



Pakistan Cement Sector – 4QFY26 in pictures

Wadee Zaman

wadee.zaman@js.com

+92 21 111 574 111 Ext: 3035

September 16, 2026



www.Jamapunji.pk

Research Entity Notification No.: REP-084

JS Research is available on Bloomberg, Thomson Reuters, CapitalIQ and www.jsycl.com

Please refer to the important disclosures and disclaimer on the last page

Earnings rise on higher dispatches, healthy margins

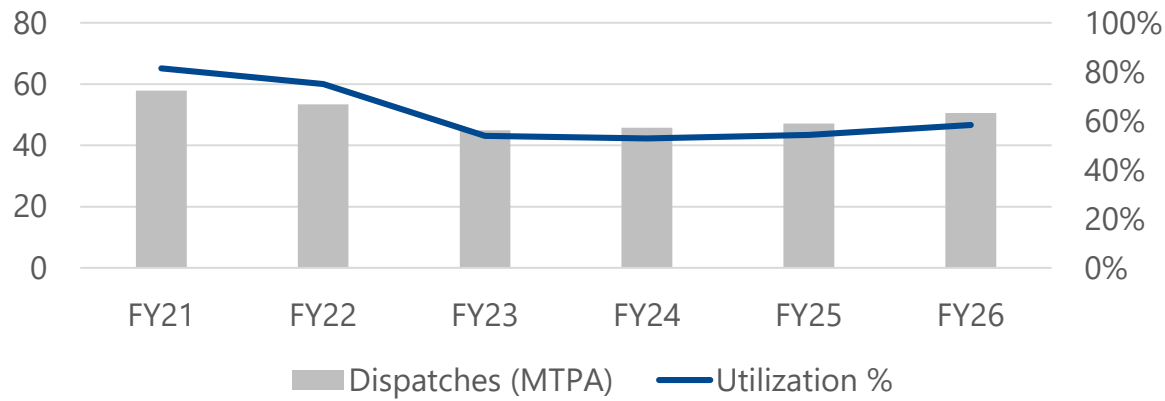
- We review the cement sector's FY26/4QFY26 financial performance, taking the sample of our coverage universe of 8 companies, which represents the 74% of the sector's market capitalization.
- The cement sector recorded a 12% YoY increase in profitability in FY26, supported by an 8.5% YoY rise in revenue, driven by a 10.2% increase in domestic dispatches. Earnings were further supported by healthy margins, lower finance costs and higher dividend income from subsidiaries.
- Notably, our sample posted a 23% YoY growth in earnings during 4QFY26 mainly led by a ~10.2% YoY increase in dispatches and tax reversals owing to the 2% super tax reduction.
- Meanwhile, on a QoQ basis, earnings posted an 11% increase in 4QFY26, largely supported by higher QoQ MRPs (~Rs90/bag) leading to a 2.6ppt improvement in gross margins and lower effective tax rate.
- We maintain our Overweight stance on the sector, supported by healthy margins, robust domestic demand outlook and **attractive valuations due to the recent sharp correction in stock prices (-10.7% MoM)**. However, a prolonged Middle East conflict poses key risks through higher coal prices externally and increased inflation domestically which could weigh on demand.

Companies	Code
Attock Cement Pakistan Ltd	ACPL
Cherat Cement Company Ltd	CHCC
D.G. Khan Cement Company Ltd	DGKC
Fauji Cement Company Ltd	FCCL
Kohat Cement Company Ltd	KOHC
Lucky Cement Ltd	LUCK
Maple Leaf Cement Factory Ltd	MLCF
Pioneer Cement Ltd	PIOC

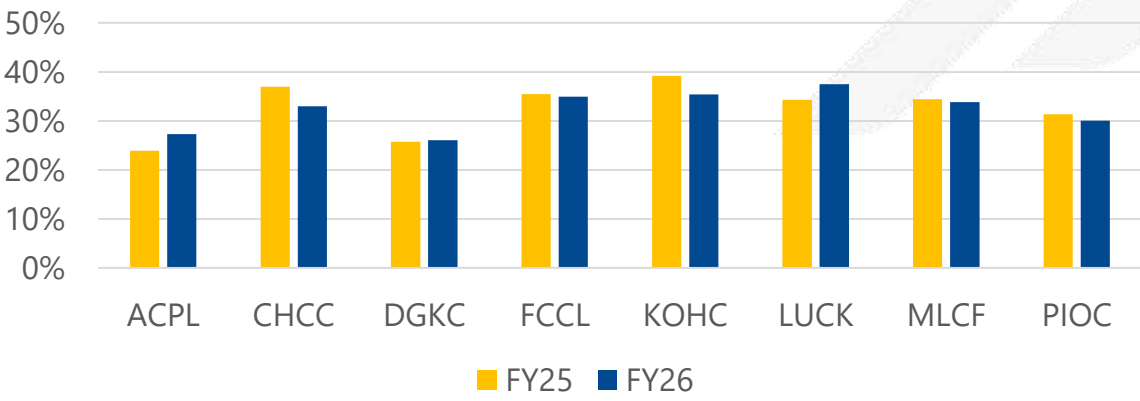
** Our sample size listed accounts for ~74% of the cement sector market capitalization.*

Cement sector: FY26 at a glance

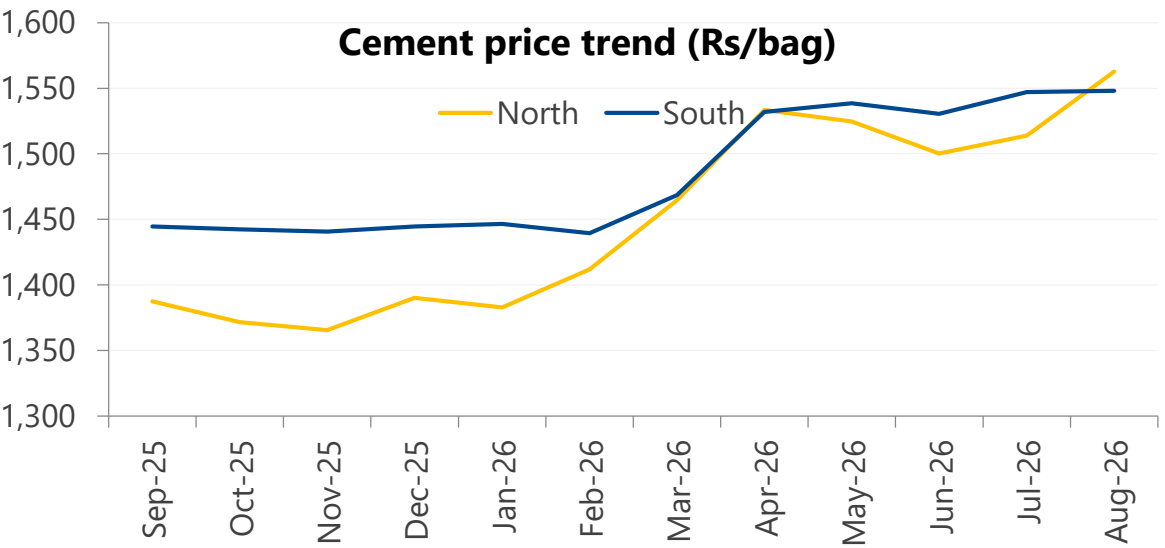
Total dispatches grow 7% YoY in FY26; Utilization rate remains low at 58%



