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PAKISTAN
CEMENT

MARKET
VISTA

Demand rebounds on construction revival amid lower policy rate in FY26

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- **Cement dispatches increased by 7%YoY to 50.5mn tons in FY26, led by a 9%YoY recovery in domestic sales to 41.5mn tons.**
- **Industry-wide utilization improved to 59% in FY26 (from 56% in FY25), reflecting the domestic-led pickup in offtakes.**
- **The FY27 budget supports cement demand, by a higher PSDP, property-tax relief, and the super-tax cut.**
- **Our top picks are LUCK, FCCL, and DGKC, with Dec'26 target prices of PkR735/sh, PkR88/sh and PkR389/sh, respectively.**

FY26 offtakes rose by 7%YoY: Total cement dispatches reached 50.5mn tons in FY26, up 7%YoY and the highest since FY22. The improvement was led by domestic demand, where local sales grew 9%YoY to 41.5mn tons amid the recovery in construction activity and lower average policy rates. Regionally, North domestic dispatches rose 11%YoY to 34.7mn tons, while South domestic sales increased 3%YoY to 6.8mn tons. Exports eased 2%YoY to 9.0mn tons, as a 9%YoY rise in South exports to 8.2mn tons on sustained demand particularly in Africa was outweighed by a 54%YoY collapse in North exports to 0.8mn tons amid the prolonged Afghan border closure.

Notably, total dispatches during the month rose 18%YoY/13%MoM to 4.33mn tons, with domestic sales up 27%YoY to 3.54mn tons, partly aided by a low base amid Eid holidays in SPLY, while exports eased 9%YoY to 0.79mn tons.

Utilization improved on domestic recovery: Industry-wide capacity utilization stood at 59% in FY26, up from 56% in FY25, reflecting the pickup in domestic offtakes. Region-wise, North utilization increased to 53% in FY26 from 49% in SPLY, mainly on the back of increased domestic demand. Similarly, South utilization also increased to 84% in FY26 from 79% in SPLY, due to 9%YoY increase in sea based exports.

FY27 budget reinforces the demand and earnings outlook: The FY27 federal budget strengthens the outlook for cement sector's demand. PSDP was set higher at PkR3.7tn, while the property package which includes advance tax on property sales cut to 2.75% (from 4.5–5.5%) and on purchases to 1.25% (from 1.5–2.5%), the abolition of Section 7E, and PkR71bn allocated for the subsidized PM Apna Ghar scheme would revive real-estate activity and support cement demand. On earnings, the super-tax cut to 8% (from 10%) is directly accretive across our universe, while the abolition of the 0.25% export development surcharge lifts South-based export contribution margins.

Investment Perspective: We project local cement offtakes to grow by ~8%YoY in FY27, driven by lower financing rates, ease in construction cost following the ongoing deescalation of Middle East tensions, and favorable fiscal policy. In addition, easing coal prices post US-Iran ceasefire would support sector margins going forward. However, a reigniting of the conflict, and a renewed spike in oil and coal prices remain key risks to our demand and margin outlook. We maintain an 'Overweight' stance on the sector, supported by i) demand recovery, ii) stability in gross margins, and iii) reduction in debt levels. Our top picks are LUCK, FCCL, and DGKC, with Dec'26 target prices of PkR735/sh, PkR88/sh and PkR389/sh, respectively.

AKD Cement Universe Valuation

	Stance	TP (Dec'26)	PE	D/Y
LUCK*	BUY	735	6.7	1.9%
FCCL	BUY	88	7.6	4.3%
MLCF*	BUY	157	8.8	2.3%
DGKC	BUY	389	7.8	3.7%
CHCC	BUY	640	6.5	2.7%
PIOC	BUY	372	9.4	7.0%
KOHC	BUY	194	7.4	2.8%

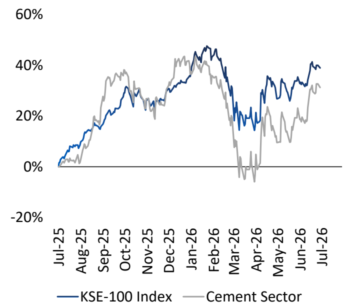
*Consolidated Source: PSX & AKD Research

