

IMS Research Cement Sector Chartbook

Pakistan Cement Sector

FY26 in review — volumes recover, margins hold

Domestic demand leads a 7% volume year · we stay Overweight

Sector scorecard: FY26 in six numbers



+21%
Profitability

FY26 sector profit growth
on +10% revenue



+7.2%
Dispatches

FY26 dispatch growth
domestic offtake +9.6%



c.58.3%
Utilization

Sector utilization
ample idle capacity



+21%
Quarter Earnings

4QFY26 earnings, YoY
+11% QoQ



+28.4%
Quarter ETR

4QFY26 effective tax
from 34.8% a year ago

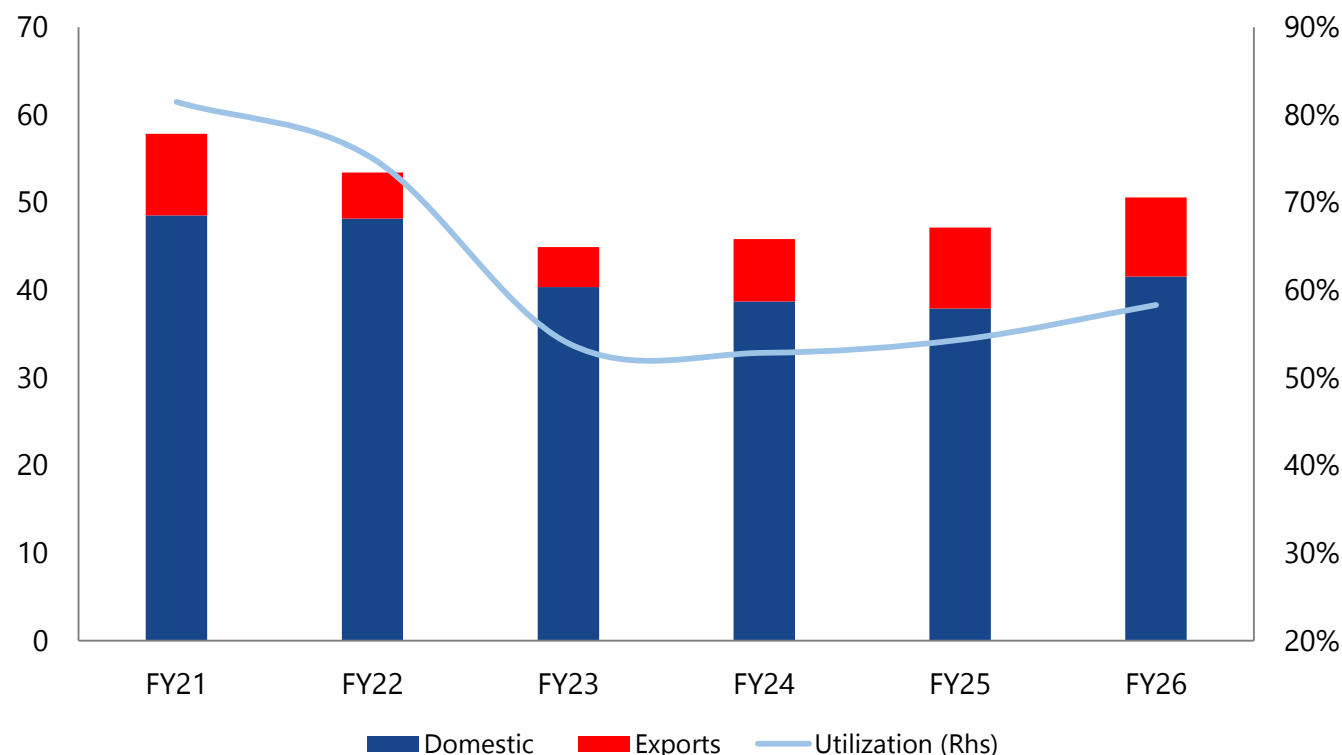


-5.6%
MoM

Recent price move (MoM)
