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KOHC: 3QFY26 clocks in at PKR 2.03, down 15% YoY

Kohat Cement Company Limited

PSX: KOHC | Bloomberg: KOHC PA | Reuters: KOHC.PSX

- KOHC announced its 3QFY26 results, wherein the company reported an EPS of PKR 2.03, down 15% YoY. This takes 9MFY26 EPS to PKR 8.06, down 14% YoY. The company did not post any dividend for the quarter.
- Net sales for 3QFY26 clocked in at PKR 8.2bn, remaining largely flat YoY. A 4% YoY drop in domestic dispatches was offset by a 5% YoY increase in net retention. To recall, the KOHC's relevant regional Peshawar cement prices increased by 3% YoY.
- Gross margins for 3QFY26 clocked in at 35% in 3QFY26, down 5ppts YoY. The decline primarily reflects normalization from elevated SPLY levels due to higher weighted average coal costs following Afghan border closure, and surge in power cost.
- On a sequential basis, earnings are down by 28% QoQ. Net sales declined 22% QoQ primarily due to a 25% QoQ dip in the local dispatches along with a plunge in exports to Afghanistan.
- Gross margins improved 2ppt QoQ, primarily reflecting absence of low margin exports along with a 6% QoQ increase in net retention.
- Other income declined 46% QoQ to PKR 621mn, further weighing on earnings. The company's short-term investments are mostly allocated to income and money market funds. With yields rising during the quarter, these investments likely incurred mark-to-market losses. Consequently, the company recorded an effective yield of 7% in 3QFY26 (as compared to 13% in 2QFY26).

Key Data

PSX Ticker	KOHC
Target Price (PKR)	124
Current Price (PKR)	89
Upside/(Downside) (%)	40%
Dividend Yield (%)	0%
Total Return (%)	40%
12-month High (PKR)	127
12-month Low (PKR)	66
Outstanding Shares (mn)	919
Market Cap (PKR mn)	84,116

Source: PSX, Akseer Research

Financial Estimates (PKR mn)	3QFY25	3QFY26E	YoY	9MFY25	9MFY26E	YoY
Sales	8,152	8,157	0%	28,816	28,901	0%
Cost of Sales	4,930	5,318	8%	16,814	19,186	14%
Gross Profit	3,223	2,839	-12%	12,001	9,715	-19%
General and Admin	54	75	40%	154	175	14%
Selling and Distribution	173	236	37%	545	622	14%
Other Operating Expenses	224	195	-13%	787	629	-20%
Other Income	921	621	-33%	3,977	3,245	-18%
Finance Cost	61	36	-41%	270	118	-56%
Profit Before Tax	3,632	2,917	-20%	14,221	11,416	-20%
Taxation	1,296	1,047	-19%	5,000	4,006	-20%
Net Income	2,336	1,870	-20%	9,221	7,410	-20%
EPS (PKR)	2.39	2.03	-15%	9.42	8.06	-14%
DPS (PKR)	0.00	0.00		0.00	0.00	

Source: Company Accounts, Akseer Research

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