Cement dispatches in Jun'26

(mn tons)	Jun-26	YoY	MoM	FY26	YoY
North Domestic	3.0	27%	14%	34.7	11%
South Domestic	0.5	28%	-5%	6.8	3%
Total Domestic	**3.5**	**27%**	**11%**	**41.5**	**9%**
North Exports	0.0	-100%	n.m.	0.8	-54%
South Exports	0.8	20%	25%	8.2	9%
Total Exports	**0.8**	**-9%**	**25%**	**9.0**	**-2%**
Total Sales	**4.3**	**18%**	**13%**	**50.5**	**7%**

Source: APCMA & AKD Research

Cement Sector vs. KSE100 Index



Source: PSX & AKD Research

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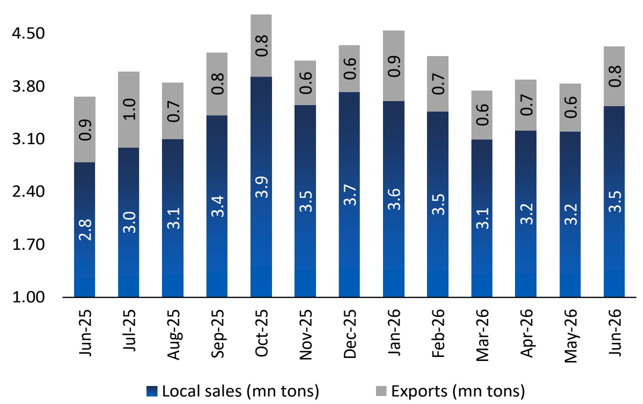
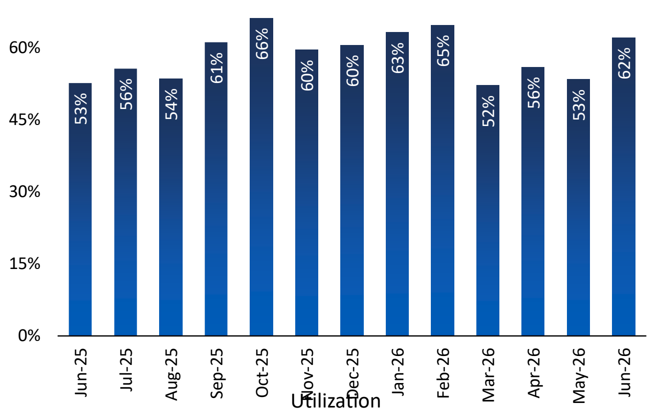
Offtakes increased due to higher domestic demand

