Flash Note

Wednesday, October 28, 2026

Cement

Kohat Cement Company Limited (KOHC)

Earnings: Kohat Cement Company Limited (KOHC) announced it 1QFY27 result. The Company reported unconsolidated earnings for 1QFY27 of PKR 3.3bn (PKR 3.6/share) supported by higher sales volume along with cost efficiencies, compared to PKR 2.9bn (EPS: 3.2/share) in the same period last year.

Dividend/Payout: The Company didn't announced any cash dividend.

Operating Performance: During 1QFY27, company's net sales increased by +15%y/y (+23%q/q) to PKR 11.8bn as compared to same period last year likely owing to improved retention prices despite 3%y/y decline in overall dispatches. Gross margins increased to 42% compared to 34% in the same period last year due to cost optimization initiatives. Finance cost plummeted by -30%y/y as compared to same period last year due to repayment of outstanding borrowings. The effective tax rate during 1QFY27 stood at 37% compared to 34% during the corresponding period last year while being 28% for the last quarter.

Recommendation: We have a "BUY" stance on KOHC with our Dec-26 Target Price of PKR 145/share offering 75% upside from last close. The Company is currently trading at FY27 P/E of 6.2x.

Exhibit: Kohat Cement Company Limited (KOHC) Financial highlights

For period ending: 1q/27

PKRbn	1q/27	1q/26	y/y	4q/26	q/q
Net Sales	11.8	10.3	15%	9.6	23%
Gross Profits	4.9	3.5	42%	3.9	26%
Admin	0.3	0.2	44%	0.4	-42%
EBIT	5.2	4.5	17%	4.6	14%
Finance cost	0.0	0.0	-30%	0.0	-23%
Profit before tax	5.2	4.5	16%	4.6	14%
Taxation	1.9	1.5	24%	1.3	51%
Profit after Tax	3.3	2.9	13%	3.3	0%
EPS*	**3.60**	**3.20**		**3.61**	
DPS	**0.00**	**0.00**		**0.00**	
Gross Margins	42%	34%		41%	
EBIT Margins	44%	44%		48%	
Effective tax	37%	34%		28%	
Net Margins	28%	29%		34%	

Source: Company Accounts, IGI Research, *Number of Shares (mn): 919.3

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Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
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Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- 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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Basic Definitions and Terminologies used: Target Price: A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

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