

15 October 2026

## Akseer's Cement Universe to Post Earnings of PKR 13.1bn in 1QFY27, up 6% YoY

### Sector Outlook

- Akseer's Cement Universe is expected to report 1QFY27 earnings of PKR 13.1bn (+6% YoY), where impact of 14% YoY rise in revenue is to be limited by surge in finance costs.
- Net sales are projected to increase 14% YoY in 1QFY27, supported by an 11% YoY increase in average cement prices in the North to PKR 1,544/bag (from PKR 1,387/bag SPLY). Price hikes were higher in some areas such as Sargodha (+15% YoY), Peshawar (+14% YoY) and Faisalabad (+12% YoY). The growth in revenue comes despite a 3% YoY decline in total dispatches of the universe, as 10% YoY growth in domestic dispatches is likely to be offset by a halt in exports following Afghan border closure.
- The ~PKR 157/bag YoY increase in cement prices reflects passing on of elevated input costs. The FOB Richard's Bay (RB2) coal price surged 25% YoY to ~USD 114/ton in 1QFY27 (from USD 91/ton SPLY). The rally reflects supply-side concerns, including reported rail disruptions in Richards Bay and uncertainty over Indonesian coal export quotas. Additionally, the Middle East tensions and a global shift towards coal for power generation following LNG disruptions have also supported the demand-side rally.
- Seperately, the Afghan border closure has pushed the Northern players to rely on local and imported coal. In land freight has also increased to ~USD 42-50/ton in 1QFY27 compared to ~USD 35-40/ton, largely due to higher diesel prices, which rose to PKR 372/litre in 1QFY27 (from PKR 278/litre SPLY).
- Gross margin for our universe is projected at 35% in 1QFY27, up 2ppts YoY. This reflects the passing on of higher input costs, use of renewables in the energy mix, and absence of low-margin exports in the sales mix.

| Dispatches (Mn Tons) | 1QFY26       | 1QFY27       | YoY         |
|----------------------|--------------|--------------|-------------|
| <b>North</b>         | <b>9.04</b>  | <b>8.95</b>  | <b>-1%</b>  |
| Local                | 8.38         | 8.95         | 7%          |
| Export               | 0.66         | 0.00         | -100%       |
| <b>South</b>         | <b>3.62</b>  | <b>4.20</b>  | <b>16%</b>  |
| Local                | 1.69         | 1.90         | 13%         |
| Export               | 1.93         | 2.30         | 19%         |
| <b>Total</b>         | <b>12.65</b> | <b>13.14</b> | <b>4%</b>   |
| Local                | <b>10.07</b> | <b>10.85</b> | <b>8%</b>   |
| Export               | <b>2.59</b>  | <b>2.30</b>  | <b>-11%</b> |

Source: APCMA, Akseer Research

| Cement Universe Earnings (PKR) | 1QFY26A | 1QFY27E | YoY  | 4QFY26A* | QoQ   |
|--------------------------------|---------|---------|------|----------|-------|
| <b>PIOC</b>                    |         |         |      |          |       |
| EPS – Reported                 | 5.61    | 7.79    | 39%  | 9.68     | -19%  |
| EPS – Normalized @ ETR of 41%* | 5.61    | 7.79    | 39%  | 7.20     | 8%    |
| DPS                            | 0.00    | 0.00    | n.m. | 0.00     | n.m.  |
| <b>MLCF**</b>                  |         |         |      |          |       |
| EPS – Reported                 | 2.60    | 3.16    | 21%  | 4.07     | -22%  |
| DPS                            | 0.00    | 0.00    | n.m. | 0.00     | n.m.  |
| <b>KOHC</b>                    |         |         |      |          |       |
| EPS – Reported                 | 3.20    | 3.14    | -2%  | 3.58     | -12%  |
| EPS – Normalized @ ETR of 35%* | 3.20    | 3.14    | -2%  | 3.21     | -2%   |
| DPS                            | 0.00    | 0.00    | n.m. | 0.00     | n.m.  |
| <b>CHCC***</b>                 |         |         |      |          |       |
| EPS – Reported                 | 10.88   | 9.95    | -9%  | 9.01     | 10%   |
| EPS – Normalized @ ETR of 38%* | 10.88   | 9.95    | -9%  | 7.70     | 29%   |
| DPS                            | 0.00    | 0.00    | n.m. | 4.00     | -100% |
| <b>FCCL</b>                    |         |         |      |          |       |
| EPS – Reported                 | 1.34    | 1.88    | 40%  | 2.20     | -15%  |
| EPS – Normalized @ ETR of 38%* | 1.34    | 1.88    | 40%  | 1.76     | 7%    |
| DPS                            | 0.00    | 0.00    | n.m. | 0.00     | n.m.  |

