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D.G Khan Cement Company Limited

Annual Report Key Takeaways

DGKC published its FY26 Annual Report today. Below are the key takeaways: **REP-300**

DGKC Business Performance Review

- Kiln operational days increased 1.5% to 771 days from 760 days in FY25. Clinker production utilization rose to 78% from 75%, supported by sustained greater than 100% capacity utilization at the Hub site.
- Sales utilization improved to 82% from 79%, outperforming the broader industry trend.
- Net turnover increased 10.7% to PKR 79.6 bn, driven by higher volumes, better sales mix, and stronger pricing.
- Domestic dispatches increased 4%, while average domestic selling prices rose 2%, mainly due to improved South Zone pricing. Export volumes increased 5%, while clinker export prices increased greater than 15%, particularly benefiting from South Zone realizations.
- Gross margin increased to 26.1% from 25.7%, reflecting better operational efficiency, cost discipline, and energy efficiency.
- Lower debt, reduced interest rates, and better fund management significantly reduced financing costs.
- The USD 101 million foreign-currency loan was drawn only in the final week of FY26, so it had little impact on FY26 finance costs.
- Profit after tax reached PKR 11.4 bn, with EPS of PKR 26.08.

Dividend & Appropriation

- Board recommended a PKR 1/share cash dividend. The recommendation was made on August 27, 2026, with approval expected at the AGM on October 27, 2026.

Forward-Looking Statement - Demand Outlook

- DGKC expects the FY26 recovery in local dispatches to continue with easier financing and a gradual recovery in construction are expected to sustain demand.
- Reconstruction activity is expected to support cement demand over the medium term. Regional trade-route disruptions make exports less dependable than domestic sales.
- DGKC can redirect volumes between domestic and export markets depending on which offers better realizations.
- Higher royalties and other input costs could pressure margins.

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Annual Report Key Takeaways

- High material and labor costs continue to constrain activity.
- DGKC's base case is for a measured recovery, sufficient to improve utilization and fixed-cost absorption.
- DGKC plans to capture additional demand using existing capacity rather than prematurely committing capital.
- The outlook assumes restrained government infrastructure spending.

Status of Projects

- The 11,000 TPD brownfield expansion at the DG Khan site remains on schedule and is expected to improve operating efficiency, strengthen the Company's long-term cost position, and enhance competitiveness.
- The project of 25 MW with 10 MWh BESS is expected to commence generation in Mar'27 and will replace part of the site's purchased and captive power requirements. The battery storage will extend solar utilization beyond daylight hours, helping reduce power cost per ton and lower carbon intensity.
- Both projects are focused on lowering unit costs, improving operational efficiency and strengthening DGKC's competitive position, while supporting sustainable long-term growth.

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