Flash Note

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Cement

Cherat Cement Company Limited (CHCC)

Earnings: Cherat Cement Company Limited (CHCC) announced it 4QFY26 result. The Company reported unconsolidated earnings for 4QFY26 of PKR 1.7bn (PKR 8.95/share), down by -6% y/y, compared to earnings of PKR 1.8bn (PKR 9.51/share) in the same period last year. On FY26 basis, the Company reported earnings of PKR 7.3bn (EPS PKR 37.35/share) down by -16%y/y compared to PKR 8.7bn (EPS PKR 44.68/share) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 4/share taking FY26 payout to PKR 5.5/share.

Operating Performance: During 4QFY26, company's net sales decreased by -9%y/y (+13% q/q) to PKR 8.9bn as compared to same period last year, primarily driven by decrease in dispatches by 18%y/y, while export dispatches remained nil due to the closure of Afghan border. However 9%y/y increase in retention prices partially offset the impact. Gross margin declined to 27% during 4QFY26 against 33% in the same period last year due to higher coal prices. Finance cost decreased by -26%y/y as compared to similar period last year due to lower borrowing and interest rate. The effective tax rate during 4QFY26 stood at 27% compared to 39% during 4QFY25, while in FY26 stood at 36% compared to 33% last year.

Recommendation: We have a "BUY" stance on CHCC with our Dec-26 Target Price of PKR 512/share offering 65% upside from last close. The Company is currently trading at FY27 P/E of 6.7x.

Exhibit: Cherat Cement Company Limited (CHCC) Financial highlights

For period ending: 4q/26

PKRbn	4q/26	4q/25	y/y	3q/26	q/q	FY26	FY25	y/y
Net Sales	8.9	9.7	-9%	7.9	13%	36.5	37.8	-4%
Gross Profits	2.4	3.2	-23%	2.4	0%	12.0	14.0	-14%
Admin	0.2	0.2	21%	0.2	14%	0.7	0.6	16%
EBIT	2.5	3.1	-21%	2.4	4%	11.6	13.5	-14%
Finance cost	0.1	0.1	-26%	0.1	-22%	0.3	0.6	-42%
Profit before tax	2.4	3.0	-20%	2.3	5%	11.3	12.9	-13%
Taxation	0.7	1.2	-44%	0.9	-25%	4.0	4.3	-5%
Profit after Tax	1.7	1.8	-6%	1.4	23%	7.3	8.7	-16%
EPS*	**8.95**	**9.51**		**7.24**		**37.35**	**44.68**	
DPS	**4.00**	**4.00**		**0.00**		**5.50**	**5.50**	
Gross Margins	27%	33%		31%		33%	37%	
EBIT Margins	28%	32%		30%		32%	36%	
Effective tax	27%	39%		38%		36%	33%	
Net Margins	20%	19%		18%		20%	23%	

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

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- Discounted Cash Flow (DCF)
- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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