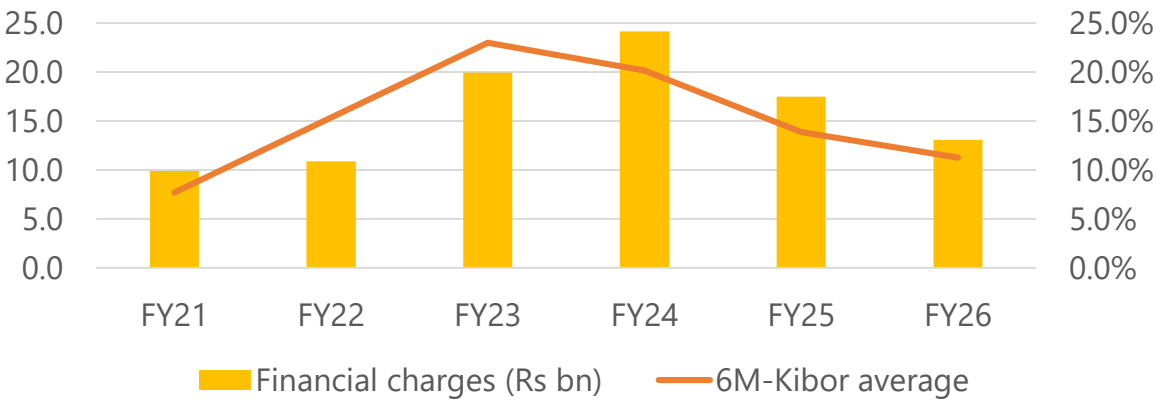
Gross margins show mixed trend; South up, North down



Cement price trend (Rs/bag)

