

KSE-100 Cement sector's profitability

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FY25 Cement Sector Profits up by 38% YoY

REP-300

Nasheed Malik

D: +92 21 32461106

UAN: +92 21 111 245 111, Ext: 242

F: +92 21 32420742

E: nasheed.malik@arifhabibltd.com



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Pakistan Cement Sector

FY25: Sector (KSE100) profitability increased by 38% YoY

- The cement sector (KSE100) saw a 38% YoY increase in **profitability** during FY25, reaching PKR 167.0bn, up from PKR 121.4bn in FY24.
- **Sales for the sector's** companies grew by 7% YoY to PKR 896bn in FY25. In 4QFY25, sector sales rose by 5% and declined by 16% QoQ. The increase in sales was driven by higher retention prices, with dispatches also rising by 2% YoY to 37.4mn tons in FY25. In 4QFY25, dispatches grew by 4% YoY and 2% QoQ to 9.3mn tons.
- **Gross margins** for the sector improved to 30.7% in FY25, mainly due to higher retention prices, lower coal prices and improved power mix.
- **Other income** of the sector increased by 33% YoY to PKR 36.4bn. The rise in other income is driven by increased interest and dividend income.
- **Finance cost** of the sector declined by 34% YoY to PKR 46.0bn due to decline in interest rates and reduction in borrowings.
- **Cement prices** stood at an average of PKR 1,434/bag in North in FY25 (+16% YoY). In South, average price stood at PKR 1,395/bag. (+17% YoY). Increase in prices is due to higher FED and higher retention prices. In 4QFY25, North average retention prices increased by 4% QoQ and in South by 3% QoQ.
- Meanwhile, **coal prices** declined by 4.6% YoY during FY25 (average; USD 102/ton), contributing to improved gross margins across cement manufacturers. In 4QFY25, coal prices stood at an average of USD 92/ton, down 15% YoY and by 4% QoQ.

Exhibit: Financial Highlights

(PKR mn)	FY25	FY24	YoY	4QFY25	4QFY24	YoY	3QFY25	QoQ
Income statement								
Net Revenue	895,547	840,035	7%	134,509	127,718	5%	161,032	-16%
Cost of Sales	620,877	590,792	5%	91,166	90,247	1%	102,642	-11%
Gross Profit	274,670	249,243	10%	43,343	37,472	16%	58,390	-26%
Admin Exp	16,711	15,183	10%	2,826	2,294	23%	2,910	-3%
Distribution Exp	31,027	29,614	5%	5,397	5,226	3%	6,178	-13%
Other income	36,409	27,309	33%	14,159	5,610	152%	8,806	61%
Finance Cost	46,025	69,426	-34%	4,984	8,760	-43%	6,806	-27%
PBT	232,178	174,865	33%	45,189	26,526	70%	50,307	-10%
Tax	65,178	53,505	22%	13,685	9,093	51%	17,680	-23%
PAT	167,000	121,360	38%	31,504	17,433	81%	32,627	-3%
Ratio Analysis								
Gross Margins	30.7%	29.7%		32.2%	29.3%		36.3%	
Net Margins	18.6%	14.4%		23.4%	13.6%		20.3%	
Effective Tax	33.3%	37.9%		30.3%	34.3%		35.1%	

Source (s): Company Financials, AHL Research, *Consolidated, ^KSE100

Pakistan Cement Sector

FY25: DGKC posts the highest profitability growth



- **DGKC's earnings surged by ~15x YoY in FY25.**
- The improvement in profitability was primarily driven by a 56% YoY reduction in finance costs, reflecting the impact of lower interest rates. Additionally, gross margins expanded by 1,110bps YoY.



- **BWCL's profitability soared by 73% YoY to PKR 23.9bn in FY25.**
- The rise in profitability is driven by an 469bps YoY expansion in gross margins to 34.6%, supported by higher cement retention prices, stable coal prices, and lower finance costs.



- **KOHC recorded a 30% YoY increase in profitability during FY25.**
- The increase in profitability is primarily due to a 19% YoY increase in Other Income. Furthermore, gross margins improved by 923bps YoY.



- **CHCC posted a 58% YoY increase in earnings in FY25.**
- The rise in earnings is driven by a 563bps YoY expansion in gross margins to 36.9%, a 221% YoY surge in other income, and a 57% YoY decline in finance costs.

Pakistan Cement Sector

FY25: DGKC posts the highest profitability growth



- **FCCL's profitability surged by 62% YoY in FY25.**
- The profit increase is fueled by a 662bps expansion in gross margins to 35.5%, supported by higher retention prices, greater reliance on local coal and higher in-house power generation.



- **MLCF's consolidated earnings rose by 66% YoY in FY25.**
- The increase in profits is primarily attributable to a 5.8x YoY surge in other income, along with a 439bps expansion in gross margins to 37.1%.



