Flash Note

Friday, October 23, 2026

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Cement

Pioneer Cement Limited (PIOC)

Earnings: Pioneer Cement Limited (PIOC) announced its 1QFY27 result. The Company reported earnings of PKR 2.2bn (EPS PKR 9.72/share), up by 73%y/y compared to PKR 1.3bn (EPS PKR 5.61/share) during the same period last year primarily due to stronger than anticipated retention prices and gross margins. On a quarterly basis, profitability is down by 5%q/q.

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

Operating Performance: During 1QFY27, the Company's net sales were reported at PKR 10.8bn depicting an increase of 29%y/y due to higher retention prices and overall dispatches. For the quarter, the Company's gross margins witnessed an increase and were reported at 35% compared to 30% during 1QFY26 due to low coal cost inventories despite rising international coal prices also the company shifted away from costly captive coal based power generation amid elevated coal prices. In addition, the company reported finance cost of PKR 0.01bn in 1QFY27 (down by 94%y/y) reflecting the absence of long and short term borrowings. The effective tax rate during 1QFY27 stood at 37% compared to 39% in the corresponding period last year and 16% in the previous quarter.

Recommendation: We have a "BUY" stance on PIOC with our Dec-26 Target Price of PKR 420/share offering 87% upside from last close. The Company is currently trading at FY27 P/E of 5.7x.

Exhibit: Pioneer Cement Company Limited (PIOC) Financial highlights

For period ending: 1q/27

PKRbn	1q/27	1q/26	y/y	4q/26	q/q
Net Sales	10.8	8.4	29%	9.9	10%
Gross Profits	3.8	2.5	50%	2.9	29%
Admin	0.1	0.1	7%	0.1	17%
EBIT	3.5	2.3	53%	2.8	24%
Finance cost	0.0	0.2	-94%	0.1	-82%
Profit before tax	3.5	2.1	68%	2.8	26%
Taxation	1.3	0.8	59%	0.5	184%
Profit after Tax	2.2	1.3	73%	2.3	-5%
EPS*	**9.72**	**5.61**		**10.20**	
DPS	**0.00**	**0.00**		**0.00**	
Gross Margins	35%	30%		30%	
EBIT Margins	32%	27%		29%	
Effective tax	37%	39%		16%	
Net Margins	20%	15%		24%	

Source: Company Accounts, IGI Research, *Number of Shares (mn): 227.1

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Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

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- Discounted Cash Flow (DCF)
- Reserve Based DCF
- 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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