Pakistan Cements

27 October 2026

Maple Leaf Cement Factory (MLCF PA)

1QFY27 Review: Margins drive a slight earnings beat

Maple Leaf Cement Factory Ltd (MLCF) posted consolidated NPAT of PKR4.2bn (EPS: PKR3.54) in 1QFY27, up 54% YoY but down 12% QoQ. The result was slightly above our estimate, mainly due to better-than-expected gross margins on lower-than-anticipated cost of sales.

Key Highlights of 1QFY27 results:

- Net sales came in at c.PKR30.9bn, in line with our expectations, up 88% YoY and 10% QoQ. Growth was driven by the consolidation of PIOC following MLCF's acquisition, along with higher retention prices and increased dispatches during the quarter.
- Gross margin expanded 5ppt YoY to c.39%, reflecting higher retention prices and lower-than-expected cost of sales, likely on the back of cheaper coal and other fuel inventory.
- Finance costs surged by 614% YoY to PKR2.4bn, reflecting the full impact of the long-term borrowings undertaken to finance the PIOC acquisition.
- The company continued to deleverage, with total borrowings down 3% QoQ and short-term borrowings fully retired.
- The company recorded an effective tax rate of 39%, compared to 33% SPLY.

MLCF delivered a strong quarter, supported by margin expansion on the back of higher retention prices and well-contained costs despite an elevated cost environment. The company remains one of the most efficient producers in the sector, and we see meaningful synergy potential as it extends its expertise in biofuels and petcoke to PIOC. While the combined entity carries higher leverage, its substantial earnings power, alongside ongoing diversification into healthcare and fertilizer, makes MLCF a compelling growth story. We maintain our Buy stance with a TP of PKR140/sh.

MLCF 1QFY27 Result - Consolidated

(PKRmn)	1QFY27	1QFY26	YoY	QoQ
Revenue	30,918	16,483	88%	10%
Cost of Sales	18,735	10,892	72%	18%
Gross Profit	12,183	5,592	118%	-1%
Gross Margins	*39%*	*34%*		
Distribution Expenses	802	774	4%	21%
Administrative Expenses	1,073	587	83%	-19%
Other Expenses	712	322	121%	148%
Operating Profit	9,595	3,908	146%	-4%
Other Income	354	498	-29%	-40%
Finance Cost	2,395	335	614%	8%
Share of Profit in associated company	-683	-3	n.m.	73%
Profit Before Taxation	6,871	4,068	69%	-14%
Taxation & Levies	2,664	1,339	99%	-18%
Profit After Taxation	4,207	2,728	54%	-12%
Profit attributable to holding company	3,707	2,728		
EPS (PKR)	3.54	2.60		

Source: Company Accounts, IMS Research

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Ratings Guide*	Criteria
Buy	Total return expectation of ≥ 15% or expected to outperform the KSE-100 index
Neutral	Total return expectation of > -5% or expected to match the return of KSE-100 index
Sell	Expected downside of more than 5% or expected to underperform the KSE-100 index

*Based on 12 month horizon unless stated otherwise in the report.

Valuation Methodology: We use multiple valuation methodologies in arriving at a Target Price including, but not limited to, Discounted Cash Flow (DCF), Dividend Discount Model (DDM) and relative multiples based valuations.

Risks: i) Coal price and geopolitical risk, ii) Price war threat, iii) Closure of the Afghan border and iv) Higher taxation and regulatory scrutiny.

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