- **PIOC's earnings declined by 6% YoY in FY25, reaching PKR 4.9bn.**
- The decrease in earnings is mainly due to a 396bps YoY decline in gross margins. Meanwhile, other income and net revenue declined by 25% and 6% YoY, respectively.

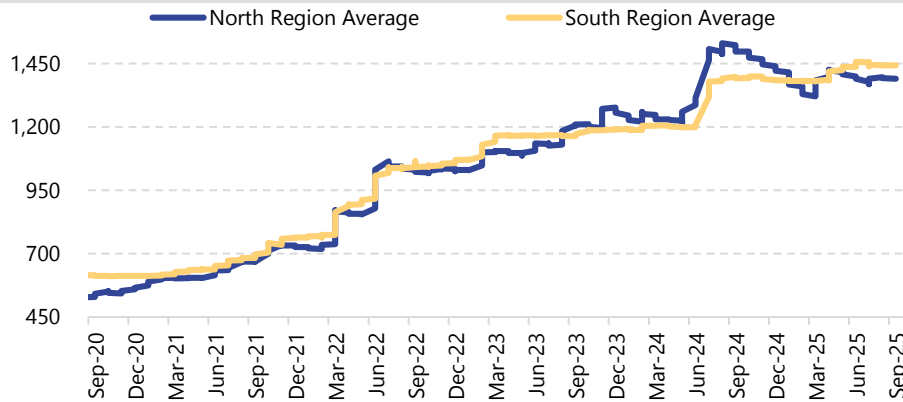


- **LUCK's consolidated profitability increased by 17% YoY in FY25.**
- The growth in profitability was primarily driven by a 27% YoY rise in other income, and a 9% YoY increase in Net Revenue.

Outlook:

- We anticipate profitability growth trend to continue in FY26 mainly due to a recovery in domestic dispatches, improvement in retention prices and lower cost fuel and power mix.
- Companies have diversified their fuel mix with alternative sources and Afghan/locally sourced coal to manage fluctuations in international coal prices and exchange rates, boosting cost efficiency.
- Our top picks are GWLC, FCCL, MLCF.

Exhibit: Trend of cement prices



Source (s): PBS, AHL Research

Exhibit: Financial Highlights

(PKR mn)	FY25	FY24	YoY	4QFY25	4QFY24	YoY	3QFY25	QoQ
LUCK*	84,498	72,337	17%	13,507	4,938	174%	7,278	86%
BWCL	23,864	13,769	73%	6,074	3,537	72%	7,407	-18%
FCCL	13,326	8,223	62%	2,140	1,769	21%	4,020	-47%
MLCF*	11,503	6,920	66%	2,793	1,505	86%	3,735	-25%
DGKC	8,675	542	1499%	1,996	1,180	69%	2,719	-27%
PIOC	4,876	5,176	-6%	974	1,202	-19%	1,750	-44%
KOHC	11,575	8,893	30%	2,336	2,058	14%	3,446	-32%
CHCC	8,681	5,500	58%	1,685	1,244	35%	2,271	-26%
Total^	167,000	121,360	38%	31,504	17,433	81%	32,627	-3%

Source (s): Company Financials, AHL Research, *Consolidated, ^KSE100

Exhibit: Cement Dispatches

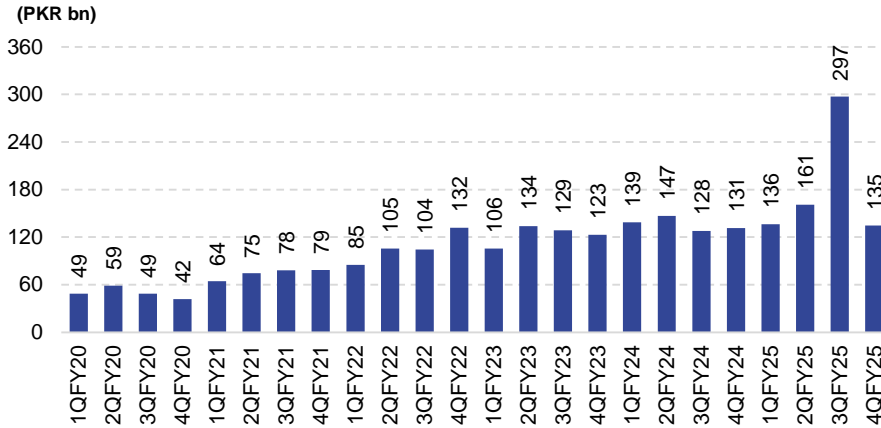
(000 tons)	FY25	FY24	YoY	4QFY25	4QFY24	YoY	3QFY25	QoQ
DGKC	5,348	4,846	10%	1,276	1,290	-1%	1,346	-5%
FCCL	5,394	5,087	6%	1,384	1,298	7%	1,193	16%
LUCK	9,282	8,524	9%	2,226	2,156	3%	2,248	-1%
BWCL	6,776	6,894	-2%	1,661	1,531	8%	1,772	-6%
MLCF	3,852	3,903	-1%	1,004	905	11%	968	4%
CHCC	2,390	2,629	-9%	644	653	-1%	506	27%
KOHC	2,324	2,572	-10%	561	569	-1%	539	4%
PIOC	2,072	2,362	-12%	530	535	-1%	523	1%
Total^	37,438	36,816	2%	9,286	8,937	4%	9,095	2%

