Day Break

Thursday, September 3, 2026

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Cements

- Maple Leaf Cement Factory Limited (MLCF) Board of Directors in its meeting held has approved scheme of arrangements between MLCF and Pioneer Cement (PIOC) for merger of entire undertaking of PIOC into MLCF, subject to approval of shareholders and any other modifications.
- Maple Leaf Cement Factory Limited (MLCF) proposes Pioneer Cement (PIOC) amalgamation via share swap, with PIOC shareholders to receive 2.65 MLCF shares for every 1 PIOC share.
- Transaction will strengthen MLCF's market position, increasing its cement capacity to 13.13mn tons, equivalent to ~15% capacity-based market share, making it the third-largest cement player in Pakistan.

MLCF Announces Proposed PIOC Amalgamation via Share Swap

MLCF Proposes PIOC Merger Under Share-Swap Arrangement

Maple Leaf Cement Factory Limited (MLCF) Board of Directors in its meeting held has approved scheme of arrangements between MLCF and Pioneer Cement (PIOC) for merger of entire undertaking of PIOC into MLCF, subject to approval of shareholders and any other modifications.

Maple Leaf Cement Factory Limited (MLCF) proposes Pioneer Cement (PIOC) amalgamation via share swap, with PIOC shareholders to receive 2.65 MLCF shares for every 1 PIOC share.

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Exhibit: Existing and Revised Shareholding Structure of PIOC

	Current Holding		Post-Merger
	% Stake	No of Shares held	
MLCF	77.38%	175.77	100%
Non-Controlling Interest	22.62%	51.38	0%
Total	100%	227.15	100%

Source: Company financials, IGI Research

MLCF will issue ~136.17mn new shares to eligible PIOC shareholders, resulting in an estimated 11.5% dilution to FY27E EPS, based on our EPS estimate of PKR 13.7/share.

Analyst
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MLCF already owns 77.38% of PIOC, meaning the share issuance will primarily compensate PIOC's 22.62% non-controlling shareholders, representing ~51.4mn shares.

The proposed swap ratio implies an EV of ~USD 42.35/ton for PIOC, providing a useful benchmark for assessing the valuation of the transaction.

Completion remains subject to regulatory and shareholder approvals, including sanction from the Lahore High Court, with the scheme carrying an effective date of July 1, 2026.

Exhibit: Swap Ratio for MLCF and PIOC	
Swap Ratio	2.65:1
MLCF Current Shares	1048
MLCF additional shares	136
MLCF new ordinary shares	1,184
MLCF Expected Earnings FY27 (PKR mn)	10,122
PIOC Expected Earnings FY27 (PKR mn)	10,522
Combined Earnings FY27 (PKR mn)	20,644
FY27 EPS after adjustment (PKR)	17.42

Recommendation: We have a "BUY' stance on MLCF with our Dec-26 Target Price of PKR 160/share offering 67% upside from last close. The Company is currently trading at FY27 P/E of 7.0x.

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- Discounted Cash Flow (DCF)
- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
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