Cement offtakes increased by 18%YoY in Jun'26

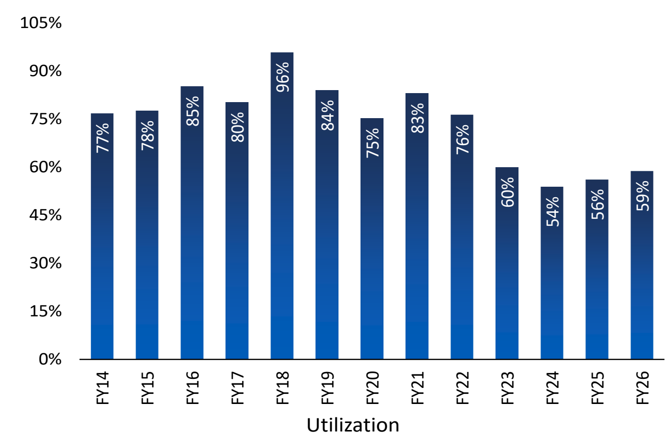


...with total offtakes increasing by 7%YoY in FY26

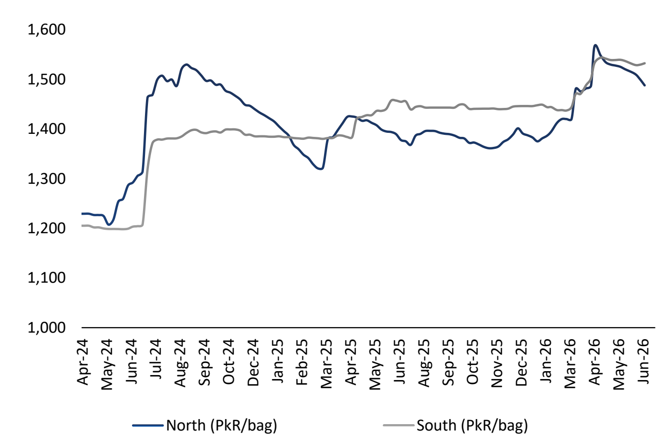
June'26 utilization increased by 9ppts to 62%



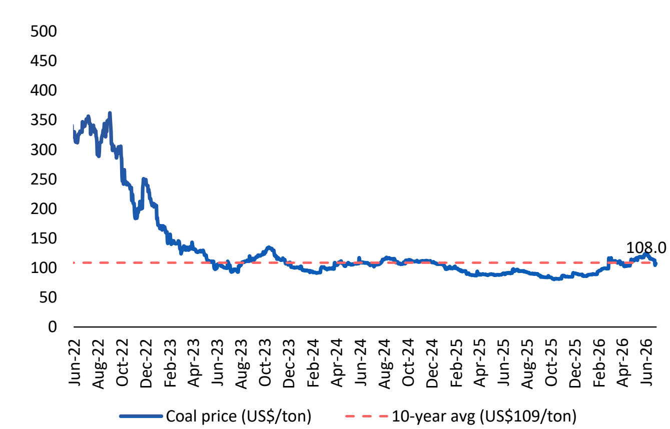
...with FY26 utilization improving to 59%



Supported by increase in prices



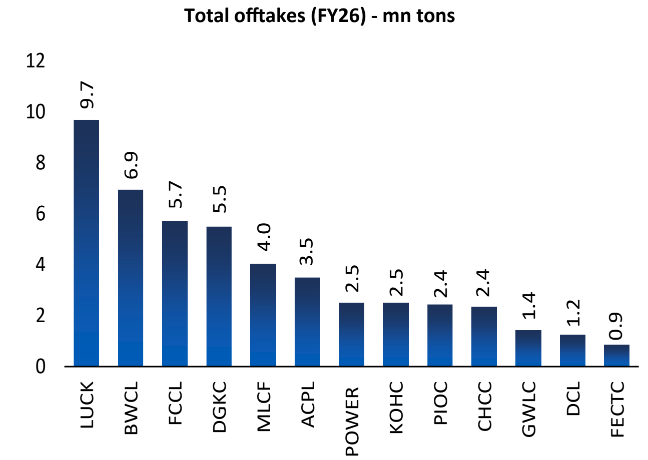
...along with coal prices stabilizing amid ME deescalations



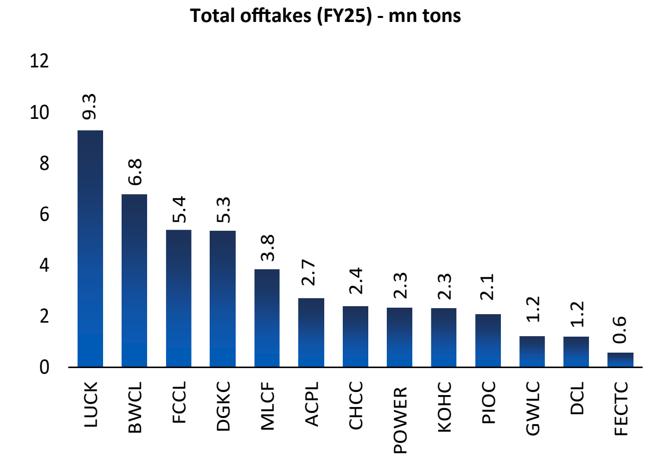
Source: APCMA, PBS, Bloomberg, PSX & AKD Research

