- D.G. Khan Cement Company Limited (DGKC) reported PAT of PKR 2,323mn in 1QFY27, up 7.6% YoY from PKR 2,160mn in 1QFY26, translating into EPS of PKR 5.30 compared with PKR 4.93 in the same period last year. However, earnings declined by 24.3% QoQ from PKR 3,070mn in 4QFY26, primarily due to higher distribution expenses, finance costs, and taxation.
- Net revenue increased by 15.9% YoY to PKR 22,962mn, compared with PKR 19,808mn in 1QFY26. On a sequential basis, revenue grew by 21.0% QoQ from PKR 18,976mn in 4QFY26.
- Gross profit increased by 14.9% YoY to PKR 4,943mn, while gross margin slightly contracted to 21.5% from 21.7% in 1QFY26. On a QoQ basis, gross profit rose by 9.6% from PKR 4,509mn; however, gross margin declined by 2.3ppt to 21.5% from 23.8% in the preceding quarter. Distribution expenses surged by 62.6% YoY to PKR 1,418mn, significantly outpacing revenue growth, while administrative expenses increased by 16.0% to PKR 463mn. Other expenses also increased by 6.6% YoY to PKR 195mn, compared with PKR 183mn in 1QFY26.
- Other income increased by 56.9% YoY to PKR 1,585mn, providing support to earnings. However, finance costs climbed by 77.3% YoY to PKR 764mn, while the effective tax rate remained unchanged at 37.0% YoY, compared with 24.3% in 4QFY26. Consequently, net margin narrowed to 10.1% from 10.9% in 1QFY26 and 16.2% in the preceding quarter. Return on Equity also declined to 10.2% from 10.9% YoY and 10.6% QoQ.
- At the current share price of PKR 183, DGKC is trading at a forward P/E of 6.4x based on FY27E earnings. While higher distribution expenses and finance costs remain key concerns, revenue growth and higher other income supported the YoY improvement in profitability.

DGKC Financials					
(PKR mn)	**1QFY27**	**1QFY26**	**YoY**	**4QFY26**	**QoQ**
Net Revenue	22,962	19,808	16%	18,976	21%
Gross Profit	4,943	4,303	15%	4,509	10%
Admin Exp.	463	399	16%	447	4%
Distribution Exp.	1,418	872	63%	965	47%
Other Exp.	195	183	6%	103	89%
Other Income	1,585	1,010	57%	1,355	17%
Finance Cost	764	431	78%	294	160%
PBT	3,688	3,429	8%	4,055	-9%
Taxation	1,364	1,269	8%	985	39%
PAT	2,323	2,160	8%	3,070	-24%
EPS (PKR)	5.30	4.93		7.01	
DPS (PKR)	-	-		1.00	
Ratio Analysis					
BVPS (PKR)	276.07	241.45		275.37	
Gross Margins	21.5%	21.7%		23.8%	
Net Margins	10.1%	10.9%		16.2%	
Return on Equity	10.2%	10.9%		10.6%	
Return on Assets	6.6%	6.9%		7.5%	
Effective Tax Rate	37.0%	37.0%		24.3%	

Source (s): Company Financials, AHCML Research

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