\* 4QFY26 EPS adjusted at normalized average ETR of 9MFY26 following one-off deferred tax adjustment,

\*\*Consolidated; EPS Attributable to Parent, \*\*\* EPS based on new number of shares post buyback of 1.7mn shares on 9<sup>th</sup> October 2026, Source: Company Accounts, Akseer Research

- Finance costs for the universe are likely to clock in at PKR 3.2bn, up 69% YoY primarily reflecting the ~PKR 75bn debt undertaken by MLCF to fund the acquisition of PIOC. MLCF's projected finance cost of PKR 2.6bn in 1QFY27 is likely to make up around 74% of total finance cost of our universe.
- On a sequential basis, earnings are projected to decline 14% QoQ primarily due to lower effective tax rate (ETR) recorded in 4QFY26 following revaluation of deferred liabilities. The universe recorded an ETR of ~31% in 4QFY26, with company level rates ranging from ~20% to 40%. MLCF's ETR reached 40% partly due to one-off taxation on dividends received from MLPL. Normalizing 4QFY26's earnings using each company's average 9MFY26 ETR reduces the expected QoQ universe earnings decline to 6%.
- Revenue is projected to increase 11% QoQ on a sequential basis, driven by an 8% QoQ rise in total dispatches of the universe and a 2% QoQ rise in cement prices.
- Gross margins of the universe are expected to contract 4ppts QoQ, reflecting the depletion of low-cost inventories, lagged cement price increase, and one-off royalty reversal recorded by MLCF in 4QFY26, impacting the base.

### NEPRA's Incremental Consumption Package: Talk of The Town as Coal Based Generation Gets Expensive

NEPRA introduced an "Incremental Consumption Package" on 10<sup>th</sup> December 2025 offering eligible industrial consumers electricity at Rs22.98/kWh on consumption above their prescribed monthly benchmark. This was set to remain in place for three years. The package is now becoming a key talking point for the cement sector as elevated coal costs have started to render captive coal-fired generation expensive. In a recent briefing, Pioneer Cement (PIOC) highlighted that the company has closed its coal-fired boiler and have shifted to grid as the effective cost of electricity at current coal prices has reached PKR 40/kwh, compared to the effective grid cost of PKR 26/kwh. Similarly, levies on gas and furnace oil have also prompted the companies with dual fuel power plants to shift to the grid.

Based on the guidelines mentioned in the NEPRA's document, we have estimated the impact of this incremental package for 1QFY27 for our universe companies. According to the NEPRA notification, wheeling consumers are considered new consumers for the purpose of determining benchmark consumption, which relies on MDI/sanctioned load. Since CHCC is a wheeling consumer and its MDI/sanctioned load is unavailable, we have excluded CHCC in our calculation. Below are our estimates and they may vary depending upon the actual consumption of grid in the relevant months:

| Incremental Consumption Package Impact Estimate     | PIOC                                         | FCCL   | MLCF  | KOHC  |
|-----------------------------------------------------|----------------------------------------------|--------|-------|-------|
| NEPRA's reference period                            | July, August and September 2024 (1QFY25)     |        |       |       |
| NEPRA's formula for benchmark                       | Reference Month Units * (1.028) <sup>n</sup> |        |       |       |
| Relevant year of package (n)                        | 1                                            |        |       |       |
| FY25 average grid % of total power mix (A)          | 5.00%                                        | 41.00% | 6.00% | 33.4% |
| 1QFY25 estimated total power requirement in MW (B)  | 31.75                                        | 68.59  | 49.09 | 32.39 |
| 1QFY25 estimated grid reference units in MW (A*B=C) | 1.59                                         | 28.12  | 2.95  | 10.79 |
| Benchmark unit (C*(1.028) <sup>n</sup> =D)          | 1.63                                         | 28.91  | 3.03  | 11.09 |
| 1QFY27 estimated grid consumption in MW (E)         | 27.34                                        | 39.35  | 2.57  | 17.51 |
| Incremental consumption (E-D=F)                     | 25.71                                        | 10.44  | N/A   | 6.42  |
| 1QFY27 average grid rate in PKR/Kwh (G)             | 31.83                                        |        |       |       |
| Reduced rate for incremental units in PKR/Kwh (H)   | 22.98                                        |        |       |       |
| Cost saving in PKR/Kwh (G-H=I)                      | 8.85                                         |        |       |       |
| Cost saving in PKR Mn (F*I*75*24/1000=J)            | 409.43                                       | 166.20 | N/A   | 102.3 |
| Post tax saving in PKR Mn (J*0.93*0.63=K)           | 239.89                                       | 97.38  | N/A   | 59.94 |
| Number of shares in Mn (L)                          | 227                                          | 2,453  | 1,048 | 919   |
| EPS Impact (K/L=M)                                  | 1.06                                         | 0.04   | N/A   | 0.07  |