valuations more attractive

Domestic demand carried the load

Sector dispatches (MT) & utilization, FY21–FY26



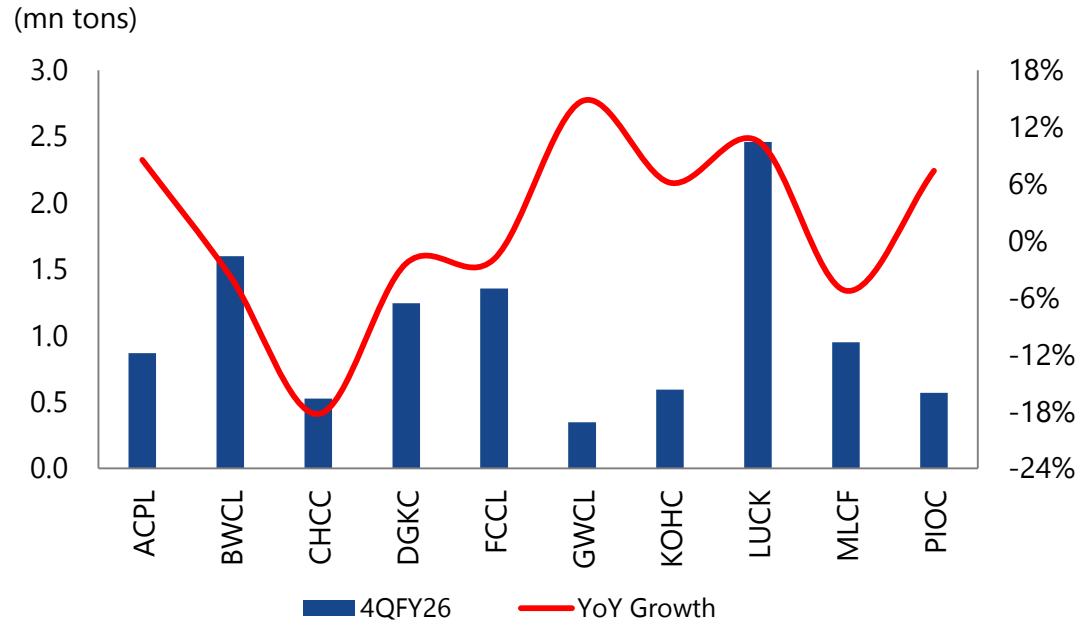
Source: APCMA, IMS Research

What it means

- FY26 dispatches rose 7.3%, with domestic offtake up 9.6% — pent-up demand releasing after four consecutive years of decline, aided by a macro recovery.
- Exports stayed weak amid the year-long closure of the Afghan border, but domestic demand more than picked up the slack.
- Utilization held at c.58%, leaving plenty of headroom before new capacity is needed.
- We forecast domestic dispatches to increase 8% in FY27.

