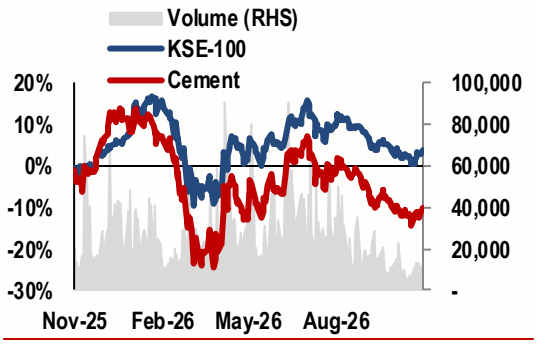
Oct'26 dispatches up 4%MoM

- Total cement dispatches in Oct'26 were up ~4%MoM to 4.81Mn tons i.e. domestic sales increased by ~7%MoM (highest for the month in 5 years) while exports dropped ~8%MoM, respectively. A significant increase in local sales was attributed to rising construction activities and Provincial Government infrastructure projects. However, exports decreased on the back of re-escalation of US-Iran conflict during the month; resulting in a surge in international coal prices along with rising freight & transportation cost i.e. landed cost of imported coal is currently at ~PKR 62-63K/ton. Nevertheless, we expect cost pressures on construction materials during 1HFY27 due to unfavorable inflationary outlook against the impact of recent energy crisis before normalizing during the 2HFY27. However, North based players remain concerned as exports were Nil for the 12th consecutive month due to the border closure with Afghanistan. We expect Nil exports from the North region during FY27. On a YoY basis, total sales remained flat during Oct'26. Wherein, local sales increased ~1%YoY. While, exports declined ~4%YoY in Oct'26.

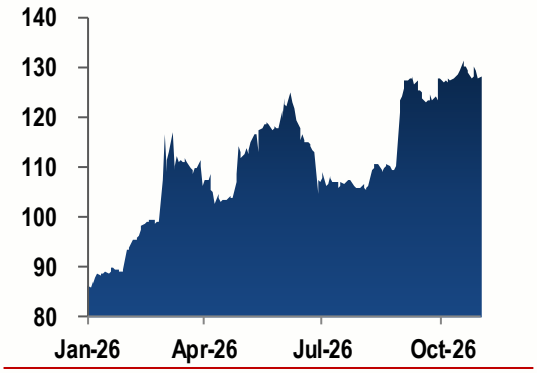
- On a MoM basis, North and South based regions domestic sales increased by ~7%MoM and ~3%MoM, respectively. The increase in the North-based sales was the resultant effect of pick up in construction activities following delays during Aug'26 due to the impact of monsoon rains. Further, surge in the South-based domestic sales was largely attributed to increase in the Provincial Government infrastructure project activities along with rise in the construction demand. Moreover, exports in the North region were Nil in Oct'26. While, South-based exports decreased ~8%MoM in Oct'26 due to increasing tensions in the Middle-East during the month. On a YoY basis, North based local sales remained unchanged. Whereas, South based local sales were up ~7%. On the export front, North-based exports were Nil, reflecting suspension of exports to Afghanistan. While, South based exports went up by 12%YoY in Oct'26. During 4MFY26, North and South based local sales were up ~5% YoY and 11%YoY, respectively. Whereas, South based exports surged 17%YoY. Overall total domestic sales increased ~6% YoY; exports plunged ~10%YoY in 4QFY27.

12 Month Relative Performance of Cement



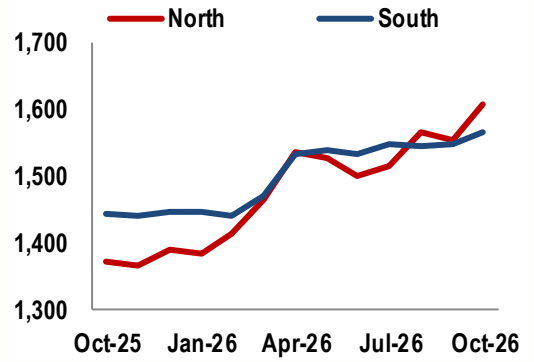
Source: PSX and TSL Research

Coal Prices (USD/Ton) – CY26 TD



Source: Bloomberg & TSL Research

12-Month Region-wise Cement Prices/bag



Source: PBS & TSL Research

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Please refer to the end of the report for Analyst Certification and important disclosures.

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- Elsewhere, average retail prices in the North are currently ~PKR 1,604/bag as of October 29, 2026, up ~18% over the SPLY. Whereas, average prices in the South recorded an increase of ~9%YoY, currently hovering at PKR 1,572/bag as of October 29, 2026. Moreover, Richard Bay coal prices were up ~48%YoY, arriving at USD 126.45/ton as of November 03, 2026 compared to USD 85.70/ton in the SPLY. In PKR terms, international coal prices are currently hovering at ~PKR 62-63K/ton.

Outlook

- Moving forward, we expect slight uptick in domestic demand during FY27 (despite significant increase in the international coal prices along with an elevated inflation outlook); supported by the favorable budgetary measures i.e. i) Allocated PKR 16.4Bn housing loan under the Federal PSDP (PKR 1Trn) FY27 program; ii) Accelerating "Apna Ghar program"; iii) Super Tax reduced to 8% on earnings exceeding PKR 500Mn; and iv) Approval of the National Housing Policy 2025.
- On the export front, we expect sales to remain subdued both for the North and South based players until the first half of FY27. Where, North based exports are likely to remain Nil due to the border closure with Afghanistan. On the South front, exports are likely to recover from 2HFY27 on account of resetting geo-political stability i.e. expecting a permanent ceasefire between the US & Iran.
- Finally, we highlight LUCK, DGKC, FCCL and MLCF as our top picks.