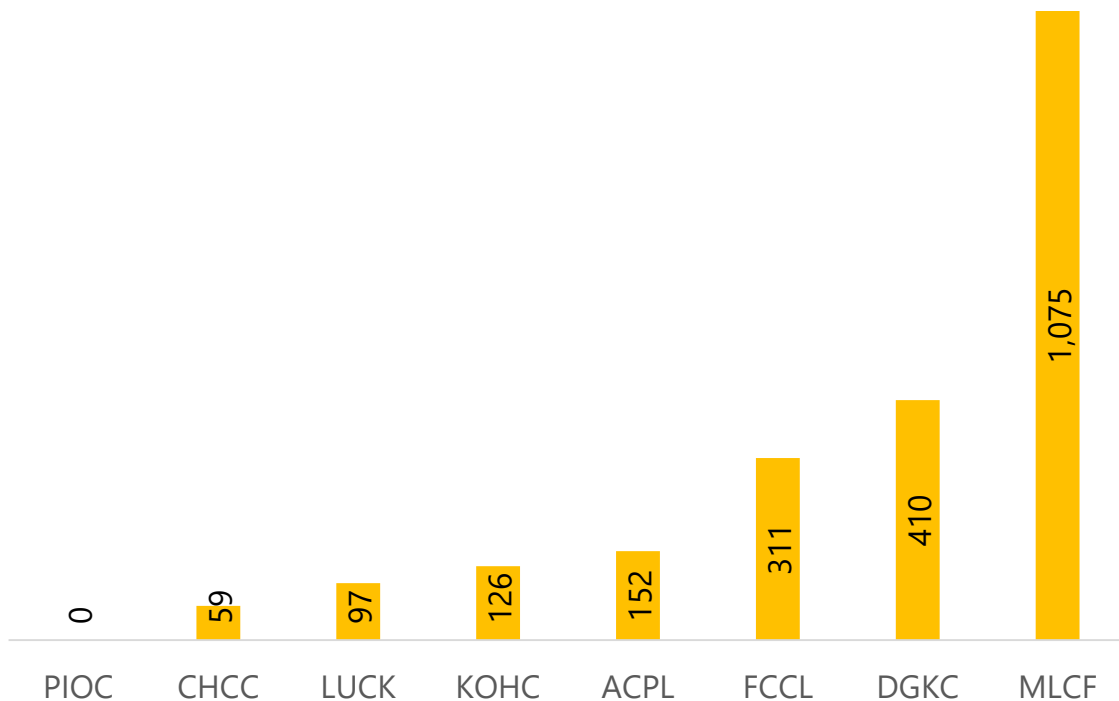


Financial charges fall on monetary easing and deleveraging

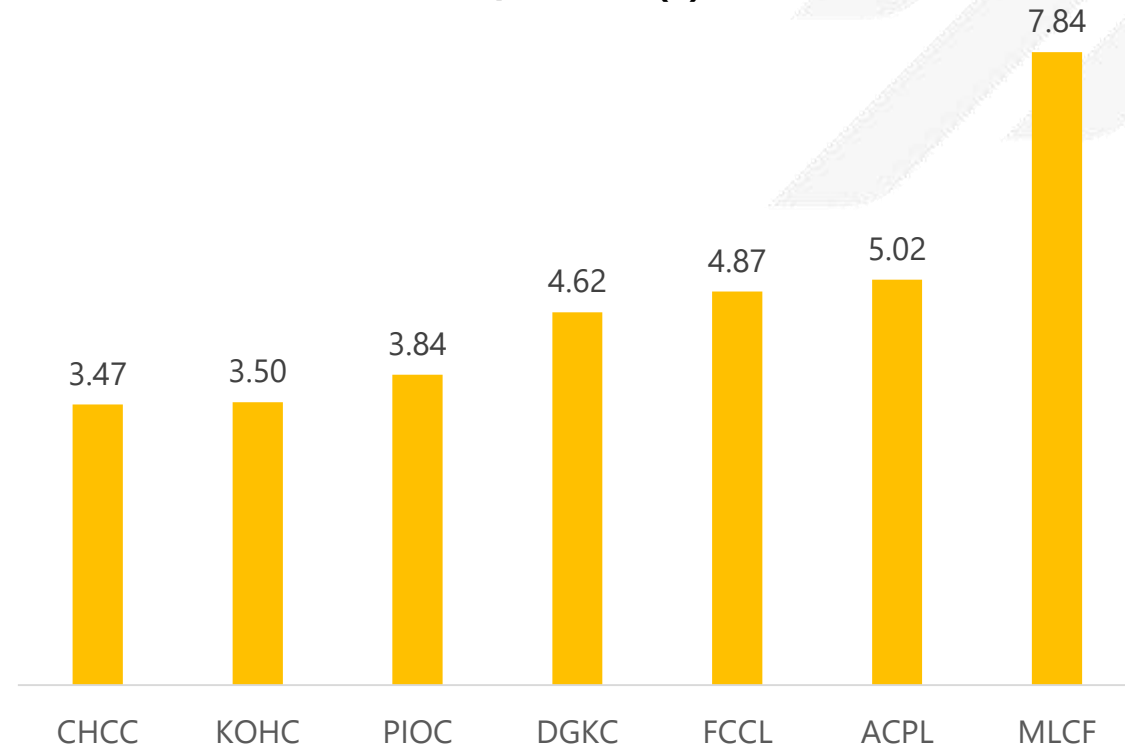


FY26: Debt per ton & EV/EBITDA

Debt per ton of cement sold (Rs) - FY26



EV/EBITDA (x)

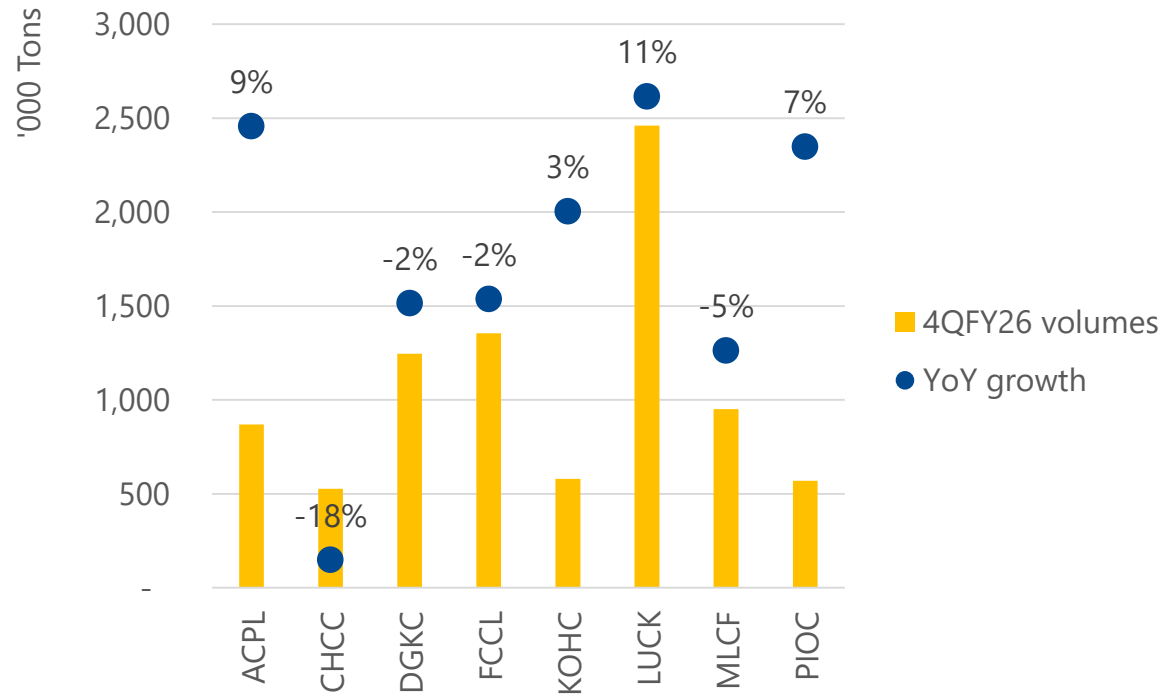


- MLCF recorded a sharp increase in debt per ton of cement sold to Rs1,075/bag, following its 77.38% acquisition of PIOC in Feb-2026, financed through a Rs75bn loan.
- Meanwhile, DGKC also recorded an increase in debt in 4QFY26, owing to its plans for a ~3.5MTPA brownfield expansion.