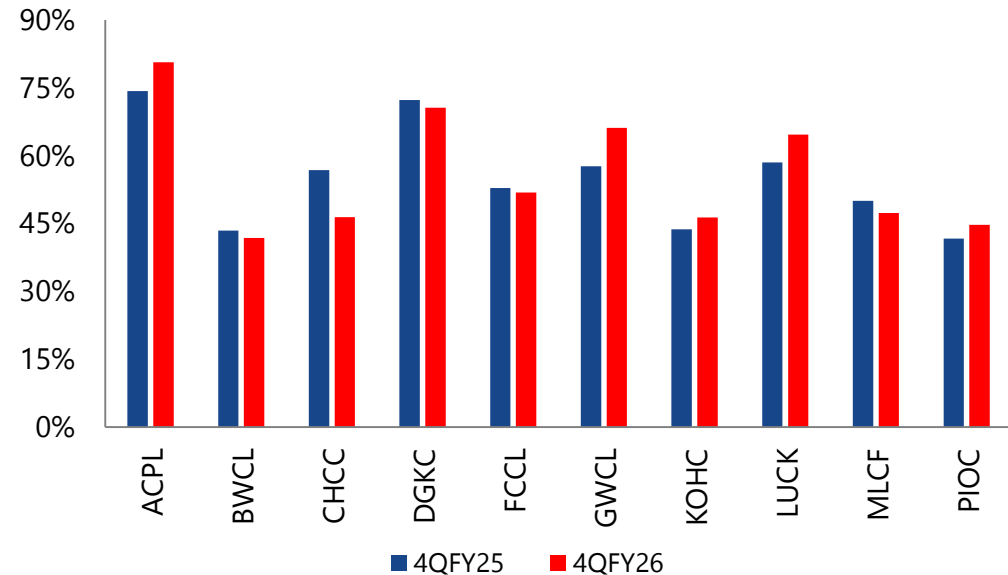
Domestic demand carried the load

4QFY26 volumes (mn tons) & YoY growth



Source: PBS, IMS Research

Capacity utilization: 4QFY26 vs 4QFY25

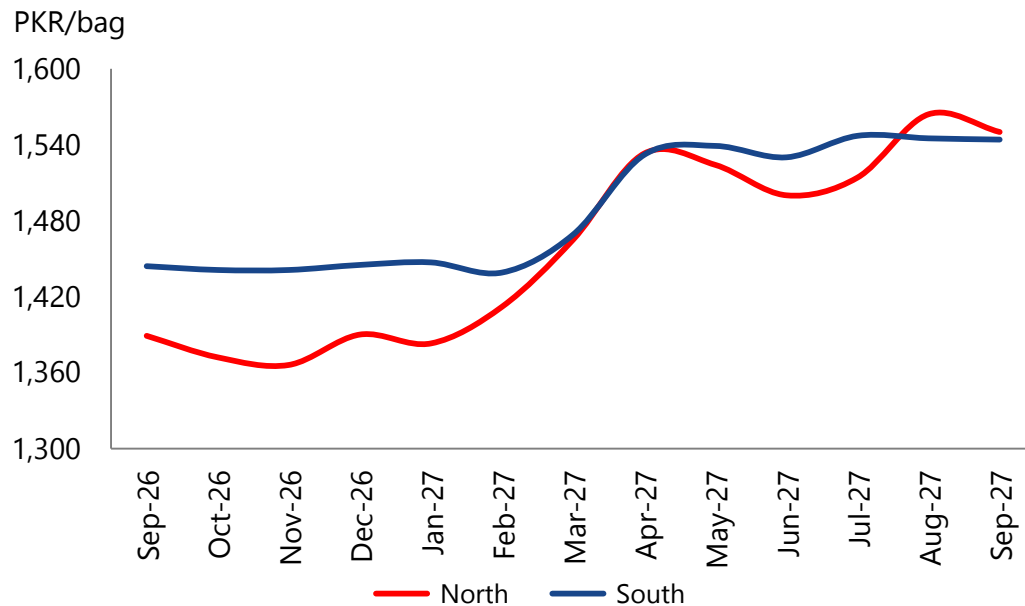


Source: APCMA, IMS Research

- LUCK led sector dispatches for the quarter on its export-market access, followed by BWCL and FCCL.
- On utilization, ACPL extended its gains, while CHCC saw a notable decline as the Afghan border closure cut off exports.

