1bn (EPS PKR 2.4/share) in the same period last year.

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

Operating Performance: During 2QFY25, the Company's net sales increased to PKR 21.7bn depicting an increase of +19%/y. The sales during the quarter were up due to better dispatches. On 1HFY25 basis, the Company's net sales increased to PKR 37bn up by +6.3%/y. For the quarter, the company's gross margins were reported at 25% compared to 20% in the previous quarter. Gross margins improved significantly due to the lower coal prices and better cement prices. However, average gross margins for 1HFY25 were recorded at 23% compared to 16% last year likely due to better retention prices. The company reported finance cost of PKR 1.1bn in 2QFY25 (down by -48%/y) owing to decreasing interest rates. The effective tax rate during 1HFY25 stood at 28% compared to 17% during the same period last year.

Exhibit: D.G. Khan Cement Company Limited (DGKC) Financial highlights								
For period ending: 2q/25								
PKRbn	1HFY25	2q/25	1q/25	1HFY24	2q/24	1q/24	ΔYoY	ΔQoQ
Net Sales	37.0	21.7	15.3	34.8	18.3	16.5	19%	42%
Gross Profits	8.4	5.5	3.0	5.5	2.3	3.2	134%	82%
Admin	0.6	0.3	0.3	0.6	0.3	0.3	11%	8%
EBIT	7.8	4.9	2.9	5.9	2.7	3.2	84%	70%
Finance cost	2.6	1.1	1.6	4.1	2.0	2.1	-48%	-34%
Profit before tax	4.9	3.7	1.2	1.7	0.7	1.1	5.7x	3.2x
Taxation	1.4	1.0	0.4	0.7	0.3	0.4	3.9x	2.8x
Profit after Tax	3.5	2.7	0.8	1.1	0.4	0.7	6.9x	3.4x
EPS*	8.04	6.21	1.84	2.41	0.90	1.51	590.6%	238%
DPS	0.00	0.00	0.00	0.00	0.00	0.00	-	-
Gross Margins	23%	25%	20%	16%	13%	19%	12%	6%
EBIT Margins	21%	23%	19%	17%	15%	19%	8%	4%
Effective tax	28%	27%	31%	40%	40%	39%	-13%	-4%
Net Margins	10%	13%	5%	3%	2%	4%	10%	7%

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

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