



PIOC: 1QFY26 Result Review — Earnings surge given uptick in offtakes



AKD Securities Limited

Pioneer Cement Ltd. (PIOC) announced its 1QFY26 financial result, reporting earnings of PkR1.3bn (EPS: PkR5.6), up 25%YoY from PkR1.0bn (EPS: PkR4.5) in SPLY. Earnings were in-line with our expectations.

- Revenue increased by 7%YoY to PkR8.4bn from PkR7.9bn in SPLY, primarily due to 18%YoY surge offtakes. However, partially offset by 10%YoY decline in retention prices during the quarter.
- Gross margins declined moderately to 29.8% from 30.4% in SPLY, due to aforementioned reasons.
- Finance cost fell by 57%YoY to PkR214mn, compared to PkR493mn in SPLY, driven by easing interest rates and 24%YoY reduction in outstanding debt.
- Other income inclined by 74%YoY to PkR91mn compared to PkR53mn during SPLY, driven by 5x YoY increase in cash & short-term investments
- Sequentially, profitability inclined 13%QoQ, driven by i) improvement in gross margins, and ii) 3%QoQ increase in offtakes.
- We maintain a 'Buy' stance on PIOC with a Jun'26 DCF target price of PkR345.5/sh, providing a total return of 31%. Our bullish view is underpinned by i) company's robust deleveraging (D/E down to 0.14x from 0.6x in Mar'23), ii) improving utilization outlook (FY26E: 45%), and iii) increasing gross margins amid efficient power mix.

PIOC: Income Statement

PkRmn	1QFY26	1QFY25	YoY	4QFY25	QoQ
Sales	8,417	7,891	7%	8,618	-2%
COGS	5,910	5,490	8%	6,300	-6%
Gross Profit	2,507	2,401	4%	2,317	8%
Gross Margins	29.8%	30.4%	-	26.9%	-
Opex	180	178	1%	118	53%
Other Income	91	53	74%	144	-37%
Finance Cost	214	493	-57%	282	-24%
PBT	2,089	1,677	25%	1,966	6%
Taxation	815	654	25%	837	-3%
ETR	39%	39%		43%	
NPAT	1,274	1,023	25%	1,129	13%
EPS (PkR)	5.61	4.50	-	4.97	-
DPS (PkR)	0.00	0.00	-	5.00	-

Source: PSX & AKD Research

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Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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