Result Review | Pakistan Research

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CHCC: 4QFY26 EPS clocks in at PKR 8.94, down 6% YoY

Cherat Cement Company Limited PSX: CHCC | Bloomberg: CHCC PA | Reuters: CHRC.PSX

- CHCC announced its 4QFY26 results, wherein the company reported an EPS of PKR 8.94, down 6% YoY. This takes cumulative earnings of FY26 EPS to PKR 37.34 down 16% YoY.
- In addition, CHCC announced dividend of PKR 4/share for the quarter, in line with our expectations, taking FY26 full year dividend to PKR 5.5/share.
- Net sales for 4QFY26 clocked in at PKR 8.9bn, down 9% YoY. The decline was primarily driven by 18% YoY dip in total dispatches, following halt in exports due to Afghan border closure. This more than offset the 6%/2% YoY increase in retention and local dispatches respectively.
- Gross margins clocked in lower than expected at 27% for 4QFY26, down 5ppt YoY. The lower-than-expected gross margin is likely due to elevated fuel costs, although we await further clarity from management.
- Other income increased by 13% YoY to PKR 507mn, despite cash and cash equivalents remaining broadly flat YoY to PKR 12.4bn in 4QFY26 (compared to PKR 12.4bn in SPLY). The increase in other income likely reflects a one-off gain resulting from the present value calculation of amount payable as Sindh Infrastructure Development Cess (IDC) following the introduction of a new settlement method by the Sindh government.
- Finance costs declined 26% YoY to PKR 63mn primarily due to dip in borrowings to PKR 2.7bn in 4QFY26 (compared to PKR 5.5bn SPLY) as a process of deleveraging continued throughout the year.
- As highlighted previously, 4QFY26 earnings were expected to be impacted by one-off deferred tax revaluation adjustment following 2ppt reduction in super tax rate. As a result, the company posted an Effective Tax Rate (ETR) of 27% in 4QFY26 (compared to average ETR of 38% for 9MFY26). Normalizing the earnings at an ETR of 39%, 4QFY26 EPS clocked in at PKR 7.5, down 21% YoY.
- On a sequential basis, net sales increased 13% QoQ primarily due to a 7%/5% QoQ increase in net retention and dispatches respectively. Gross margins contracted 4ppt QoQ, likely reflecting elevated fuel costs.

Key Data	
PSX Ticker	CHCC
Target Price (PKR)	431
Current Price (PKR)	306
Upside/(Downside) (%)	41%
Dividend Yield (%)	2%
Total Return (%)	43%
12-month High (PKR)	390
12-month Low (PKR)	225
Outstanding Shares (Mn)	194
Market Cap (PKR Mn)	59,429

Source: PSX, Akseer Research

Financials (PKR mn)	4QFY25	4QFY26	YoY	FY25	FY26	YoY
Sales	9,739	8,892	-9%	37,811	36,483	-4%
Cost of Sales	6,569	6,452	-2%	23,841	24,440	3%
Gross Profit	**3,170**	**2,440**	**-23%**	**13,970**	**12,043**	**-14%**
General and Admin	241	252	5%	854	911	7%
Selling and Distribution	157	190	21%	596	689	16%
Other Operating Expenses	122	47	-61%	629	569	-10%
Other Income	450	507	13%	1,588	1,767	11%
Finance Cost	86	63	-26%	592	342	-42%
Profit Before Tax	**3,015**	**2,395**	**-21%**	**12,887**	**11,300**	**-12%**
Taxation	1,167	656	-44%	4,206	4,043	-4%
Net Income	**1,848**	**1,739**	**-6%**	**8,681**	**7,256**	**-16%**
EPS (PKR)	**9.51**	**8.94**	**-6%**	**44.68**	**37.34**	**-16%**
DPS (PKR)	4.50	4.00	-11%	5.50	5.50	0%

Source: Company Accounts, Akseer Research

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Sell	Less than or equal to -5%

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