Source: NEPRA, Company Accounts, Akseer Research

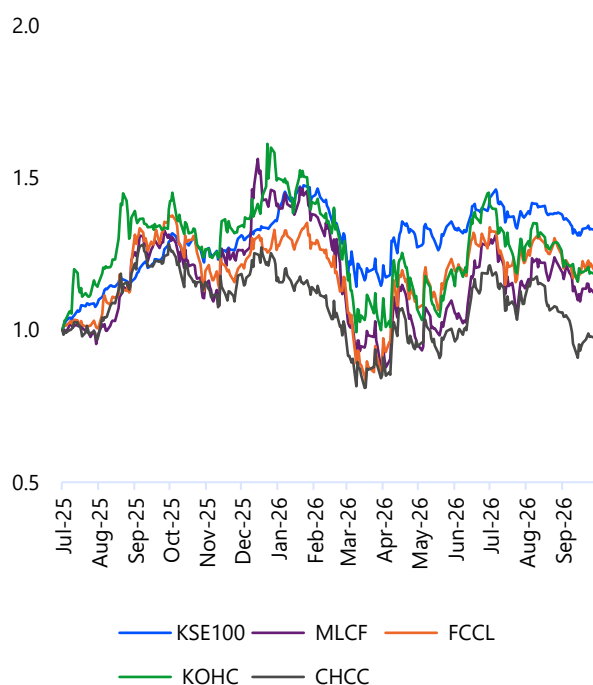
| Cement Universe (PKR mn)*             | 1QFY26A       | 1QFY27E       | YoY        | 4QFY26A**     | QoQ         |
|---------------------------------------|---------------|---------------|------------|---------------|-------------|
| Sales                                 | 68,890        | 78,651        | 14%        | 70,611        | 11%         |
| Cost of Sales                         | 46,188        | 51,137        | 11%        | 42,927        | 19%         |
| <b>Gross Profit</b>                   | <b>22,702</b> | <b>27,514</b> | <b>21%</b> | <b>27,683</b> | <b>-1%</b>  |
| Selling and Distribution              | 1,806         | 2,330         | 29%        | 1,825         | 28%         |
| General and Admin                     | 1,573         | 1,733         | 10%        | 2,429         | -29%        |
| Other Operating Expenses              | 1,198         | 1,595         | 33%        | 1,047         | 52%         |
| Other Income                          | 3,108         | 2,077         | -33%       | 2,993         | -31%        |
| Share of Profit/(Loss) from Associate | (3)           | 68            | n.m.       | (157)         | n.m.        |
| Finance Cost                          | 1,881         | 3,180         | 69%        | 3,255         | -2%         |
| <b>Profit Before Tax</b>              | <b>19,350</b> | <b>20,820</b> | <b>8%</b>  | <b>21,964</b> | <b>-5%</b>  |
| Taxation – Reported                   | 7,021         | 7,703         | 10%        | 6,764         | 14%         |
| <b>Net Income – Reported</b>          | <b>12,328</b> | <b>13,117</b> | <b>6%</b>  | <b>15,201</b> | <b>-14%</b> |
| Taxation – Normalized at ETR**        | 7,021         | 7,703         | 10%        | 8,069         | -5%         |
| <b>Net Income – Adjusted**</b>        | <b>12,328</b> | <b>13,117</b> | <b>6%</b>  | <b>13,896</b> | <b>-6%</b>  |

\* Universe totals exclude PIOC in 1QFY27 and 4QFY26 as its financials are consolidated within MLCF.

\*\* 4QFY26A tax and PAT adjusted at normalized average ETR

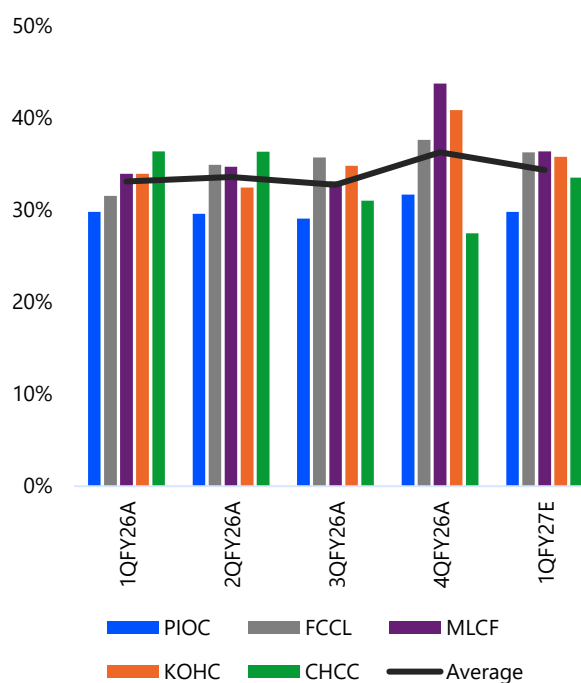
Source: Company Accounts, Akseer Research