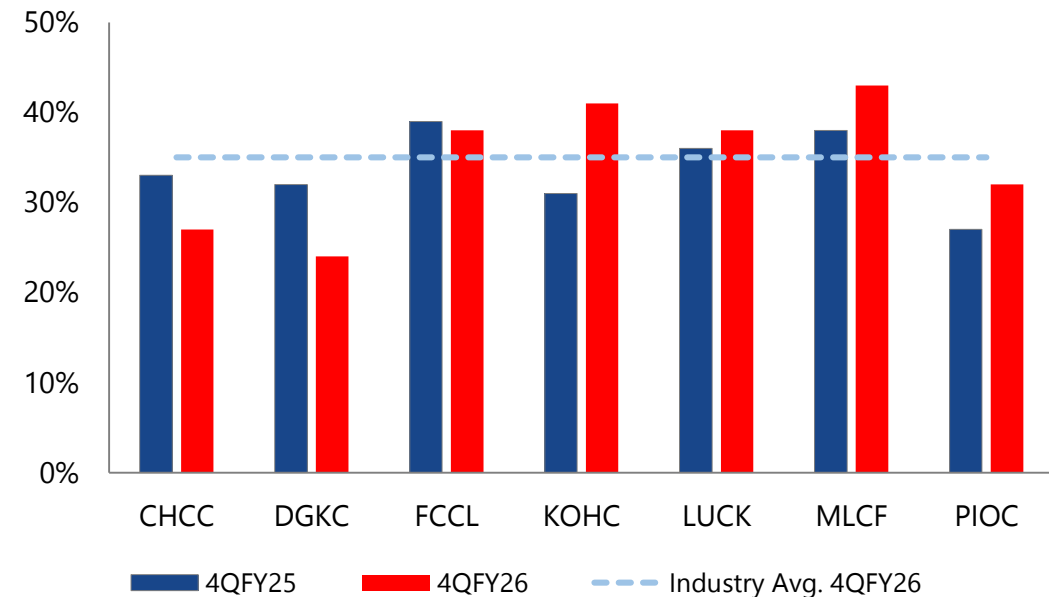
Price hikes did the repair work

Bag price trend (PKR), North vs South



Source: Company Accounts, IMS Research

Gross margins (%): 4QFY25 & 4QFY26

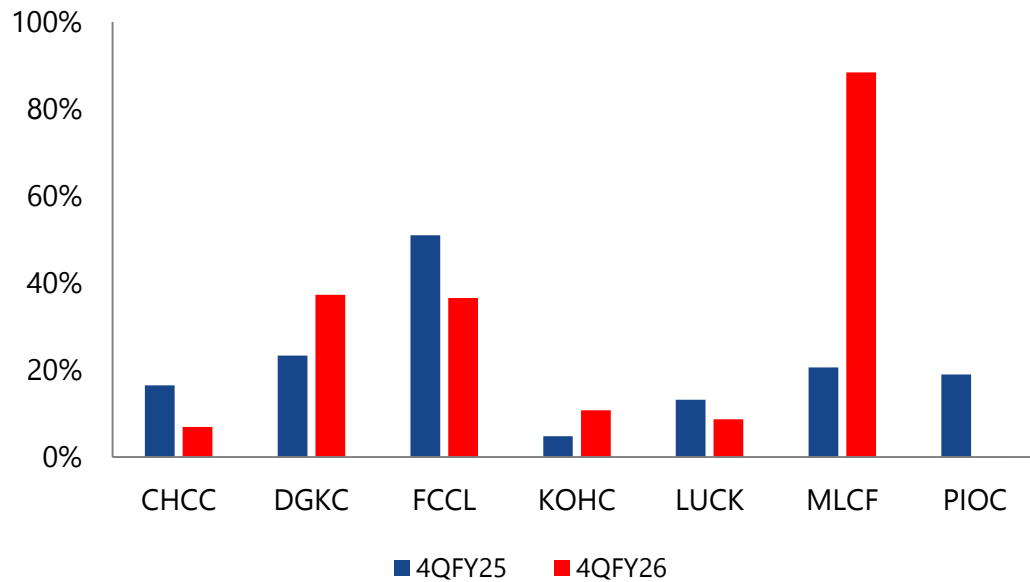


Source: Company Accounts, IMS Research

- Cement bag prices rose c.PKR48/bag QoQ, lifting gross margins — producers are passing rising input costs through to price.
- MLCF's margin was flattered by a one-off royalty reversal, pushing it to the top of the pack, while DGKC and CHCC margins slipped on higher coal inventory (carried-over) cost.