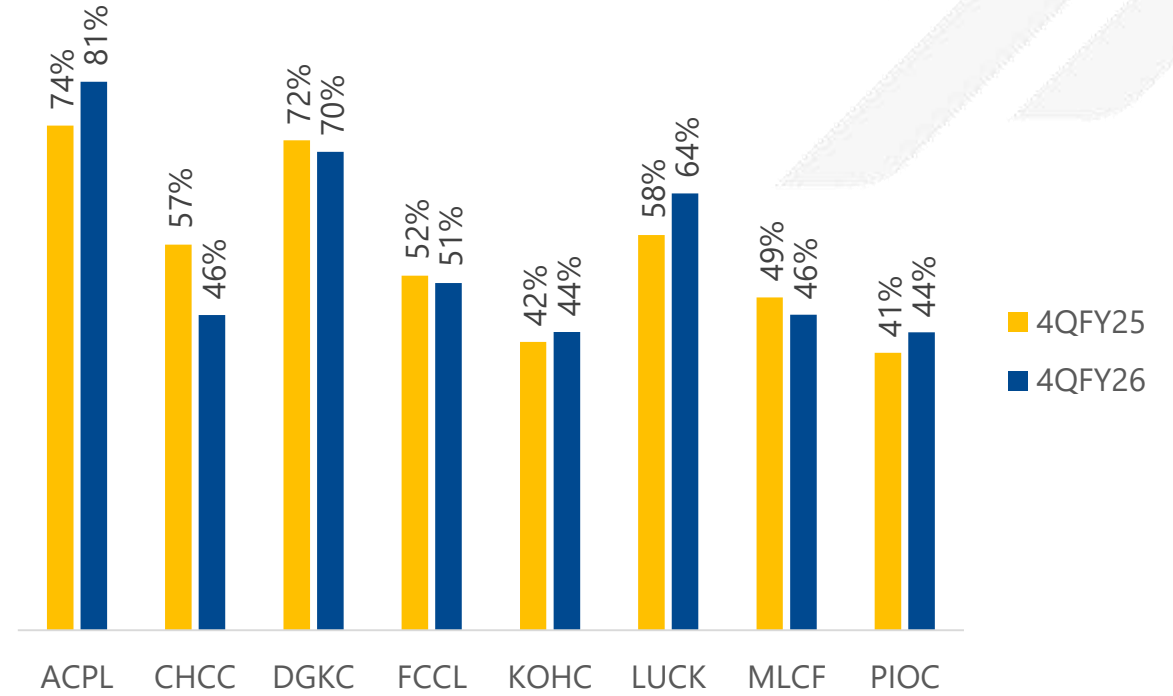
Sector profitability during 4QFY26

Topline rose 11% YoY during 4QFY26

4QFY26: Sales volume and YoY growth

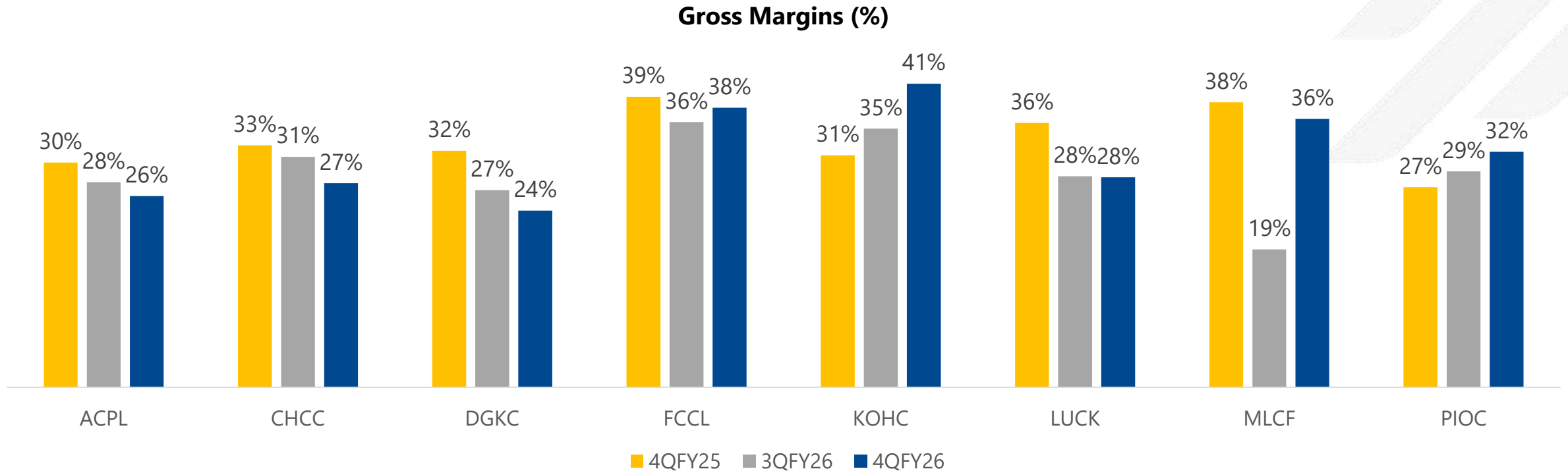


Capacity utilization



- Net sales rose 11% YoY in 4QFY26, driven by a 7% YoY increase in total dispatches, primarily reflecting a 10.2% YoY surge in domestic volumes, while export dispatches declined 20.4% YoY in 4QFY26.
- Capacity utilization, however, still remained on the lower side in the outgoing quarter, clocking in at 57% for our sample companies.

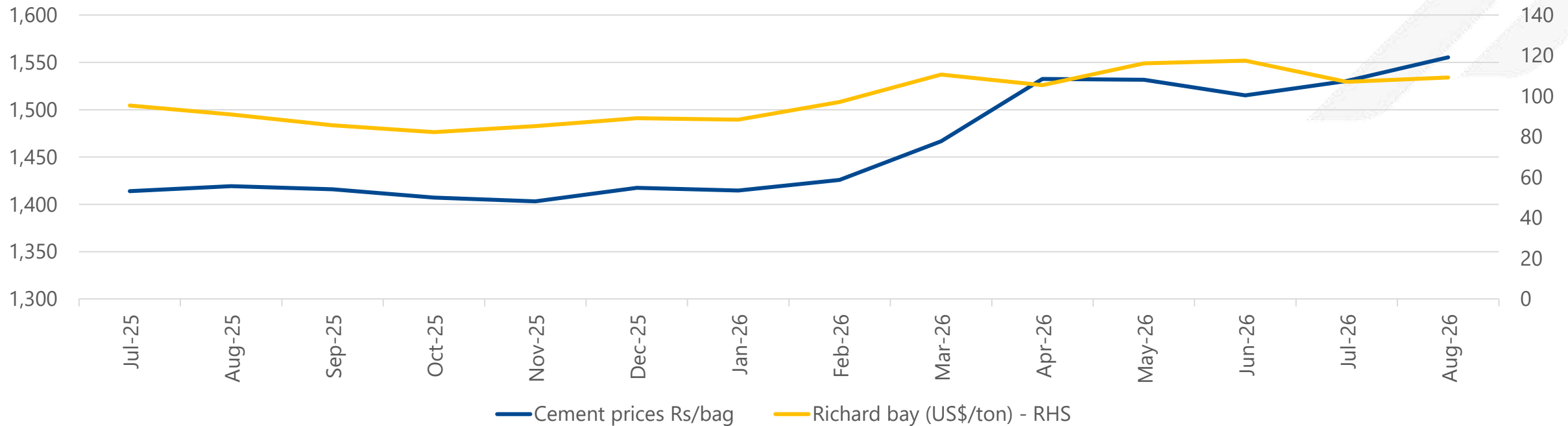
Margins drop YoY on high coal prices; rise QoQ on improved MRPs



- Gross margins declined by 2.6ppts YoY in 4QFY26, mainly due to higher coal prices, which rose 26.4% YoY amid the Middle East conflict. Meanwhile, local coal also remained above Rs40k/ton during the quarter, compared to ~Rs35k/ton in 4QFY25.
- Sequentially, margins witnessed a modest improvement of 2.6ppts, largely led by an around Rs90/bag QoQ increase in MRP.

