

Cement: Maple Leaf Cement Factory Limited

Corporate Briefing Takeaways

Today Maple Cement Factory Limited (MLCF) held a corporate briefing to discuss financial result of FY26 and future outlook. REP-300

- Management expects approximately 7-7.5% growth in cement demand in FY27, with potential upside from greater uptake of the Apna Ghar housing programme.
- Local grey cement dispatches increased 10.1% YoY to 3.96mn tons in FY26, compared with North industry growth of 10.9%. Selling prices improved to PKR 1,416/bag in 4QFY26 from PKR 1,345/bag in 3QFY26, while retention increased to PKR 16,726/ton from PKR 15,891/ton. Recent price increases primarily reflect the pass through of higher fuel and freight costs.
- Local Darra coal accounted for 40% of the FY26 fuel mix, followed by biomass at 29%, pet coke at 18%, imported coal at 10% and Afghan coal at 3%. Pet coke usage at Line III stood at approximately 80%, while thermal energy consumption was cited at 720 kcal/kg of clinker.
- Coal-fired captive generation supplies 62% of electricity requirements at current production levels, followed by WHR at 26%, solar at 7% and the national grid at 5%. Power infrastructure includes a 40MW coal-fired plant and 20.5MW solar capacity, with average variable power cost of PKR 18.85/kWh. WHR also incurs depreciation and maintenance expenses, which are excluded from the variable fuel-cost comparison.
- Management clarified that approximately PKR 1.5bn of royalty expense was reversed through raw-material costs in 4QFY26, following a change in the calculation basis from gross selling prices to prices excluding sales tax and FED. The adjustment aligns the company's treatment with industry practice, while the broader royalty litigation remains unresolved with no confirmed timeline for a verdict.
- MLCF holds 77.38% of Pioneer Cement, while Maple Leaf Capital holds a further 10.83%, taking combined ownership to 88.21%. Pioneer has annual cement capacity of 5.2mn tons and reported FY26 revenue of PKR 38.6bn and PAT of PKR 6.6bn. Combined MLCF and Pioneer turnover was indicated at approximately PKR 120–125bn, against current debt of around PKR 75bn, which the company believes could be repaid over three to four years.
- MLCF's variable production cost has historically been approximately PKR 700–800/ton below Pioneer's. Around 50–60% of the identified variable-cost initiatives have already been implemented at Pioneer, with the remaining measures targeted by January 2027. Pioneer's solar project is expected to become operational by December 2026, followed by alternative-fuel firing in January 2027.
- PIOC has shifted to grid electricity to benefit from incremental savings, as its coal-fired power technology is less efficient and higher fuel prices have increased generation costs. Further optimization will depend on the relative economics of captive and grid power.
- The two cement businesses will retain separate brands, distribution networks and supply chains, with regular benchmarking intended to improve pricing and procurement efficiency. Pioneer's retention currently exceeds MLCF's by approximately PKR 250/ton, reflecting its proximity to markets, while logistics improvements are expected to deliver savings of around PKR 70/ton over the next two months.

Cement: Maple Leaf Cement Factory Limited

Corporate Briefing Takeaways

- Railway availability for coal transportation has become constrained as capacity is being diverted towards the Sahiwal power project. The current cost differential between rail and road transportation has consequently narrowed, limiting the immediate freight advantage from railway connectivity.
- Novacare’s Islamabad hospital has an estimated project cost of USD 100mn, financed through a planned 50:50 debt to equity structure, with 250 beds expandable to 450 beds. MLCF currently owns 100%, while an international financial institution is completing documentation for a proposed 20% stake. Civil works are expected to finish between March and June 2027, with overall completion targeted during CY27 following a three to six month delay in equipment shipments.
- The healthcare strategy envisages at least three hospitals, with land already acquired in Lahore for another facility. Further expansion will follow an assessment of the flagship hospital’s initial operating performance. Novacare’s affiliation with Imperial College Healthcare NHS Trust, London, covers design, staffing, clinical protocols and operating standards.
- MLCF directly holds 33.66% of Agritech, while Maple Leaf Capital holds 6.46%, taking combined ownership to 40.12%. Total purchase cost for shares, preference shares and term finance certificates was cited at PKR 8.3bn.
- Consolidated FY26 revenue increased 24% YoY to PKR 85.1bn, while gross margin remained broadly stable at 37.1% and total PAT rose 9.2% to PKR 12.6bn. Unconsolidated PAT declined 50.4% to PKR 8.4bn, translating into EPS of PKR 8.06, primarily due to lower dividend income.
- The company’s FY27 forecast, excluding Pioneer’s impact, projects revenue of PKR 79.7bn, PAT of PKR 7.1bn and EPS of PKR 6.78, implying revenue growth of 12.6% and a PAT decline of 15.9% versus FY26.

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.