Pakistan Cements

28 October 2026

Kohat Cement (KOHC PA)

1QFY27 Review: Earnings beat on the back of stronger margins

Kohat Cement Company Ltd (KOHC) posted NPAT of PKR3.3bn (EPS: PKR3.56) in 1QFY27, up 13% YoY and flat QoQ. The result was above our EPS estimate of PKR3.26, mainly due to better-than-expected margins.

Key Highlights of 1QFY27 result:

- Net sales came in at PKR11.8bn, in line with our expectations, up 23% QoQ on the back of higher retention prices and a 14% QoQ increase in dispatches.
- Gross margin expanded 8ppt YoY to 42%, ahead of our 36% estimate, supported by well-contained costs despite a 10% increase in the KPK royalty.
- Other income fell 33% QoQ to PKR938mn, despite an 11% QoQ increase in cash and short-term investments.
- Effective tax rate stood at 37%, compared to 34% SPLY.

KOHC delivered a solid quarter, with margin expansion driven by both higher retention prices and well-contained costs. The company continues to benefit from a cost advantage over Punjab-based peers. It also continues to deploy its sizable cash balances into strategic growth projects, including a 28.5MW coal-fired power plant expected to come online by end-1HFY27, which should further support margins through lower power costs. We have a Buy rating on the scrip with a TP of PKR137/sh.

KOHC 1QFY27 Result - Unconsolidated

(PKRmn)	1QFY27	1QFY26	QoQ	YoY
Revenue	11,837	10,287	23%	15%
Cost of Sales	6,892	6,800	21%	1%
Gross Profit	4,945	3,488	26%	42%
Gross Margins	*42%*	*34%*		
Selling & Distribution Expenses	50	49	-34%	2%
Admin & General Expenses	260	181	-42%	44%
Other Expenses	327	200	47%	64%
Operating Profit	4,309	3,059	35%	41%
Other Income	938	1,467	-33%	-36%
Finance Cost	28	40	-23%	-30%
Profit Before Final Tax & Taxation	5,219	4,486	15%	16%
Final Tax	4	13	-24%	-66%
Taxation	1,902	1,529	51%	24%
Profit After Taxation	3,313	2,944	1%	13%
EPS (PKR)	3.60	3.20		

Source: Company Announcement, 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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