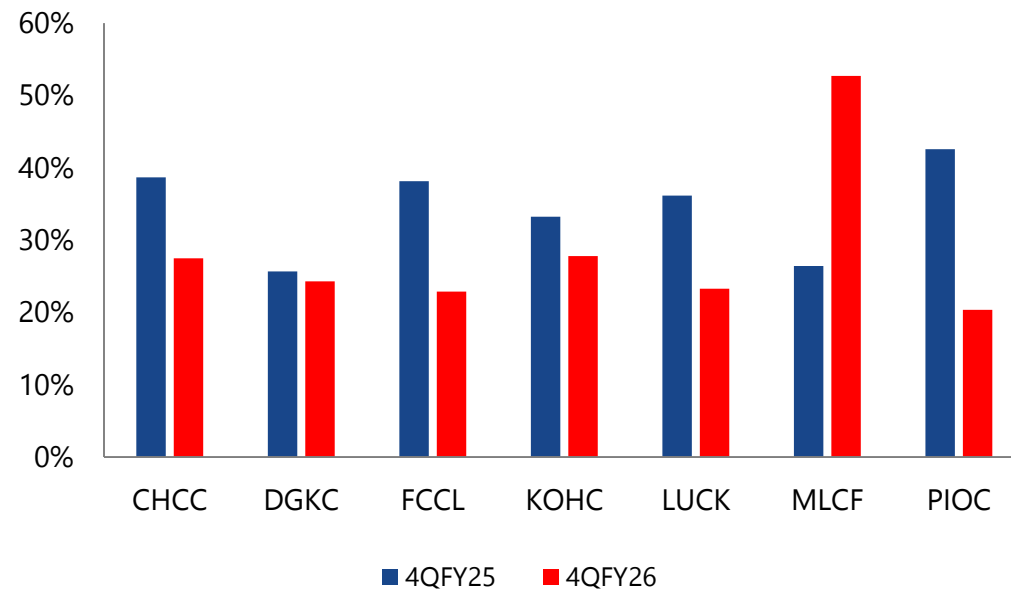
Acquisition leverage, supertax relief

Debt to Equity : 4QFY25 vs 4QFY26



Source: Company Accounts, IMS Research

Effective tax rate: 4QFY25 vs 4QFY26



Source: Company Accounts, IMS Research

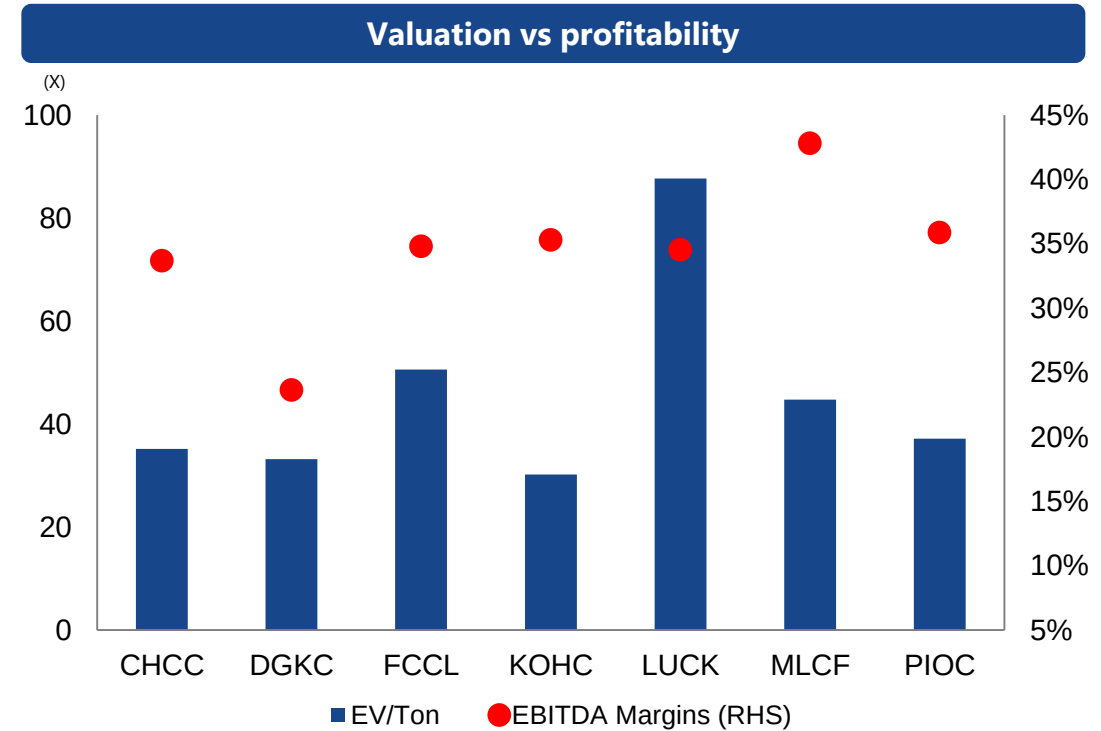
- MLCF's debt-to-equity jumped sharply after funding its 77.38% acquisition of PIOC with a PKR75bn loan, while PIOC turned debt-free over the year.
- A 2% supertax cut in the federal budget let most players book a reversal, lowering their ETR. MLCF was the standout on the high side — its ETR was lifted by taxation on MLPL dividends plus prior-year adjustments, according to the company.

Cheap on earnings — read it with the balance sheet

Valuations based on FY26 financials

Company	P/E	EV/Ton	EV/EBITDA	D/Y	ROE	ROA
CHCC	7.5	35.2	3.4	2%	20%	14%
DGKC	7.4	33.2	3.4	1%	11%	7%
FCCL	8	50.6	4.6	3%	18%	10%
KOHC	7.7	30.2	3.1	0%	20%	15%
LUCK	6.8	87.7	7.8	1%	21%	12%
MLCF	8.2	44.8	5.3	0%	14%	7%
PIOC	8.4	37.2	3.8	0%	14%	8%

