

Flash Note

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Cement

DG Khan Cement Company Limited (DGKC)

Earnings: DG Khan Cement Company Limited (DGKC) reported earnings of PKR 3.69bn (EPS: PKR 8.43) for 2QFY26, up +36%/y/y and +71%q/q compared to PKR 2.7bn (EPS: PKR 6.21) in 2QFY25 and PKR 2.2bn (EPS: PKR 4.93) in 1QFY26. The strong y/y increase in profitability was primarily driven by healthy gross margin expansion and lower finance cost. This brings total profitability for 1HFY26 to PKR 5.9bn (EPS PKR 13.36), up by +66%/y/y, compared to PKR 3.5bn (EPS PKR 8.04) in the same period last year.

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

Operating Performance: Net sales stood at PKR 20.8bn, down by 4% y/y while up +5% q/q (vs PKR 21.7bn in 2QFY25 and PKR 19.8bn in 1QFY26) mainly due to 10%/y/y decline in total dispatches. Gross profits increased +21% y/y to PKR 6.6bn, with gross margins increasing to 32% from 25% in the same quarter last year likely due to lower coal prices and higher export margin. Finance cost dropped sharply by 71% y/y and 29% q/q to PKR 0.3bn, reflecting effective deleveraging and lower borrowing cost. Effective tax rate stood at 34.1% compared to 30.0% in the same period last year and 37.0% in the preceding quarter bringing total effective tax rate to 35.2% during 1HFY26 against 32.3% in the same period last year.

Exhibit: D.G. Khan Cement Company Limited (DGKC) Financial highlights								
For period ending: 2q/26								
PKRbn	2q/26	2q/25	y/y	1q/26	ΔQoQ	1HFY26	1HFY25	ΔQoQ
Net Sales	20.8	21.7	-4%	19.8	5%	40.6	37.0	10%
Gross Profits	6.6	5.5	21%	4.3	54%	10.9	8.4	29%
Admin	0.4	0.3	17%	0.4	-4%	0.8	0.6	24%
EBIT	5.9	4.9	20%	3.9	53%	9.8	7.8	25%
Finance cost	0.3	1.1	-71%	0.4	-29%	0.7	2.6	-72%
Profit before tax	5.6	3.9	44%	3.4	64%	9.0	5.2	74%
Taxation	1.9	1.2	64%	1.3	51%	3.2	1.7	89%
Profit after Tax	3.7	2.7	36%	2.2	71%	5.9	3.5	66%
EPS*	8.43	6.21		4.93		13.36	8.04	
DPS	0.00	0.00		0.00		0.00	0.00	
Gross Margins	32%	25%		22%		27%	23%	
EBIT Margins	28%	23%		19%		24%	21%	
Effective tax	34%	30%		37%		35%	32%	
Net Margins	18%	13%		11%		14%	10%	

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

Analyst

Abdullah Farhan

abdullah.farhan@igi.com.pk

Tel: +92 21 111 444 001 Ext: 912

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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
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@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

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

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Research Analyst(s)

Research Identity Number: BRP009

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