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Cement Universe to Post Earnings of PKR 10.3bn in 3QFY26, up 3% YoY

Sector Outlook

- Akseer's Cement Universe is expected to post earnings of PKR 10.3bn in 3QFY26, up 3% YoY. Net sales will likely rise, 8% YoY in 3QFY26, supported by 7% YoY growth in local dispatches and 4% YoY increase in cement prices. The growth in net sales was limited due to halt in exports to Afghanistan following border closure.
- Gross margin for our universe is projected to clock in at 33%, down 1ppt YoY despite increasing volumes and retention prices due to upward pressure on energy cost and adverse changes in fuel mix following Afghan border closure. Companies in the KP region such as KOHC and CHCC were primarily reliant on low-cost Afghan coal due to their proximity and have now shifted to imported coal, incurring higher freight costs.
- Despite volatility, Richard Bay Coal (RB2) prices averaged USD 99/ton in 3QFY26, remaining flattish YoY. RB2 dipped to USD 88/ton in January before surging to USD 110/ton in March amid geopolitical tensions. At the same time, inland transportation costs for northern players rose from ~USD 32-35/ton to USD 39-40/ton, driven by increased demand and higher local diesel prices.
- On a sequential basis, earnings are expected to decline 23% QoQ primarily driven by 11% QoQ dip in net sales. Local dispatches likely declined 12% QoQ, offsetting the impact of 3% QoQ rise in cement prices. The decline in local demand can be attributable to seasonal factors like Ramadan and Eid holidays leading to reduced working days and a sluggish construction season.

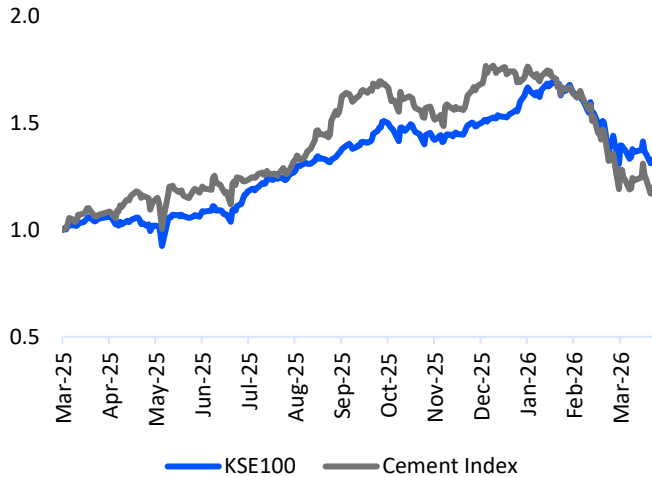
Dispatches (Mn Tons)	3QFY26	3QFY25	YoY
North	8.44	8.03	5%
Local	8.44	7.90	7%
Export	0.00	0.13	-100%
South	4.04	3.44	17%
Local	1.72	1.85	-7%
Export	2.32	1.59	45%
Total	12.48	11.48	9%
Local	10.16	9.75	4%
Export	2.32	1.72	35%

Source: APCMA, Akseer Research

Cement Universe	3QFY25A	3QFY26E	YoY	2QFY26A	QoQ
PIOC					
EPS	4.29	6.53	52%	7.04	-7%
DPS	-	-	nm	-	nm
MLCF					
EPS	2.67	2.48	-7%	2.98	-17%
DPS	-	-	nm	-	nm
KOHC					
EPS	2.42	1.98	-18%	2.82	-30%
DPS	-	-	nm	-	nm
CHCC					
EPS	8.67	8.27	-5%	10.37	-20%
DPS	-	-	nm	1.5	-100%
FCCL					
EPS	0.87	1.43	64%	1.64	-13%
DPS	-	-	nm	-	nm

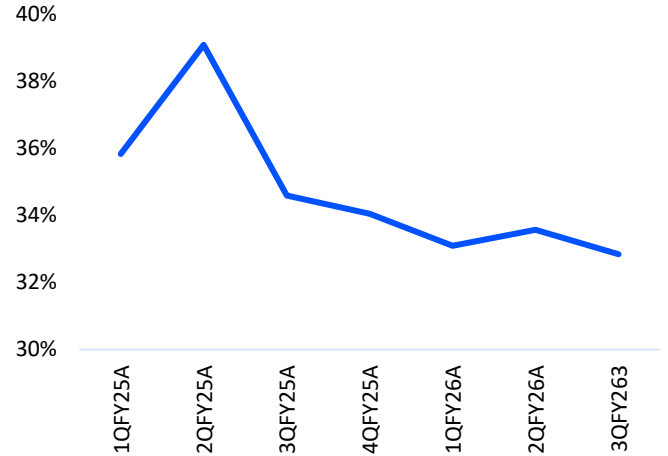
Source: Company Accounts, Akseer Research

