Pakistan Equity | Cement | Earnings Preview

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Cement profitability likely to be up by 9% YoY in 4QFY26

Led by increase in local volumetric sales

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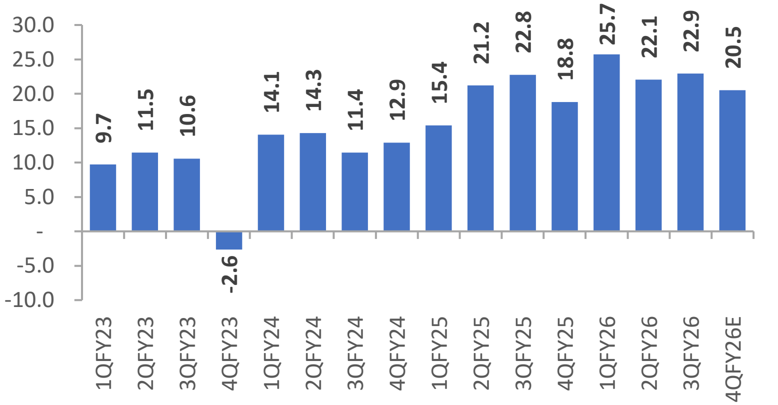
Profitability likely to be down by 10% QoQ in 4QFY26

Pakistan Cement Dispatches

mn tons	4QFY26	4QFY25	YoY	QoQ	FY26A
Local	**10.0**	**9.3**	**7%**	**-2%**	**41.5**
North	8.4	7.8	7%	0%	34.7
South	1.6	1.5	3%	-7%	6.8
Export	**2.1**	**2.7**	**-22%**	**-9%**	**9.0**
Total	**12.1**	**12.0**	**0%**	**-3%**	**50.5**

Source: APCMA, Topline Research

Topline Cement Universe Core Profitability Trend



Source: Company Accounts, Topline Research

- Topline Cement Universe is expected to post profitability of Rs20.54bn in 4QFY26 against profit of Rs18.81bn in 4QFY25, up by 9% YoY and down by 10% QoQ.
- The YoY increase in earnings is primarily driven by increase in net sales amid higher retention prices. On QoQ basis, earnings are expected to decline due to lower other income mainly due to absence of dividend income from LEPCL to LUCK in 4QFY26.
- Net sales are expected to reach Rs116.32bn in 4QFY26, reflecting growth of 23% YoY and 10% QoQ. The YoY increase is primarily attributable to higher cement prices, coupled with growth in local cement dispatches.
- Local cement dispatches increased by 7% YoY in 4QFY26, while export dispatches declined by 22% YoY. In FY26, domestic cement dispatches increased by 10% YoY on the back of stronger demand, while export dispatches declined by 2% YoY mainly due to Afghan border closure.
- In 4QFY26, cement prices rose by ~Rs100-110/bag on YoY basis mainly due to higher fuel costs stemming from elevated international coal prices.
- We expect finance cost for the Topline Cement Universe to rise by 86% YoY to Rs4.48bn in 4QFY26. increase is largely attributable to Maple Leaf Cement (MLCF), which contributes nearly 66% of the sector's finance cost following the debt raised for the acquisition of Pioneer Cement (PIOC).
- Richards Bay coal prices averaged around US$113/ton in 4QFY26, compared to US$100/ton in 3QFY26 and US$90/ton in 4QFY25.
- Gross margin of Topline cement universe are anticipated to clock in at 35% in 4QFY26 compared to 34% in 3QFY26 and 37% in 4QFY25. The contraction in margins on YoY basis is primarily due to elevated coal prices.
- Other income of the sector is estimated to clock in at Rs6.5bn in 4QFY26, down by 2% YoY and 41% on YoY basis.
- Furthermore, we expect dividend payouts from Fauji Cement (FCCL), and Lucky Cement (LUCK), during 4QFY26 within the Topline Cement Universe.

Company wise estimates

- **Lucky Cement (LUCK):** We expect LUCK's consolidated earnings to increase by 25% YoY and 28% QoQ to Rs16.7/share in 4QFY26. This takes FY26 LUCK consolidated earnings to Rs60.2/share, up by 15% on YoY basis. The YoY increase in earnings is primarily driven by higher profitability in the local cement and automobile business segments.
- On unconsolidated basis, LUCK is likely to report EPS of Rs5.43, up 38% YoY but down 41% QoQ basis in 4QFY26. The QoQ decline in earnings is mainly attributable to lower other income amid absence of dividend income from LECPL. Along with the result, we expect LUCK to declare cash dividend of Rs5.00/share.
- **Kohat Cement (KOHC):** Kohat Cement Company Limited (KOHC) to post an EPS of Rs3.17 in 4QFY26, up 24% YoY, driven by higher volumetric sales and retention prices. On a sequential basis, earnings are expected to increase by 56% QoQ, primarily due to higher other income. Gross margins are expected to clock in at 36% in 4QFY26, compared with 31% in 4QFY25 and 35% in 3QFY26, respectively. We do not expect the company to announce any cash payout along with the result. For FY26, we expect KOHC to post earnings of Rs11.2/share, down by 11% YoY.
- **Fauji Cement (FCCL):** We expect FCCL to post earnings of Rs1.76/share in 4QFY26, up 10% YoY and 25% QoQ. The YoY increase in earnings is primarily driven by increase in net sales and decline in finance cost. Gross margins are expected to clock in at 37% in 4QFY26, compared with 39% in 4QFY25 and 36% in 3QFY26. Additionally, we expect FCCL's share of profit from associates, primarily from Attock Cement Pakistan Limited (ACPL), to clock in at ~Rs215mn. For FY26, we expect FCCL to post earnings of Rs6.20/share, up 15% YoY. Furthermore, FCCL is expected to declare a cash dividend of Rs1.40/share.
- **DG Khan Cement (DGKC):** We expect DGKC to post an unconsolidated EPS of Rs6.28 in 4QFY26, down 13% YoY and up 10% QoQ. The YoY decline in earnings is primarily driven by lower gross profit and lower total dispatches. Gross margins are expected to clock in at 29% in 4QFY26, compared with 32% in 4QFY25 and 27% in 3QFY26, respectively. For FY26, we expect DGKC to post earnings of Rs25.35/share, up 28% YoY.
- **Maple Leaf Cement (MLCF):** MLCF is expected to post a consolidated EPS of Rs2.50 in 4QFY26, down 28% YoY from Rs3.47 in 4QFY25, primarily due to lower other income, as the company had booked a revaluation gain on Agri Tech in 4QFY25. Gross margins are expected to clock in at 34% in 4QFY26, compared to 41% in 4QFY25 and 33% in 3QFY26. For full year, we expect MLCF to post EPS of Rs13.8 in FY26, up 25% YoY.

Topline Cement Universe Estimated EPS

Rs	4QFY26E	4QFY25A	YoY	3QFY26A	QoQ	FY26E	FY25A	YoY	DPS 4QFY26
LUCK**	16.70	13.40	25%	13.00	28%	60.20	52.50	15%	5.0
KOHC	3.17	2.56	24%	2.04	56%	11.20	12.60	-11%	0.0
FCCL	1.76	1.59	10%	1.41	25%	6.20	5.40	15%	1.4
DGKC*	6.28	7.21	-13%	5.71	10%	25.30	19.80	28%	0.0
MLCF**	2.50	3.47	-28%	1.53	63%	13.80	11.00	25%	0.0

Source: Topline Research. *Unconsolidated, **Consolidated

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