Cement prices rise amid higher coal costs

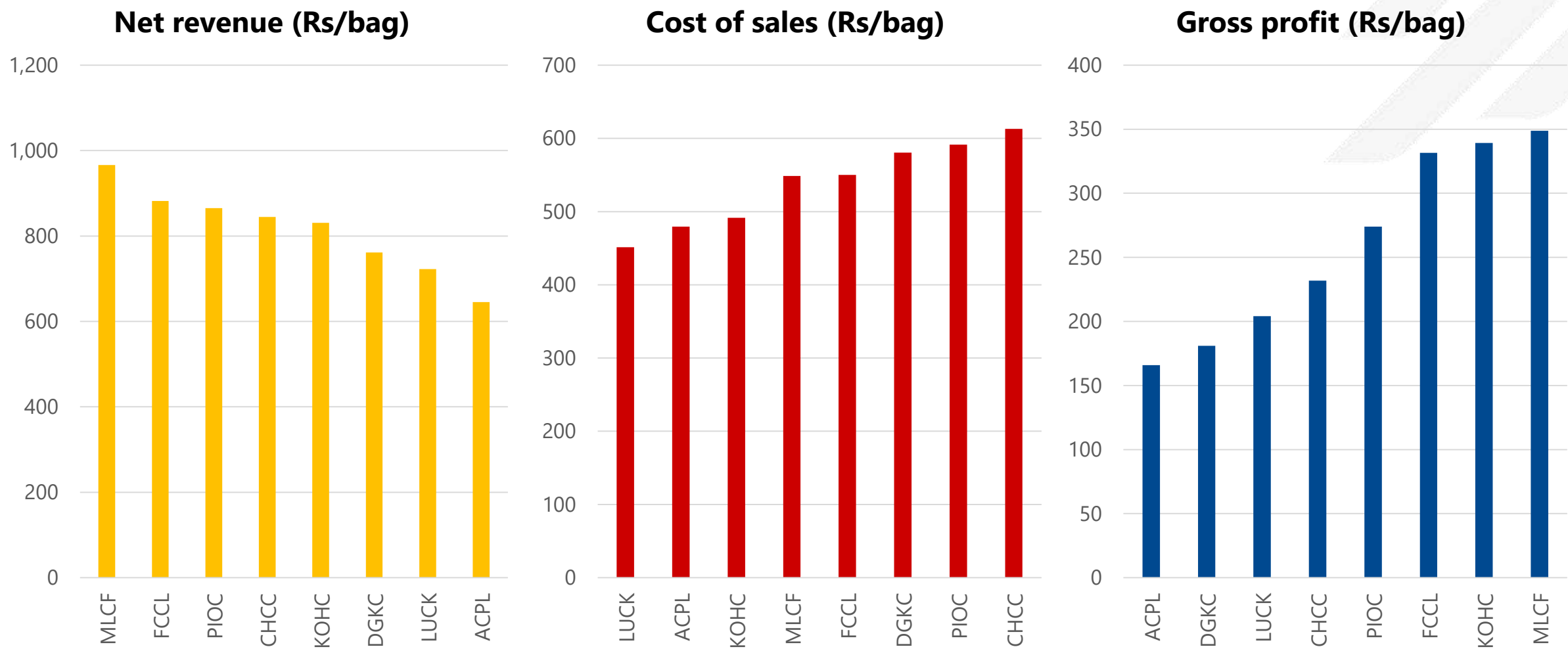
International coal prices vs Cement Prices



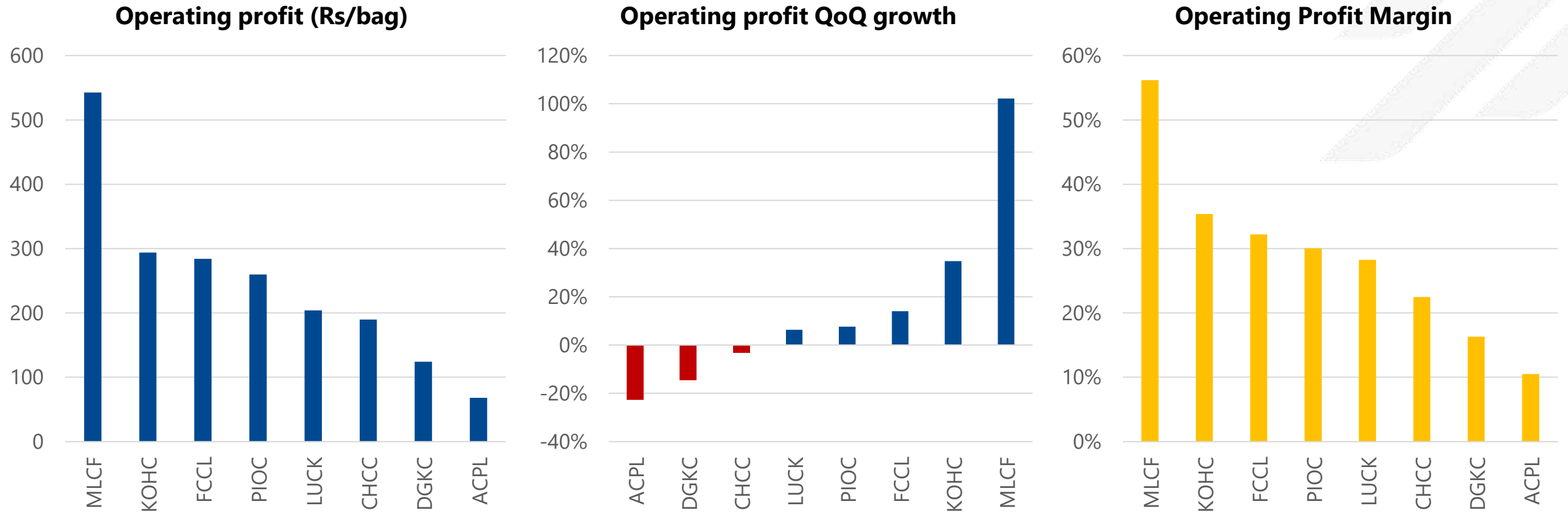
Source: Bloomberg, PBS, JS Research

- Cement prices in the North saw a sharp Rs100/bag (+7%) QoQ increase in 4QFY26, to an average of Rs1,520/bag, while prices in the South increased by ~Rs80/bag QoQ (+5.7%) to Rs1,535/bag.
- Richards Bay coal prices averaged US\$113/ton in 4QFY26, up 26.4% YoY. However, cement players partially mitigated the impact through greater use of lower-cost RB-3 coal by South players and local coal/alternative fuels by North players.