### Relative price performance of the universe vs KSE-100 Index



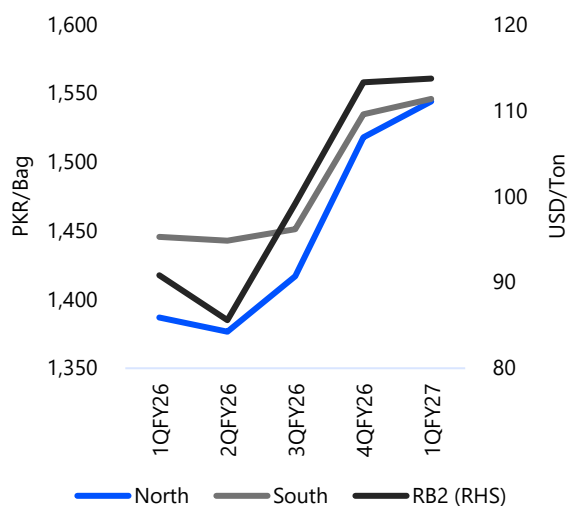
Source: Bloomberg, Akseer Research

### Gross margins to drop QoQ amid depleting low-cost inventory



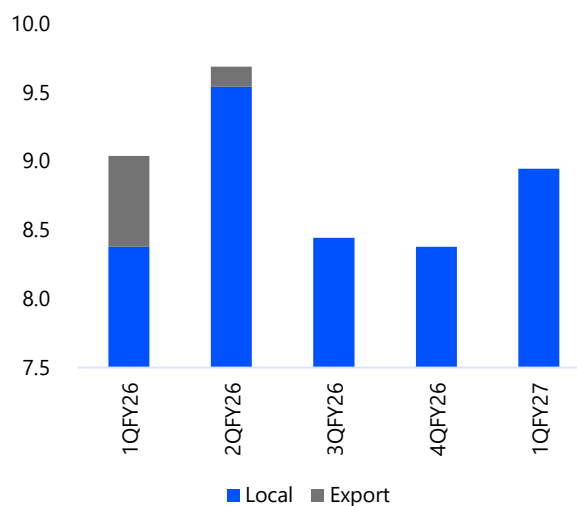
Source: Company Accounts, PSX, Akseer Research

### Hike in cement prices following spike in RB2 coal price



Source: Bloomberg, PBS, Akseer Research

### Domestic dispatches rising 7% each QoQ and YoY in the North



Source: APCMA, Akseer Research

| Dispatches (Mn Tons) | 1QFY26A     | 1QFY27A     | YoY         | 4QFY26A     | QoQ        |
|----------------------|-------------|-------------|-------------|-------------|------------|
| <b>PIOC</b>          | <b>0.55</b> | <b>0.59</b> | <b>7%</b>   | <b>0.57</b> | <b>3%</b>  |
| Local                | 0.55        | 0.59        | 7%          | 0.57        | 3%         |
| Export               | 0.00        | 0.00        | n.m.        | 0.00        | n.m.       |
| <b>MLCF</b>          | <b>1.03</b> | <b>1.05</b> | <b>2%</b>   | <b>0.98</b> | <b>7%</b>  |
| Local                | 0.97        | 1.05        | 8%          | 0.98        | 7%         |
| Export               | 0.06        | 0.00        | -100%       | 0.00        | -100%      |
| <b>FCCL</b>          | <b>1.50</b> | <b>1.45</b> | <b>-3%</b>  | <b>1.35</b> | <b>8%</b>  |
| Local                | 1.24        | 1.45        | 17%         | 1.35        | 8%         |
| Export               | 0.26        | 0.00        | -100%       | 0.00        | n.m.       |
| <b>KOHC</b>          | <b>0.70</b> | <b>0.68</b> | <b>-3%</b>  | <b>0.60</b> | <b>13%</b> |
| Local                | 0.65        | 0.68        | 4%          | 0.60        | 13%        |
| Export               | 0.05        | 0.00        | -100%       | 0.00        | n.m.       |
| <b>CHCC</b>          | <b>0.70</b> | <b>0.58</b> | <b>-17%</b> | <b>0.53</b> | <b>11%</b> |
| Local                | 0.54        | 0.58        | 7%          | 0.53        | 11%        |
| Export               | 0.16        | 0.00        | -100%       | 0.00        | n.m.       |

Source: APCMA, Akseer Research

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|--------|-------------------------------|
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