Relative Price Performance of the Cement Sector



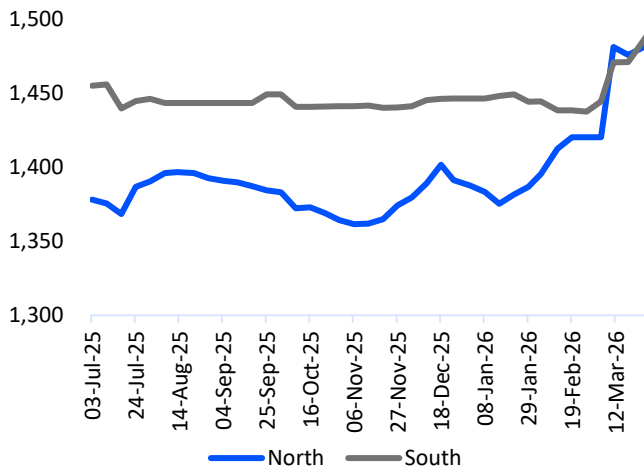
Source: PSX, Akseer Research

Compression of Universe Gross Margins QoQ and YoY



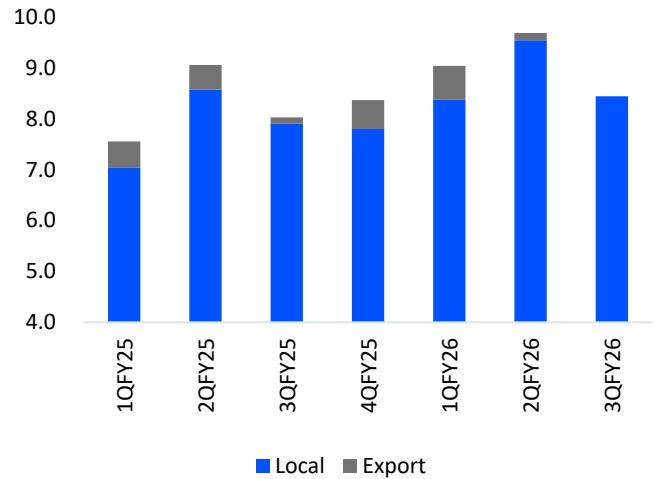
Source: Company Accounts, Akseer Research

Hike in North's MRP (PKR/Bag) Following Surge in Fuel Prices



Source: PBS, Akseer Research

YoY Growth in Domestic Dispatches (Mn Tons) in the Northern Region



Source: APCMA, Akseer Research

Dispatches (Mn Tons)	3QFY26A	3QFY25A	YoY	2QFY26A	QoQ	9MFY26A	9MFY25A	YoY
PIOC	0.63	0.53	18%	0.70	-10%	1.88	1.54	22%
Local	0.63	0.53	18%	0.70	-10%	1.88	1.54	22%
Export	-	-	N/A	-	N/A	-	-	N/A
MLCF	0.94	1.01	-6%	1.17	-19%	3.08	2.85	8%
Local	0.94	0.98	-4%	1.15	-18%	3.01	2.68	12%
Export	-	0.03	-100%	0.02	-100%	0.07	0.16	-56%
FCCL	1.36	1.19	14%	1.50	-9%	4.37	4.01	9%
Local	1.36	1.15	18%	1.45	-6%	4.05	3.65	11%
Export	-	0.04	-100%	0.05	-100%	0.31	0.36	-14%
KOHC	0.52	0.54	-4%	0.71	-27%	1.92	1.76	9%
Local	0.52	0.54	-4%	0.69	-25%	1.85	1.75	6%
Export	-	0.00	-100%	0.02	-100%	0.07	0.02	302%
CHCC	0.50	0.51	-2%	0.64	-22%	1.84	1.75	5%
Local	0.50	0.49	2%	0.61	-18%	1.65	1.48	12%
Export	-	0.02	-100%	0.03	-100%	0.19	0.27	-30%

Source: APCMA, Akseer Research

Cement Universe (PKR mn)	3QFY25A	3QFY26E	YoY	2QFY26A	QoQ
Sales	59,762	64,657	8%	73,010	-11%
Cost of Sales	39,248	43,167	10%	48,249	-11%
Gross Profit	20,514	21,490	5%	24,761	-13%
Selling and Distribution	1,995	1,864	-7%	2,073	-10%
General and Admin	1,307	1,764	35%	1,736	2%
Other Operating Expenses	1,125	1,250	11%	1,147	9%
Other Income	1,771	2,513	42%	3,027	-17%
Finance Cost	2,571	2,186	-15%	1,778	23%
Profit Before Tax	15,286	16,938	11%	21,054	-20%
Taxation	5,259	6,606	26%	7,696	-14%
Net Income	10,028	10,332	3%	13,358	-23%

Source: Company Accounts, Akseer Research

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