Source (s): Company Financials, AHL Research, ^KSE100

Pakistan Cement Sector

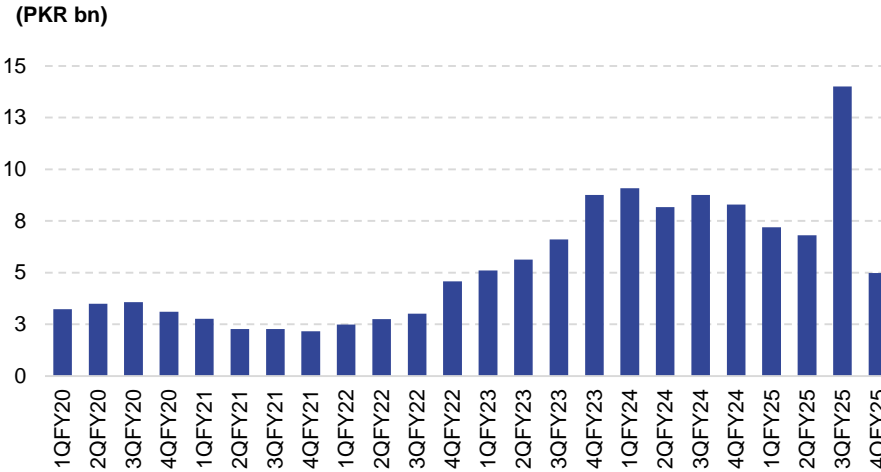
Cement Sector (KSE100) at a glance

Exhibit: Trend of sector's (KSE100) net sales



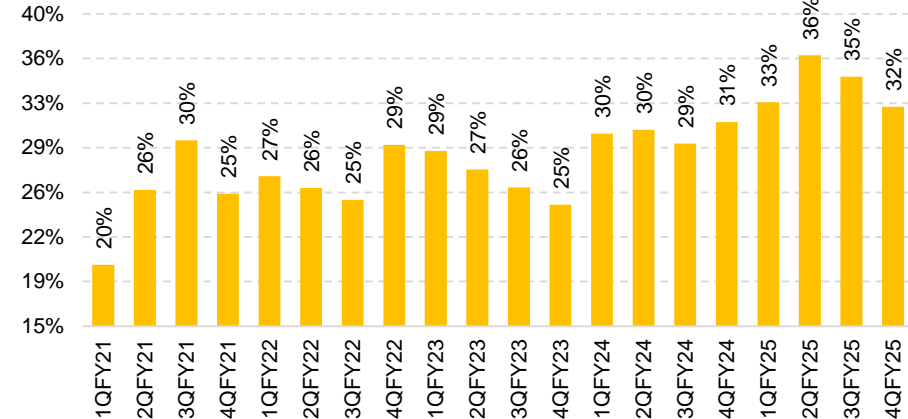
Source (s): Company Financials, AHL Research

Exhibit: Trend of sector's (KSE100) finance cost



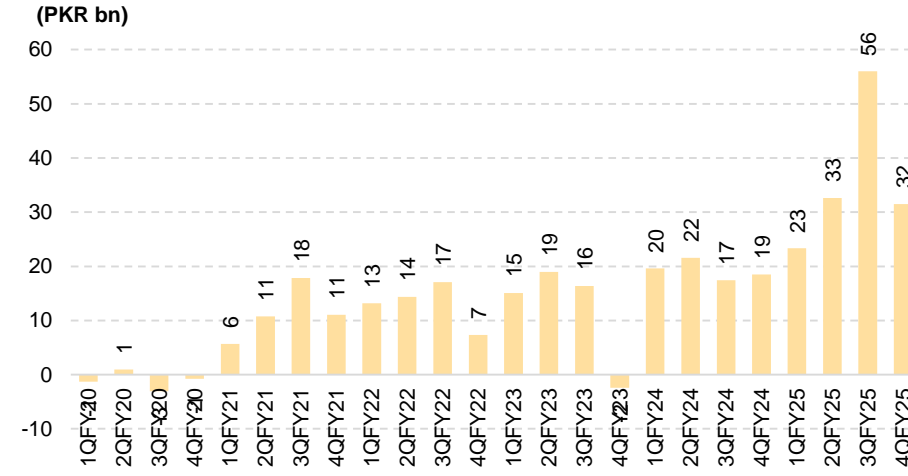
Source (s): Company Financials, AHL Research

Exhibit: Trend of sector's (KSE100) gross margins



Source (s): Company Financials, AHL Research

Exhibit: Trend of sector's (KSE100) profit after tax



Source (s): Company Financials, AHL Research

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- Justified Price to Book (JPTB)
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