

Flash Note

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Cement

Cherat Cement Company Limited (CHCC)

Earnings: Cherat Cement Company Limited (CHCC) announced its 2QFY26 result, the company posted earnings of PKR 2.0bn (EPS: PKR 10.37/share), reflecting 11% y/y and 4% q/q decline. The y/y decline in profitability was mainly due to lower dispatches and higher admin cost, while on q/q basis, the decline stemmed from lower sales volumes and higher finance cost. This brings total profitability for 1HFY26 to PKR 4.1bn (EPS PKR 21.16), down by 20%/y/y, compared to PKR 5.1bn (EPS PKR 26.5) in the same period last year.

Dividend/Payout: The Company announced cash dividend of PKR 1.5/share along with the result.

Operating Performance: During 1QFY26, net sales declined to PKR 9.4bn, showing 11% y/y and 8% q/q decrease, mainly due to lower exports. Gross margins remained flat at 36.3% during 2QFY26 against 36% in the same period last year. However, EBIT margins declined to 35% compared to 36% in the same period last year. Finance cost fell by 55% y/y to PKR 0.1bn due to decline in interest rates and deleveraging by the Company. Effective tax rate stood at 37.2% during 2QFY26 (1QFY26: 38.6%) against 37.8% in the same period last year bringing total effective rate to 37.9% for 1HFY26 compared to 28.2% in 1HFY25.

Exhibit: Cherat Cement Company Limited (CHCC) Financial highlights								
For period ending: 2q/26								
PKRbn	2q/26	2q/25	y/y	1q/26	q/q	1HFY26	1HFY25	q/q
Net Sales	9.4	10.6	-11%	10.3	-8%	19.7	20.3	-3%
Gross Profits	3.4	3.8	-11%	3.7	-8%	7.2	7.7	-7%
Admin	0.2	0.1	14%	0.2	-1%	0.3	0.3	13%
EBIT	3.3	3.8	-14%	3.5	-6%	6.8	7.5	-9%
Finance cost	0.1	0.2	-55%	0.1	7%	0.2	0.4	-48%
Profit before tax	3.2	3.7	-12%	3.4	-6%	6.6	7.2	-8%
Taxation	1.2	1.4	-14%	1.3	-10%	2.5	2.0	24%
Profit after Tax	2.0	2.3	-11%	2.1	-4%	4.1	5.1	-20%
EPS*	10.37	11.69		10.79		21.16	26.50	
DPS	1.50	1.50		0.00		1.50	1.50	
Gross Margins	36%	36%		36%		36%	38%	
EBIT Margins	35%	36%		34%		35%	37%	
Effective tax	37%	38%		39%		38%	28%	
Net Margins	21%	21%		20%		21%	25%	

Source: Company Accounts, IGI Research, *Number of Shares (mn): 194.3

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