

Result Review | Pakistan Research

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CHCC: EPS clocked in at PKR 11.44, up 6% YoY in 1QFY27

Cherat Cement Company Limited

PSX: CHCC | Bloomberg: CHCC PA | Reuters: CHRC.PSX

- CHCC reported its 1QFY27 result, wherein the company reported an EPS of PKR 11.44 up 6% YoY.
- Revenue clocked in at PKR 10.5bn in 1QFY27, up 2% YoY. The 14% YoY increase in cement prices in Peshawar coupled with a 7% YoY increase in local dispatches helped offset the impact of nil exports due to Afghan border closure.
- Gross margin remained flattish at 36% YoY, as increase in retention price helped contain the margins despite increased fuel costs amid geopolitical tensions.
- Other income increased by 16% YoY to PKR 405mn. This increase was primarily driven by increase in Cash and Cash equivalents by 9% YoY to PKR 16.5bn.
- Finance cost declined by 51% YoY to PKR 47mn. This decrease was driven by continued de-leveraging by the company, decreasing the total debt of the company by 46% YoY to PKR 2.6bn (debt/equity declining to 0.06 in 1QFY27).
- On sequential basis, earnings are up by 28%. Revenue increased 18% QoQ driven by 11% increase in dispatches coupled with an increase in net retention by ~7%.
- Gross margins expanded 8ppts QoQ, primarily driven by higher net retention. Margins may have also benefited from lower grid rates under incremental power package relief, (yet to be confirmed by management). The sequential improvement also reflects a low 4QFY26 base due to scheduled maintenance stated by management in the AGM.
- Sequentially, earnings were elevated due to a one-off DTL adjustments, normalizing the EPS for an average effective tax rate of 9MFY26 of 38%, earnings are up by 50% QoQ.
- CHCC continues to execute its share buy-back program, having bought back 4.1mn shares to date out of its total 7.7mn target (4.0% of its paid-up capital).

Key Data

PSX Ticker	CHCC
Target Price (PKR)	419
Current Price (PKR)	264
Upside/(Downside) (%)	59%
Dividend Yield (%)	3%
Total Return (%)	62%
12-month High (PKR)	379
12-month Low (PKR)	225
Outstanding Shares (Mn)	194
Market Cap (PKR Mn)	51,216

Source: PSX, Akseer Research

Financials (PKR Mn)	1QFY26	1QFY27	YoY	4QFY26*	QoQ
Sales	10,285	10,509	2%	8,892	18%
Cost of Sales	6,548	6,747	3%	6,452	5%
Gross Profit	3,738	3,762	1%	2,440	54%
General and Admin	217	226	4%	252	-10%
Selling and Distribution	166	191	15%	190	1%
Other Operating Expenses	193	198	2%	47	319%
Other Income	348	405	16%	507	-20%
Finance Cost	95	47	-51%	63	-26%
Profit Before Tax	3,414	3,504	3%	2,395	46%
Taxation	1,319	1,282	-3%	658	95%
Net Income	2,095	2,222	6%	1,737	28%
EPS	10.79	11.44	6%	8.94	28%
Normalized EPS *	10.79	11.44	6%	7.64	50%
DPS	-	-	n.m.	4.00	-100%

* 4QFY26 EPS Normalized @ 38%, 9MFY26 Effective Average Tax Rate

Source: Company Accounts, Akseer Research

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