Gross level profitability position during 4QFY26



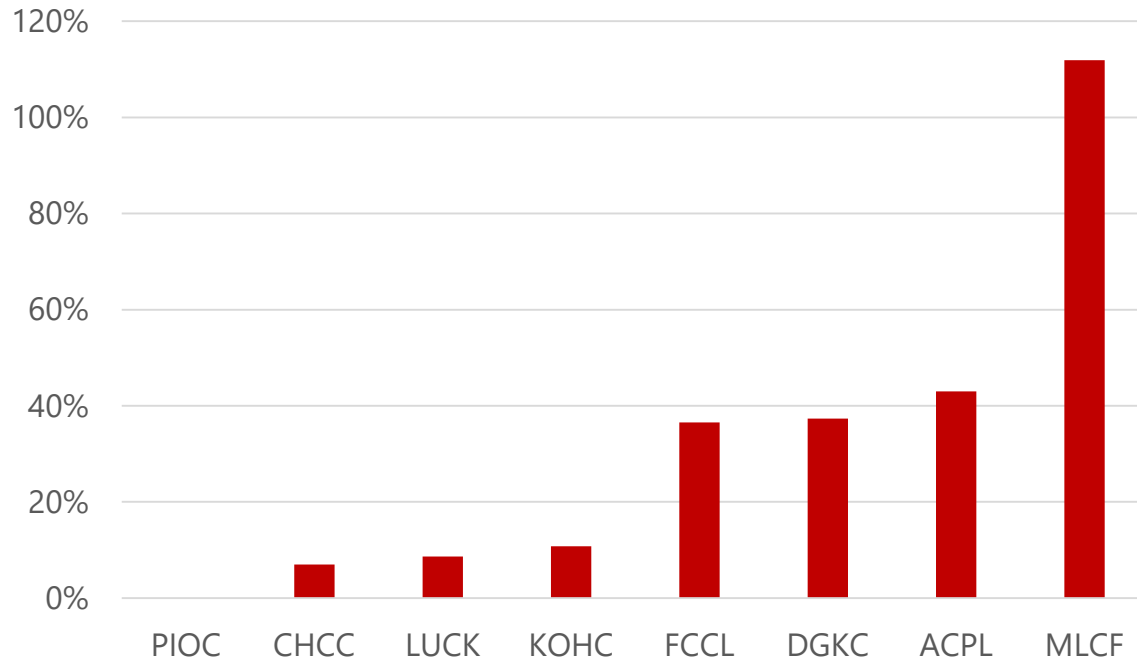
QoQ growth in operating profits in 4QFY26



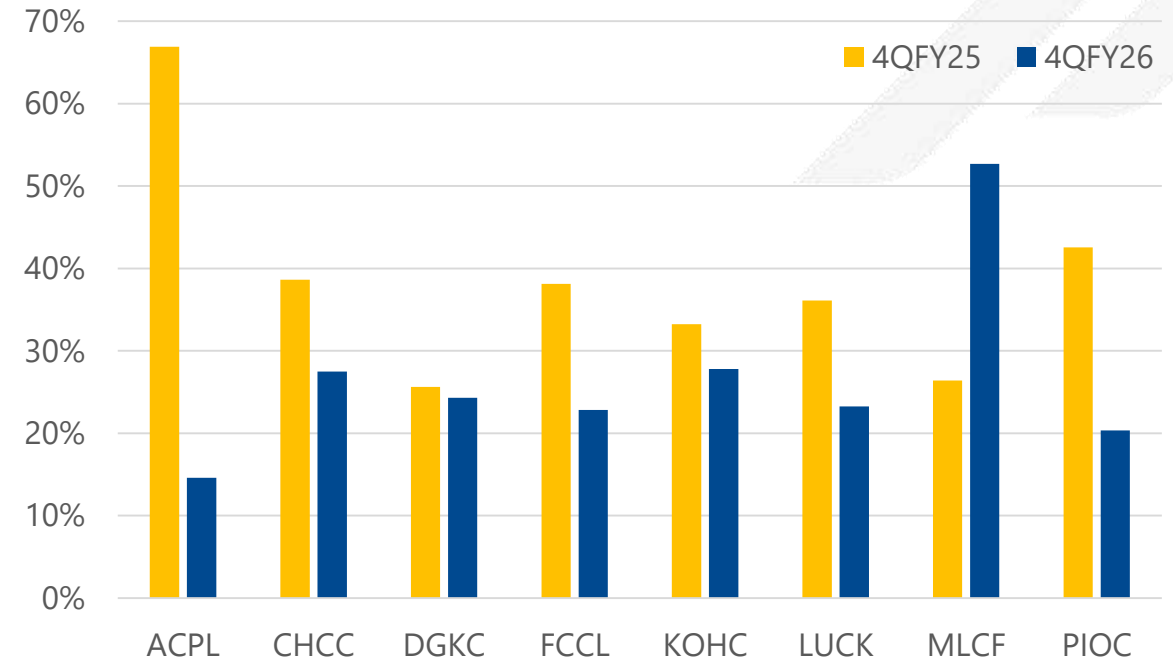
- Operating profitability growth was mixed across companies, with MLCF and KOHC standing out.
- MLCF's 2x YoY growth was largely driven by a ~Rs1.5bn reversal of limestone royalty following a change in the royalty accounting mechanism. Meanwhile, KOHC's 35% QoQ growth in operating profit was largely driven by strong gross margins of 41%, supported by low-cost coal inventory and a sharp QoQ increase in other income.
- ACPL & DGKC on the other hand reported drop in margins owing to higher int'l coal prices during the qtr (+14% QoQ).

