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CHCC: 3QFY26 EPS clocks in at PKR 7.24, down 16% YoY

Cherat Cement Company Limited

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

- CHCC announced its 3QFY26 results, wherein the company reported an EPS of PKR 7.24, down 16% YoY. This takes 9MFY26 EPS to PKR 28.4, down 19% YoY. The company did not announce any dividend for the quarter. However, the Board has recommended a buyback of up to 4% of the paid-up capital (7.77mn shares), subject to shareholder approval at the EOGM scheduled for 9 June 2026.
- Net sales for 3QFY26 clocked in at PKR 7.9bn, up 1% YoY, where plunge in exports to Afghanistan offset a 2% YoY growth in local dispatches and 3% YoY increase in net retention.
- Gross margins clocked in at 31% in 3QFY26, down 9 pts YoY, reflecting normalization from elevated 3QFY25 levels. The decline is primarily driven by higher energy cost as Afghan border closure led to increased reliance on higher cost imported coal. Additionally, following levies on gas and FO, the company shifted its power mix to grid in 3QFY26 from dual fuel generators SPLY, further raising energy costs.
- Other income increased 67% YoY to PKR 447mn due to an increase in cash and cash equivalents to PKR 14.0bn in 3QFY26 (compared to PKR 9.2bn in 3QFY25).
- Finance costs declined 34% YoY to PKR 81mn primarily due to dip in borrowings to PKR 3.7bn in 3QFY26 (compared to PKR 5.4bn SPLY).
- On a sequential basis, earnings fell 30% QoQ primarily on the back of lower net sales and lower than anticipated gross margins. Net sales declined 16% QoQ, reflecting an 18% QoQ drop in local dispatches along with a plunge in exports to Afghanistan, more than offsetting 4% QoQ increase in retention. Gross margins contracted 5 ppt QoQ, reflecting higher energy cost along with absorption of fixed cost due to lower dispatches.

Key Data

PSX Ticker	CHCC
Target Price (PKR)	393
Current Price (PKR)	268
Upside/(Downside) (%)	47%
Dividend Yield (%)	3%
Total Return (%)	50%
12-month High (PKR)	390
12-month Low (PKR)	225
Outstanding Shares (mn)	194
Market Cap (PKR mn)	52,034

Source: PSX, Akseer Research

Financial Estimates (PKR mn)	3QFY25	3QFY26E	YoY	9MFY25	9MFY26E	YoY
Sales	7,769	7,884	1%	28,071	27,591	-2%
Cost of Sales	4,665	5,440	17%	17,272	17,987	4%
Gross Profit	3,104	2,444	-21%	10,799	9,603	-11%
General and Admin	205	216	6%	614	659	7%
Selling and Distribution	146	168	15%	439	499	14%
Other Operating Expenses	145	143	-2%	507	521	3%
Other Income	267	447	67%	1,138	1,260	11%
Finance Cost	124	81	-34%	506	278	-45%
Profit Before Tax	2,752	2,284	-17%	9,872	8,905	-10%
Taxation	1,067	876	-18%	3,039	3,387	11%
Net Income	1,685	1,407	-16%	6,833	5,517	-19%
EPS (PKR)	8.67	7.24	-16%	35.17	28.40	-19%
DPS (PKR)	0.00	0.00		1.50	1.50	

Source: Company Accounts, Akseer Research

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