CHASE SECURITIES

CORPORATE BRIEFING NOTES
02 Nov 2026

STOCK SNAPSHOT

| | |
|---|---|
| Symbol | CHCC |
| Price | PKR 182.36 |
| Market cap | PKR 52,646mn |
| Shares | 194.29mn |
| Free float | 116.57mn |
| 52W high | PKR 378.50 |
| 52W low | PKR 225.00 |

SECTOR
Cement

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CHCC PSX · CEMENT

# Cherat Cement Company Limited

| FY26 EPS | 1QFY27 EPS | FY26 NET SALES | LOCAL DISPATCH |
|---|---|---|---|
| PKR 37.34 | PKR 11.44 | PKR 36.5bn | 2.18mn t |
| ▼ 16% YoY | ▲ 6% YoY | ▼ 4% YoY | ▲ 9% YoY |

KEY TAKEAWAYS

## FY26: lower sales and margins; 1QFY27 EPS up 6%; NICL stake acquisition underway

Net sales eased **4%** and gross margin narrowed to **33%** (**FY25: 37%**), taking **FY26** EPS to **PKR 37.34**. Local dispatches rose **9%** while exports fell **57%** on the Afghan border closure. CHCC is acquiring **64.07%** of NICL at **PKR 340**/share, funded by **~PKR 16bn** of cash and a **PKR 10–11bn** loan.

### EARNINGS

- **FY26** EPS of **PKR 37.34** (**FY25: PKR 44.68**) on PAT of **PKR 7.26bn**. **1QFY27** EPS stood at **PKR 11.44** (**1QFY26: PKR 10.79**).

### SALES & DISPATCHES

- Revenue of **PKR 36.48bn** (**−3.5% YoY**), with a **9%** improvement in local retention prices and **+13%** uptake of the *Cherat Khyber* composite cement brand.
- Local dispatches reached **2.18mn tons** (**+9% YoY**), ahead of industry domestic growth, supported by public infrastructure spending and the PM's subsidised housing scheme.
- Afghan border closure (since **10 Oct 2025**) reduced exports to **171.6k tons** from **395.2k tons** (**−57% YoY**); management expects the border to stay closed in the near term.

### FUEL MIX & PRICING

- Local coal (Darra) raised to **72%** of the fuel blend in **FY26** (**FY25: 53%**), replacing imported South African coal.
- Retention prices at **PKR 1,500–1,525** per **50kg** bag.



Local coal share of fuel blend

### COAL COSTS

- **FY26** average delivered coal **~PKR 41,000/t**; local **~PKR 27,000/t**, imported base **PKR 31,610/t**.
- South African coal at **~USD 150/t** CFR; replacement cost delivered to plant **PKR 60,000–63,000/t**.
- Inland freight to Lakrai adds **PKR 14,500/t** on higher diesel prices.

### POWER MIX

- Over **55%** of power from green sources (WHR and existing solar); grid draw maximised on lower industrial tariffs vs captive gas/oil generation.
- PEDO hydro line supplies **~2 MW** (**1–2%** of the power mix; seasonal).
- **5 MW** solar addition due **Dec 2026**; **25 MW** BESS faces minor supply-chain delays but remains on track.

### ROYALTY

- KPK mineral royalty raised from **PKR 350/t** to **PKR 385/t**, effective July.

### NICL ACQUISITION

- Acquiring **64.07%** of NICL (**51.00%** from majority + **13.07%** from non-controlling shareholders) at **PKR 340**/share.
- Equity price est. **PKR 26–27bn**; a mandatory public tender offer follows, targeting a **70–75%** stake.
- Funding: **~PKR 16bn** internal cash and **PKR 10–11bn** via a **7-year** syndicated loan from two Pakistani banks.

### STRATEGY & PRICING

- Efficiency and cost control prioritised over greenfield expansion, given low regional capacity utilisation.
- Passing coal inflation on to consumers is becoming harder due to price elasticity of demand.

## Financial highlights

| PKR mn | FY25 | FY26 | YoY | 1QFY26 | 1QFY27 | YoY |
|---|---|---|---|---|---|---|
| **Net sales** | **37,811** | **36,483** | **-4%** | **10,285** | **10,509** | **2%** |
| Cost of sales | (23,841) | (24,440) | 3% | (6,548) | (6,747) | 3% |
| **Gross profit** | **13,970** | **12,043** | **-14%** | **3,738** | **3,762** | **1%** |
| *Gross margin* | *37%* | *33%* | | *36%* | *36%* | |
| Selling & distribution | (854) | (911) | 7% | (217) | (226) | 4% |
| Administrative | (596) | (689) | 16% | (166) | (191) | 15% |
| **Operating profit** | **12,519** | **10,443** | **-17%** | **3,355** | **3,345** | **0%** |
| Depreciation & amortisation | 1,806 | 1,850 | 2% | 447 | 442 | -1% |
| **EBITDA** | **14,325** | **12,293** | **-14%** | **3,802** | **3,787** | **0%** |
| Financial charges | (592) | (342) | -42% | (95) | (47) | -51% |
| Other income | 1,588 | 1,767 | 11% | 348 | 405 | 16% |
| Other charges | (629) | (569) | -10% | (193) | (198) | 3% |
| **Profit before tax** | **12,887** | **11,300** | **-12%** | **3,414** | **3,504** | **3%** |
| Taxation | (4,206) | (4,045) | -4% | (1,319) | (1,282) | -3% |
| **Profit after tax** | **8,681** | **7,255** | **-16%** | **2,095** | **2,222** | **6%** |
| *Net margin* | *23%* | *20%* | | *20%* | *21%* | |
| **EPS (PKR)** | **44.68** | **37.34** | **-16%** | **10.79** | **11.44** | **6%** |
| DPS (PKR) | 5.50 | 5.50 | N/A | 0.00 | 0.00 | N/A |

Source: Company accounts, Chase Research

IMPORTANT DISCLOSURES

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