



CHCC: 3QFY26 Result Review — Earnings declined on margin contraction

Cherat Cement Company Ltd. (CHCC) announced its 3QFY26 financial results, reporting profitability of PkR1.4bn (EPS: PkR7.2), down 16%YoY from PkR1.7bn (EPS: PkR8.7) in SPLY, primarily attributed to lower offtakes and higher coal cost. Earnings came in lower than our expectations due to higher-than-anticipated COGS and opex.

- Revenue inched up by 1%YoY to PkR7.9bn, as 3%YoY higher local prices outweighed the impact of 3%YoY decline in total offtakes, due to lower exports amid Afghan border closure.
- Gross margins contracted to 31.0% from 40.0% in SPLY, driven by higher coal prices.
- Operating expenses rose by 9%YoY to PkR384mn, primarily led by higher distribution cost despite absence of exports, likely due to higher fuel cost.
- Other income increased by 67%YoY to PkR447mn, due to 47%YoY increase in Cash & ST investments, which outweighed the decrease in yields.
- Finance cost dropped by 23%YoY to PkR95mn, mainly due to easing interest rates along with lower outstanding debt.
- We maintain our 'BUY' stance on CHCC with Dec'26 TP of PkR640/sh. Our liking for the scrip is driven by; i) demand recovery and improving macros, ii) expected margins improvement supported by decline in grid tariff, expansion in solar capacity, and lower royalty rates in the region.

CHCC: Income Statement

(PkRmn)	3QFY26	3QFY25	YoY	2QFY26	QoQ	9MFY26	9MFY25	YoY
Sales	7,884	7,769	1%	9,420	-16%	27,590	28,071	-2%
COGS	5,440	4,665	17%	6,000	-9%	17,987	17,272	4%
Gross Profit	2,444	3,104	-21%	3,421	-29%	9,603	10,799	-11%
Gross Margins	31.0%	40.0%		36.3%		34.8%	38.5%	
Opex	384	351	9%	391	-2%	1,158	1,053	10%
Other Income	447	267	67%	465	-4%	1,260	1,138	11%
Finance Cost	95	124	-23%	102	-7%	278	506	-45%
PBT	2,284	2,753	-17%	3,207	-29%	8,905	9,875	-10%
Taxation	876	1,068	-18%	1,192	-27%	3,387	3,041	11%
ETR	38.4%	38.8%		37.2%		38.0%	30.8%	
NPAT	1,407	1,685	-16%	2,015	-30.2%	5,518	6,833	-19%
EPS (PkR)	7.2	8.7		10.4		28.4	35.2	
DPS (PkR)	0.0	0.0	n.m	1.5	-100.0%	1.5	1.5	0.0%

Source: PSX & AKD Research

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- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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