LUCK leads in cement dispatches

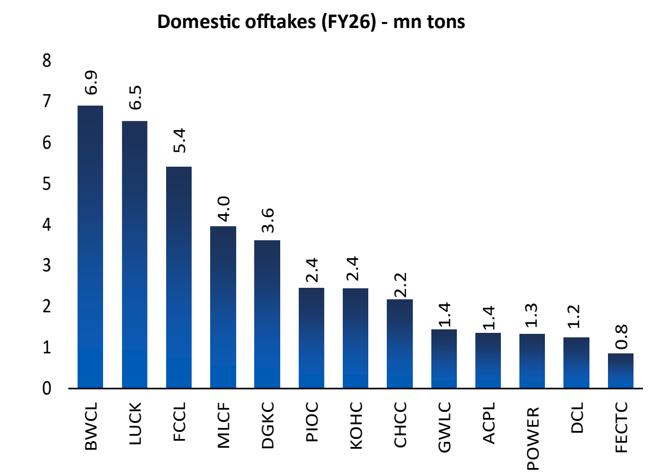
LUCK leads the total offtakeson higher exports



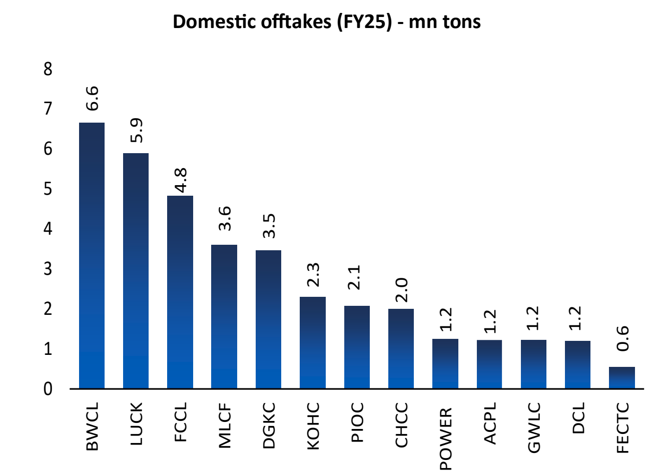
...continuing the same trajectory in FY25



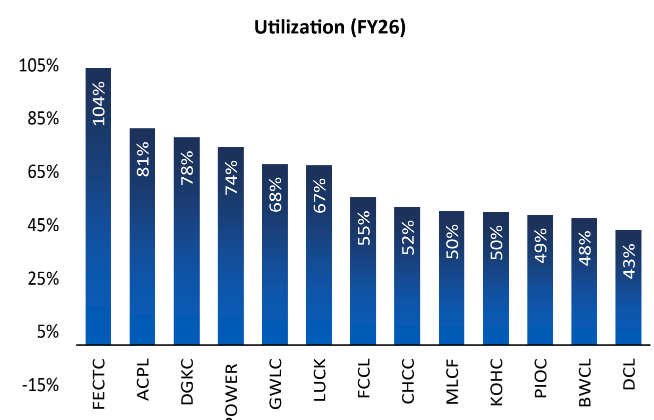
Where BWCL leads with local offtakes at 6.9mn tons in FY26