Company-wise updates

- **LUCK & KOHC:** LUCK has approved to add 3.20 MTPA capacity to its Karachi plant along with installing 22.5MW Wind Turbine project, 10MW WHR plant, 15MW Solar plant and 15MW BESS, respectively. Further, LUCK has formed a consortium with KOHC and Metro Ventures (Pvt.) Ltd to submit an expression of interest for the proposed acquisition of ~51%-100% equity stake in IESCO.
- **MLCF and PIOC:** MLCF by way of resolution for merger has approved the entire undertaking of PIOC with and into MLCF.

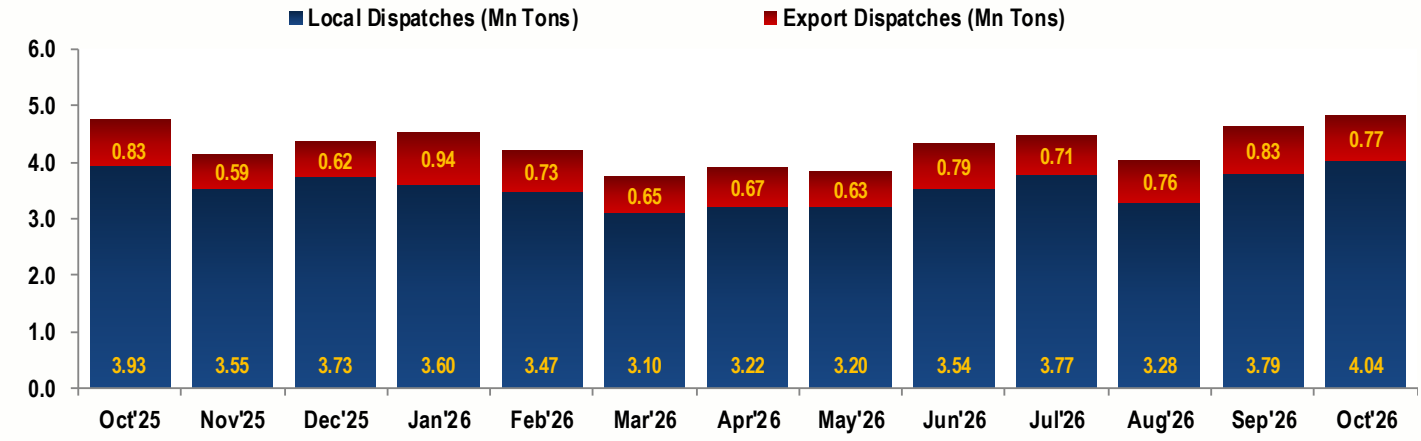
- **CHCC:** CHCC has announced to acquire ~64.07% shares in NICL; the Company will become the subsidiary of CHCC. The transaction agreements consist of two SPAs i.e. 51% acquisition of shares from majority shareholders and 13.07% from minority shareholders. The agreed price for both SPAs is set at ~PKR 340/sh with ~PKR 24Bn transaction amount.
- **PIOC:** The Company has successfully completed and commenced 28.265 MW Solar power plant and adding 2.735 MW Solar capacity next month; taking the total capacity to 31 MW by year end.

Region-wise Cement Dispatches during Oct'26

Mn'Tons	Oct'26	Sep'26	MoM	Oct'25	YoY	4MFY27	4MFY26	YoY
North	**3.40**	**3.16**	**7%**	**3.51**	**-3%**	**12.34**	**12.55**	**-2%**
Local	3.40	3.16	7%	3.39	0%	12.34	11.77	5%
Exports	NIL	NIL	N/M	0.11	N/M	NIL	0.78	N/M
South	**1.41**	**1.46**	**-3%**	**1.29**	**10%**	**5.61**	**4.90**	**15%**
Local	0.64	0.62	3%	0.60	7%	2.55	2.29	11%
Exports	0.77	0.83	-8%	0.68	12%	3.06	2.61	17%
Total Local	**4.04**	**3.79**	**7%**	**3.99**	**1%**	**14.89**	**14.06**	**6%**
Total Exports	**0.77**	**0.83**	**-8%**	**0.80**	**-4%**	**3.06**	**3.39**	**-10%**
Total Dispatches	**4.81**	**4.62**	**4%**	**4.79**	**0%**	**17.95**	**17.44**	**3%**

Source: APCMA, The News & TSL Research

12-Month Cement Dispatches Trend



Source: APCMA, The News & TSL Research

SECP Research Entity Notification Number: REP-040

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Valuation Methodology

To arrive at our period end target prices, TSL uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S, EV/EBITDA, EV/Revenue etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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Frequently Used Acronyms

TP	Target Price	**DCF**	Discounted Cash Flows	**FCF**	Free Cash Flows
FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm	**DDM**	Dividend Discount Model
SOTP	Sum of the Parts	**P/E**	Price to Earnings ratio	**P/BVPS**	Price to Book ratio
P/S	Price to Sales	**EVA**	Economic Valued Added	**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**DY**	Dividend Yield
ROE	Return on Equity	**ROA**	Return on Assets	**JPB**	Justified Price to Book