Result Review | Pakistan Research

Sameer Ul Haq Usmani
sameer.usmani@akseerresearch.com

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KOHC's Earnings Rally 40% YoY in 4QFY26

Kohat Cement Company Limited

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

- KOHC announced its 4QFY26 results, wherein the company reported an EPS of PKR 3.58, up 40% YoY. This takes FY26 EPS to PKR 11.64, down 8% YoY. The company did not announce any dividend for the quarter. (4QFY25 and FY25 EPS calculated on current number of shares).
- As highlighted in our "KOHC - 4QFY26 - Results Preview", 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 28% in 4QFY26 (compared to average ETR of 35% for 9MFY26).
- Net sales for 4QFY26 clocked in at PKR 9.68bn, the increase was driven by surge in dispatches by 4% coupled with a likely increase in retention/ bag by 9%.
- Gross margin for 4QFY26 clocked in at 41%, up 10ppts YoY. The expansion was likely due to better cost management and availability of low-cost coal.
- Other income increased by 7% YoY to PKR 1.4bn due to an increase in cash and cash equivalents by 31% YoY to PKR 37bn.
- Normalizing the earnings at an ETR of 35% (9MFY26 average), EPS for 4QFY26 clocks in at PKR 3.22, down 10% YoY.
- On a sequential basis, earnings are up by 76% QoQ. Net sales increased by 18%, primarily due to increased dispatches by 11% and a likely increase in retention/ bag by 8%. GM expanded 6ppt QoQ.
- Other income increased by 126% QoQ, providing meaningful earnings cushion. This increase is a reflection of low-base in 3QFY26, as the company faced mark-to-market losses due to yields expansion in the respective quarter along with losses in quarter(likely). Consequently, the company recorded an effective annualized yield of 16% in 4QFY26 (as compared to 7% in 3QFY26).

Key Data	
PSX Ticker	KOHC
Target Price (PKR)	125
Current Price (PKR)	92
Upside/(Downside) (%)	36%
Dividend Yield (%)	0%
Total Return (%)	36%
12-month High (PKR)	126
12-month Low (PKR)	74
Outstanding Shares (mn)	919
Market Cap (PKR mn)	84,943

Source: PSX, Akseer Research

Financials (PKR mn)	4QFY25	4QFY26	YoY	FY25	FY26	YoY
Sales	8,720	9,630	10%	37,536	38,531	3%
Cost of Sales	6,000	5,697	-5%	22,814	24,883	9%
Gross Profit	**2,721**	**3,933**	**45%**	**14,722**	**13,648**	**-7%**
General and Admin	150	449	199%	696	1,071	54%
Selling and Distribution	71	75	5%	226	250	11%
Other Operating Expenses	197	222	13%	984	851	-14%
Other Income	1,303	1,401	7%	5,281	4,646	-12%
Finance Cost	80	36	-55%	350	153	-56%
Profit Before Tax	**3,525**	**4,552**	**29%**	**17,747**	**15,968**	**-10%**
Taxation	1,171	1,265	8%	6,172	5,271	-15%
Net Income	**2,354**	**3,287**	**40%**	**11,575**	**10,697**	**-8%**
EPS (PKR)	**2.56**	**3.58**	**40%**	**12.59**	**11.64**	**-8%**
DPS (PKR)	0	0	n.m.	0.00	0.00	n.m.

Source: PSX, Akseer Research

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Rating	Expected Total Return
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Hold	Between -5% and +15%
Sell	Less than or equal to -5%

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Contact Details

Akseer Research (Pvt) Limited
1st Floor, Shaheen Chambers, KCHS block 7 & 8, off. Shahrah-e-Faisal
T: +92-21-34320359 -60
E: info@akseerresearch.com

Alpha Capital (Pvt) Limited
3rd Floor, Shaheen Chambers, A-4 Central Commercial Area, KCH Society, Block 7 & 8, Near Virtual University, Karachi
T: +92-21-38694242
E: info@alphacapital.com.pk

www.jamapunji.pk