Tax reversals cushion earnings

Debt-to equity ratio



Effective tax rate

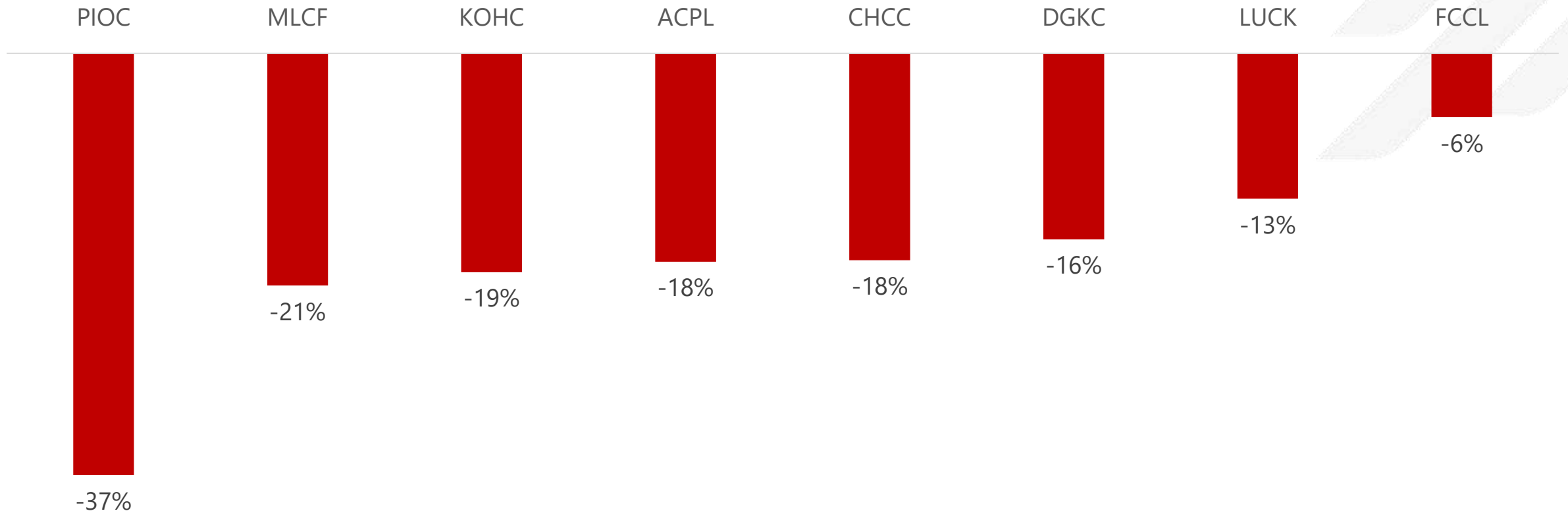


- MLCF debt to equity jumped to 112% during 4QFY26, owing to the Rs75bn acquisition loan for PIOC.
- Furthermore, a notable reduction in effective tax rate to 27.3% in 4QFY26 from 34.8% in 4QFY25, driven by tax reversals following the 2% reduction in Super Tax, further supported the bottom line of cement companies for the quarter.

JS Cement Universe: Comparative Valuations

Companies		Trailing P/E	Trailing D/Y	ROE	ROA	P/S
Kohat Cement	KOHC	7.84	0%	20%	15%	2.18
Lucky Cement	LUCK	6.81	1%	23%	12%	1.17
Maple Leaf Cement	MLCF	8.22	0%	15%	7%	1.15
D.G Khan Cement	DGKC	7.37	1%	11%	7%	1.06
Fauji Cement	FCCL	8.00	3%	18%	10%	1.38
Cherat Cement	CHCC	7.30	2%	20%	14%	1.45
Pioneer Cement	PIOC	8.37	0%	14%	8%	1.43
Attock Cement	ACPL	9.25	0%	14%	7%	0.71
Cement Sector Avg		7.29	1.10%	18.97%	10.16%	1.22

Cement sector underperformed KSE-100 index during CY26TD



- The cement sector underperformed the KSE-100 by 13% CY26TD, amid geopolitical tensions and a 1% increase in the policy rate. PIOC was the sector's biggest underperformer, declining from its elevated post-acquisition levels.

P/L snapshots

4QFY26: JS Cement Universe result snapshot

(Rs mn)	LUCK*	MLCF*	LUCK	FCCL	KOHC	DGKC	MLCF	PIOC	CHCC	ACPL
Net Sales	139,033	28,182	35,560	23,907	9,630	18,976	18,381	9,859	8,893	11,213
<i>Sales YoY growth</i>	<i>19%</i>	<i>63%</i>	<i>19%</i>	<i>10%</i>	<i>10%</i>	<i>13%</i>	<i>5%</i>	<i>14%</i>	<i>-9%</i>	<i>16%</i>
Cost of Sales	101,394	15,862	22,204	14,916	5,697	14,467	10,438	6,737	6,452	8,330
Gross Profit	37,639	12,320	13,356	8,990	3,933	4,509	7,944	3,121	2,440	2,882
Selling & distribution expenses	4,632	664	2,615	834	75	965	616	33	252	1,403
Administrative expenses	1,464	1,331	702	457	450	447	692	127	191	301
EBIT	31,543	10,325	10,039	7,700	3,407	3,096	6,636	2,961	1,998	1,179
Financial charges	4,702	2,225	213	931	36	294	2,182	75	63	275
Other income	2,398	591	3,072	492	1,373	1,355	499	77	507	287
Other charges	-	287	-	490	193	103	-41	204	47	72
Share of profit (loss) from assoc.	3,480	(394)	-	237	-	-	-	-	-	-
Profit Before Tax	32,718	8,009	12,898	6,771	4,553	4,055	4,995	2,759	2,395	1,118
Taxation	4,366	3,240	3,001	1,601	1,265	985	2,632	561	658	163
Profit After Tax	27,985	4,769	9,897	5,407	3,287	3,070	2,362	2,198	1,737	956
PAT attributable to owners	25,356	4,267	-	-	-	-	-	-	-	-
<i>PAT YoY growth</i>	<i>29%</i>	<i>31%</i>	<i>72%</i>	<i>38%</i>	<i>40%</i>	<i>-3%</i>	<i>-52%</i>	<i>95%</i>	<i>-6%</i>	<i>2.2x</i>
EPS (Rs)	17.31	4.07	6.76	2.11	3.58	7.01	2.25	9.68	8.94	6.95
DPS (Rs)	5.00	-	5.00	1.50	-	1.00	-	-	4.00	-
Gross Margins	27%	44%	38%	38%	41%	24%	43%	32%	27%	26%
EBIT Margins	23%	37%	28%	32%	35%	16%	36%	30%	22%	11%
Net Margins	18%	17%	28%	22%	34%	16%	13%	22%	20%	9%
Effective tax rate	13%	40%	23%	24%	28%	24%	53%	20%	27%	15%

Source: Company accounts, JS Research * Consolidated | Sorted as per after tax profits in descending order

