

AHL Alert: Cement

Kohat Cement Company Limited

Result Review: Highest ever PAT of PKR 11.6bn in FY25

REP-300

FY25: Highest ever PAT of PKR 11.6bn in FY25

Kohat Cement Company Limited (KOHC) announced its financial results for FY25 today, reporting a 30% YoY increase in earnings to PKR 11,575mn (EPS: PKR 12.59), compared to PKR 8,893mn (EPS: PKR 9.67) in the same period last year. In 4QFY25, earnings remained PKR 2,354mn (EPS: PKR 2.56), marking a 1% decline from PKR 2,382mn (EPS: PKR 2.59) in 4QFY24.

Result Highlights

- In FY25, KOHC's sales stood at PKR 37.5bn, down 3% YoY, mainly due to a 10% decline in dispatches, partially offset by higher retention prices. In 4QFY25, however, topline improved slightly to PKR 8.72bn, up 1% YoY from PKR 8.68bn in 4QFY24, as stronger retention prices outweighed a modest 1% drop in dispatches.
- Gross margins for FY25 improved significantly to 39.2%, up from 29.1% in FY24, mainly due to a reduction in coal prices, better power mix and higher retention prices. In 4QFY25, however gross margins declined by 60bps YoY, reaching 31.2%.
- Selling and distribution expenses saw a 14% YoY increase in FY25, amounting to PKR 226mn. In 4QFY25, these expenses grew by 20% YoY and 33% QoQ.
- Other income increased by 19% YoY, totaling PKR 5,281mn in FY25, driven largely by an increase in short-term investments, which reached PKR 26.9bn by Jun'25. In 4QFY25, other income declined by 1% YoY but increased by 41% QoQ.
- Finance costs decreased by 48% YoY in FY25, amounting to PKR 350mn, largely due to a reduction in interest rates. In 4QFY25, finance costs also fell by 44% YoY for the same reason, but increased by 31% QoQ.
- The effective tax rate in 4QFY25 stood at 33.2%, down from 37.2% in 4QFY24.

Recommendation

- We maintain a Buy call on the stock with Jun'26 ending target price of PKR 120/share. The scrip is trading at a forward PE of 7.9x for FY26e.

Exhibit: Financial Highlights

| (PKR mn) | FY25 | FY24 | YoY | 4QFY25 | 4QFY24 | YoY | QoQ |
|-------------------|--------|--------|------|--------|--------|------|------|
| Net Revenue | 37,536 | 38,648 | -3% | 8,720 | 8,676 | 1% | 7% |
| Gross Profit | 14,722 | 11,256 | 31% | 2,721 | 2,755 | -1% | -16% |
| Admin Exp. | 696 | 488 | 43% | 150 | 127 | 19% | -13% |
| Distribution Exp. | 226 | 197 | 14% | 71 | 60 | 20% | 33% |
| Other Exp. | 984 | 572 | 72% | 197 | (60) | nm | -12% |
| Other Income | 5,281 | 4,454 | 19% | 1,303 | 1,310 | -1% | 41% |
| Finance Cost | 350 | 677 | -48% | 80 | 143 | -44% | 31% |
| PBT | 17,747 | 13,776 | 29% | 3,525 | 3,796 | -7% | -3% |
| Taxation | 6,172 | 4,883 | 26% | 1,171 | 1,414 | -17% | -10% |
| PAT | 11,575 | 8,893 | 30% | 2,354 | 2,382 | -1% | 1% |
| EPS (PKR)* | 12.59 | 9.67 | | 2.56 | 2.59 | | |

Ratio Analysis

| | | | | |
|--------------------|-------|-------|-------|-------|
| BVPS (PKR) | 260.8 | 209.8 | 260.8 | 209.8 |
| Gross Margins | 39.2% | 29.1% | 31.2% | 31.8% |
| Net Margins | 30.8% | 23.0% | 27.0% | 27.5% |
| Return on Equity | 26.0% | 24.1% | 26.0% | 24.1% |
| Return on Assets | 18.4% | 16.4% | 18.4% | 16.4% |
| Effective Tax Rate | 34.8% | 35.4% | 33.2% | 37.2% |

Source (s): Company Financials, AHL Research, *@ current no. of shares

Leena Abid

D: +92 21 32462589

UAN: +92 21 111 245 111, Ext: 255

E: leena.abid@arifhabibltd.com

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