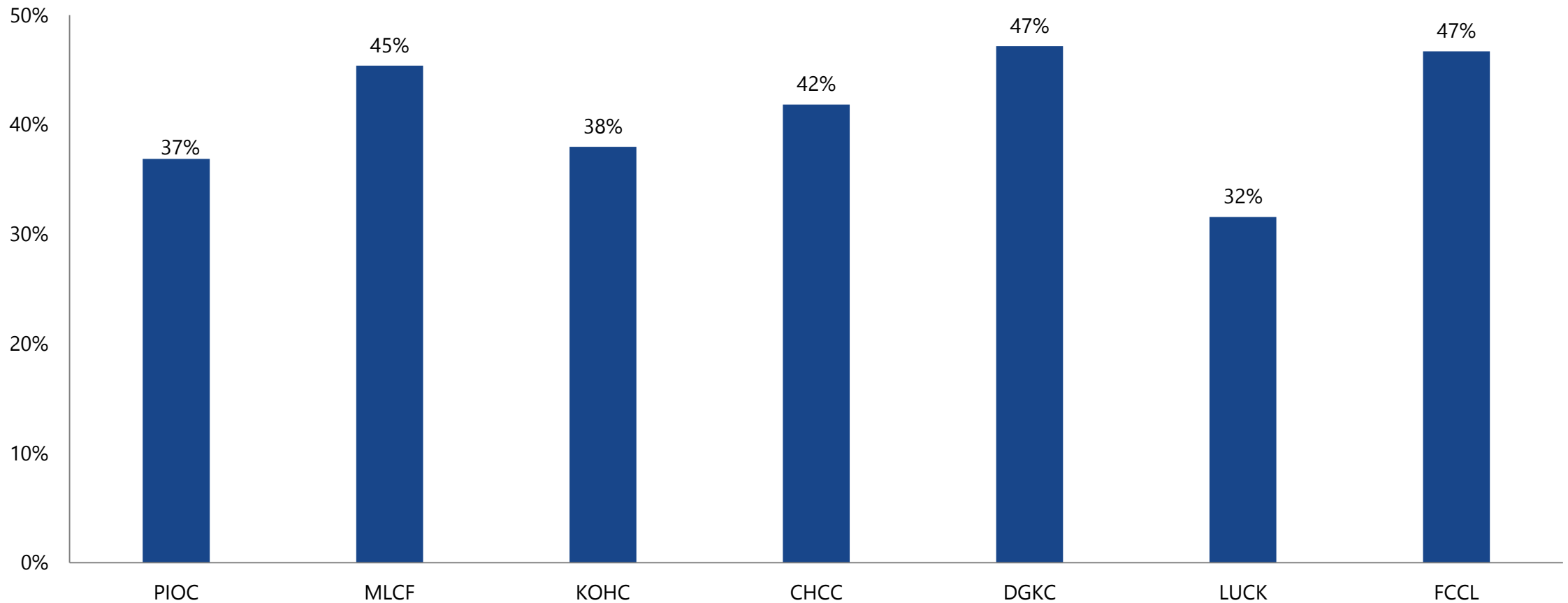
Source: Company Accounts, IMS Research



Source: Company Accounts, IMS Research

The sector recovered during the quarter

Price performance 4QFY26 (QoQ)



Coverage financials — FY26 summary

4QFY26 Result										
(PKRmn)	Sector*	YoY	QoQ	MLCF**	PIOC	DGKC**	KOHC	CHCC	FCCL	LUCK**
Net sales	125,206	11%	5%	18,381	9,859	18,976	9,630	8,893	23,907	35,560
Cost of sales	(80,910)	10%	1%	(10,438)	(6,737)	(14,467)	(5,697)	(6,452)	(14,916)	(22,203)
Gross Profit	44,296	12%	14%	7,943	3,122	4,509	3,933	2,441	8,991	13,357
Distribution expenses	(5,390)	9%	2%	(616)	(33)	(965)	(75)	(252)	(834)	(2,615)
Administrative expenses	(3,065)	33%	(4%)	(692)	(127)	(447)	(449)	(191)	(457)	(702)
Other expenses	(3,128)	19%	32%	(82)	(211)	(189)	(222)	(47)	(490)	(1,887)
Operating Profit	32,713	11%	17%	6,553	2,751	2,908	3,187	1,951	7,210	8,153
Other Income	9,422	22%	(14%)	535	84	1,441	1,401	507	494	4,960
Finance cost	(3,471)	38%	30%	(2,094)	(75)	(294)	(36)	(63)	(696)	(213)
Profit Before Taxation	38,664	11%	7%	4,994	2,760	4,055	4,552	2,395	7,008	12,900
Taxation & Levy	(10,703)	(8%)	(2%)	(2,632)	(561)	(985)	(1,265)	(658)	(1,601)	(3,001)
Profit After Taxation	27,961	21%	11%	2,362	2,199	3,070	3,287	1,737	5,407	9,899
EPS (PKR)				2.26	9.68	7.01	3.58	8.94	2.20	6.76
DPS (PKR)				-	-	1.00	-	4.00	1.50	5.00
Gross Margins	35%			43%	32%	24%	41%	27%	38%	38%
Operating Margins	26%			36%	28%	15%	33%	22%	30%	23%
ETR	28%			53%	20%	24%	28%	27%	23%	23%
Net Margins	22%			13%	22%	16%	34%	20%	23%	28%

* Sector only includes the companies mentioned above

** Unconsolidated Accounts

Source: IMS Research, Company Announcement