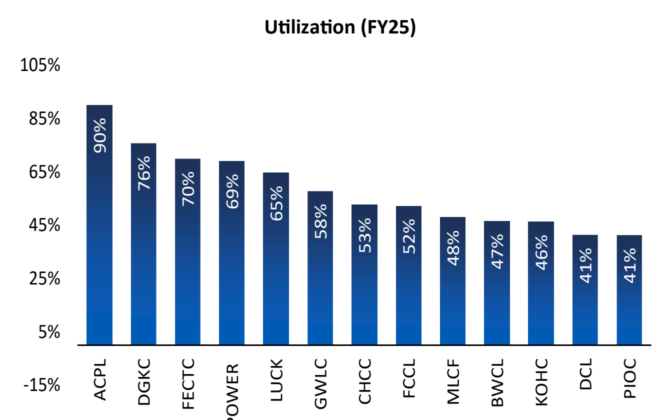
...lasting prior year trend



FECTC leads with the highest utilization at 104% in FY26



...with ACPL leading in FY25 at 90%



Source: APCMA, PSX & AKD Research

Company-wise cement dispatches

mn tons	Jun-26	Jun-25	YoY	May-26	QoQ	FY26	FY25	YoY
LUCK								
Domestic	0.57	0.41	40%	0.52	11%	6.52	5.89	11%
Exports	0.34	0.29	17%	0.24	45%	3.16	3.39	-7%
Total	**0.91**	**0.70**	**31%**	**0.75**	**21%**	**9.68**	**9.28**	**4%**
MLCF								
Domestic	0.35	0.29	19%	0.30	17%	3.96	3.60	10%
Exports	0.00	0.03	-100%	0.00	n.m	0.07	0.25	-71%
Total	**0.35**	**0.32**	**8%**	**0.30**	**17%**	**4.03**	**3.85**	**5%**
FCCL								
Domestic	0.48	0.36	35%	0.46	5%	5.41	4.83	12%
Exports	0.00	0.08	-100%	0.00	n.m	0.31	0.56	-45%
Total	**0.48**	**0.44**	**11%**	**0.46**	**5%**	**5.72**	**5.39**	**6%**
DGKC								
Domestic	0.30	0.23	31%	0.27	11%	3.62	3.47	4%
Exports	0.09	0.12	-24%	0.16	-45%	1.87	1.88	-1%
Total	**0.39**	**0.35**	**12%**	**0.43**	**-10%**	**5.49**	**5.35**	**3%**
CHCC								
Domestic	0.20	0.16	20%	0.15	29%	2.17	2.00	9%
Exports	0.00	0.05	-100%	0.00	n.m	0.18	0.40	-55%
Total	**0.20**	**0.22**	**-9%**	**0.15**	**29%**	**2.35**	**2.39**	**-2%**
PIOC								
Domestic	0.20	0.16	20%	0.18	10%	2.44	2.07	18%
Exports	0.00	0.00	n.m	0.00	n.m	0.00	0.00	n.m
Total	**0.20**	**0.16**	**20%**	**0.18**	**10%**	**2.44**	**2.07**	**18%**
KOHC								
Domestic	0.22	0.17	28%	0.18	18%	2.43	2.30	6%
Exports	0.00	0.00	-100%	0.00	n.m	0.07	0.02	247%
Total	**0.22**	**0.17**	**27%**	**0.18**	**18%**	**2.50**	**2.32**	**8%**
ACPL								
Domestic	0.11	0.07	54%	0.11	6%	1.35	1.22	11%
Exports	0.18	0.19	-8%	0.14	28%	2.14	1.47	45%
Total	**0.29**	**0.27**	**9%**	**0.24**	**19%**	**3.49**	**2.70**	**30%**
POWER								
Domestic	0.10	0.08	15%	0.10	-6%	1.33	1.25	6%
Exports	0.18	0.09	103%	0.10	90%	1.18	1.08	9%
Total	**0.28**	**0.17**	**60%**	**0.20**	**40%**	**2.50**	**2.33**	**7%**
BWCL								
Domestic	0.57	0.44	28%	0.52	10%	6.89	6.65	4%
Exports	0.00	0.01	-100%	0.00	n.m	0.05	0.13	-60%
Total	**0.57**	**0.46**	**24%**	**0.52**	**10%**	**6.95**	**6.78**	**2%**
DCL								
Domestic	0.10	0.07	37%	0.10	5%	1.24	1.20	4%
Exports	0.00	0.00	n.m	0.00	n.m	0.00	0.00	n.m
Total	**0.10**	**0.07**	**37%**	**0.10**	**5%**	**1.24**	**1.20**	**4%**
FECTC								
Domestic	0.07	0.04	53%	0.06	5%	0.85	0.55	54%
Exports	0.00	0.00	n.m	0.00	n.m	0.00	0.02	-81%
Total	**0.07**	**0.04**	**53%**	**0.06**	**5%**	**0.85**	**0.57**	**49%**
GWLC								
Domestic	0.13	0.10	27%	0.11	17%	1.43	1.22	17%
Exports	0.00	0.00	n.m	0.00	n.m	0.00	0.00	n.m
Total	**0.13**	**0.10**	**27%**	**0.11**	**17%**	**1.43**	**1.22**	**17%**

Source: APCMA & AKD Research

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