Flashnote: Cement – Maple Leaf Cement Factory Limited (MLCF) **Friday, October 09, 2026**

- During FY26, MLCF acquired 77.38% shares of PIOC – enabling the later Company to become a subsidiary. Further, the Board has directed its members for a proposed merger/amalgamation of the entire undertaking in PIOC with and into the Company; subjected to the shareholders approval and certain legal requirements.
- In addition, progress towards the development of Novacare Hospitals (Pvt.) Ltd has reached the final stages (first flagship hospital is under construction at DHA Phase 5, Islamabad with total project cost of ~USD 100Mn in which an equal amount of debt and equity will be used as a source of fund; foreign equity partner intends to acquire 20% stake in Novacare as per the current update) as civil work is likely to be completed during Mar'27-Jun'27 – MLCF owns 100% equity at present. Further, the initial phase of the project would add 250 hospital beds and expand to 450 beds in the coming years. Additionally, MLCF has acquired 100 kanal land in Lahore for the construction of 3 more hospitals.
- In the particular year, MLCF and FFC acquired majority stake in AGL i.e. ~34% and ~44%, respectively. MLCF along with Maple Leaf Capital (MLCL – an associated company) collectively holds ~40% shareholding in AGL.
- As per the management, MLCF is the leading White Cement producer with a market share of above 90% and is the only Company to significantly use alternative fuel in cement kiln i.e. FY26 fuel mix comprised of 40% local Darra coal (current price is PKR 60-63K per ton), 29% alternative fuel (currently at ~PKR 18K/ton), 18% pet coke (price surged 40%YoY – although MLCF has 4 months inventory to manage cost) and 13% imported coal. The management told that cost benefit on railway freight compared to transport freight has been reduced from USD 12/ton to USD 5/ton due to the ongoing US-Iran conflict.
- Furthermore, the Company optimized its power usage in FY26 where 26% was utilized from WHR, 62% from Coal Fired Power Plant (CFPP), 7% from Solar and 5% from National Grid – average power cost per KWh reduced to PKR 18.85/unit. Nevertheless, cement retention prices during FY26 were ~PKR 784/bag, down from ~PKR 808/bag in the SPLY.
- Lastly, the management anticipates ~7.5% growth in local industry sales in FY27 conditional on the normalization of Geo-political situation. Also, the management expects no capacity expansions (Industry wise - except DGKC) as for now.

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Important Disclosures

Flashnote: Cement – Maple Leaf Cement Factory Limited (MLCF)

Friday, October 09, 2026

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- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S, EV/EBITDA, EV/Revenue etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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Frequently Used Acronyms

TP	Target Price	**DCF**	Discounted Cash Flow	**FCF**	Free Cash Flows
FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm	**DDM**	Dividend Discount Model
SOTP	Sum of the Parts	**P/E**	Price to Earnings ratio	**P/BVPS**	Price to Book ratio
P/S	Price to Sales	**EVA**	Economic Valued Added	**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**DY**	Dividend Yield
ROE	Return on Equity	**ROA**	Return on Assets	**JPB**	Justified Price to Book

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