FY26: JS Cement Universe result snapshot

(Rs mn)	LUCK*	MLCF*	LUCK	FCCL	DGKC	KOHC	MLCF	CHCC	PIOC	ACPL
Net Sales	516,359	85,146	136,527	93,690	79,563	38,531	70,732	36,483	38,579	44,325
<i>Sales YoY growth</i>	<i>15%</i>	<i>24%</i>	<i>10%</i>	<i>5%</i>	<i>11%</i>	<i>3%</i>	<i>3%</i>	<i>-4%</i>	<i>16%</i>	<i>33%</i>
Cost of Sales	385,054	53,539	85,356	60,969	58,830	24,883	46,789	24,440	26,998	32,232
Gross Profit	131,305	31,607	51,171	32,721	20,733	13,648	23,942	12,043	11,581	12,093
Selling & distribution expenses	16,941	2,983	8,988	3,239	4,173	250	2,915	911	156	5,081
Administrative expenses	8,584	4,031	2,593	1,918	1,647	1,072	3,052	689	489	1,121
EBIT	105,780	24,594	39,589	27,565	14,913	12,325	17,975	10,443	10,936	5,891
Financial charges	18,943	4,594	989	4,167	1,276	153	4,490	342	633	1,015
Other income	12,966	1,888	22,298	2,597	4,663	4,648	2,103	1,767	480	768
Other charges	-	1,271	-	1,710	983	851	732	569	592	366
Share of profit from JV & assoc.	16,753	(517)	-	237	-	-	-	-	-	-
Profit Before Tax	116,557	20,099	60,898	24,523	17,317	15,969	14,856	11,300	10,192	5,277
Taxation	19,734	7,534	14,269	8,340	5,892	5,271	6,411	4,045	3,597	1,861
Profit After Tax	96,456	12,565	46,629	16,183	11,425	10,697	8,445	7,255	6,594	3,416
PAT attributable to owners	89,042	11,884	-	-	-	-	-	-	-	-
<i>PAT YoY growth</i>	<i>16%</i>	<i>9%</i>	<i>41%</i>	<i>21%</i>	<i>32%</i>	<i>-8%</i>	<i>-50%</i>	<i>-16%</i>	<i>35%</i>	<i>97%</i>
EPS (Rs)	60.78	11.34	31.83	6.60	26.08	11.64	8.06	37.34	29.03	24.86
DPS (Rs)	5.00	-	5.00	1.50	1.00	-	-	5.50	-	0.50
Gross Margins	25%	37%	37%	35%	26%	35%	34%	33%	30%	27%
EBIT Margins	20%	29%	29%	29%	19%	32%	25%	29%	28%	13%
Net Margins	17%	15%	34%	17%	14%	28%	12%	20%	17%	8%
Effective tax rate	17%	37%	23%	34%	34%	33%	43%	36%	35%	35%

Source: Company accounts, JS Research * Consolidated | Sorted as per after tax profits in descending order

Disclaimer

JS Global hereby discloses that all its Research Analysts meet with the qualification criteria as given in the Research Analysts Regulations 2015 ("Regulations"). Each Analyst reports to the Head of Research and the Head of Research reports directly to the CEO of JS Global only. No person engaged in any non-research department has any influence over the research reports issued by JS Global and/or no person engaged in any non-research department (other than the CEO) has any influence on the performance of the Research Analysts or on their remuneration/compensation matters.

The Research Analyst(s), author of this report hereby certify that all of the views expressed in this research report accurately reflect their personal, unbiased and independent views about any and all of the subject issuer(s) or securities, and such views are based on analysis of various information compiled from multiple sources, including (but not limited to) annual reports, newspapers, public disclosures, financial models etc. The given sources appear to be and consequently are deemed to be reliable for forming an opinion and preparation of this report. Such information may not have been independently verified or checked by JS Global or the Research Analyst, and therefore, all such information as given in this report may or may not prove to be correct. It is hereby certified that no part of the compensation of JS Global or the Research Analyst was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Rating System

JS Global Capital Limited uses a 3-tier rating system i.e. Buy, Hold and Sell, based on the level of expected return. Time horizon is usually the annual financial reporting period of the company.

- 'Buy': Stock will outperform the average total return of stocks in our universe
- 'Hold': Stock will perform in line with the average total return of stocks in our universe
- 'Sell': Stock will underperform the average total return of stocks in our universe

Target price risk

Company may not achieve its target price for various reasons including company specific risks, competition risks, sector related risks, change in laws, rules and regulations pertaining to the business of the Company as well as a change in any governmental policy. The results of operations may also be materially affected by global and country-specific economic conditions, including but not limited to commodity prices, prices of similar products internationally and locally, changes in the overall market dynamics, liquidity and financial position of the Company and change in macro-economic indicators. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company may enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

Research Dissemination Policy

JS Global Capital Limited endeavours to make all reasonable efforts to disseminate research to all clients (without any preference, prejudice or biasness) in a timely manner through either physical or electronic distribution such as mail, fax and/or email.

Disclosure Pertaining To Shareholding/Conflict of Interest

The Research Analyst has not directly or indirectly received any compensation from the Subject Company for preparation of this report or for the views expressed herein, and the Subject Company is not associated with the Research Analyst in any way whatsoever.

No other material information (other than the one specifically disclosed in this report) exists (for JS Global as well as the Research Analyst) which could be a cause of conflict of interest in issuing this report.

Disclaimer of Liability

No guaranty, representation or warranty, expressed or implied, is made as to the accuracy, completeness, reasonableness, correctness, usability, suitability or purposefulness of the information contained in this report or of the sources used to compile the information contained in this report.

All information as given in this report may or may not prove to be correct, and is subject to change without notice due to market forces and/or other factors not in the knowledge of or beyond the control of JS Global or the Research Analyst(s), and neither JS Global nor any of its analysts, traders, employees, executives, directors, sponsors, officers or advisors accept any responsibility for updating this report and therefore, it should not be assumed that the information contained herein is necessarily complete, accurate, reliable or up-to-date at any given time.

The client is solely responsible for making his/her own independent investigation, appraisal, usability, suitability or purposefulness of the information contained in this report. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors who should seek further professional advice or rely upon their own judgment and acumen before making any investment. This report should also not be considered as a reflection on the concerned company's management and its performances or ability, or appreciation or criticism, as to the affairs or operations of such company or institution

Consequently, JS Global and its officers, directors, sponsors, employees, executives, consultants, advisors and analysts accept no responsibility or liability towards the Client, and assume no obligation to do (or not to do) anything with respect to the information contained in this report. Research Analyst(s) and JS Global shall also not be liable in any way and under any circumstances whatsoever for any loss, penalty, expense, charge or claim that may be suffered/incurred by the client as a result of receiving, using, or having complied and distributing this report.

Warning: This report may not be reproduced, distributed or published by any person for any purpose whatsoever. Action will be taken for unauthorized reproduction, distribution or publication.