

Cement: Gharibwal Cement Limited

Result Review: GWLC posts PAT of PKR 278mn in 1QFY26

REP-300

1QFY26: Earnings arrived at PKR 0.69/share

Gharibwal Cement (GWLC) announced its financial results for 1QFY26, posting a profit of PKR 278mn (EPS: PKR 0.69), marking a slight 48% YoY decrease from PKR 535mn (EPS: PKR 1.34) in 1QFY25. Along side the result company announced a DPS of PKR 0.5.

Result Highlights

- In 1QFY26, company reported sales of PKR 4.9bn, reflecting a 14% YoY increase, driven by a 23% increase in the company's domestic dispatches. To recall, 1QFY26 domestic dispatches stood at 0.32mn tons. The positive impact of higher domestic dispatches was partially dampened by 7-8% YoY decline in retention prices.
- Gross margins declined to 13.3% in 1QFY26, down from 27.2% in 1QFY25, and 38.2% in 4QFY25, mainly due to lower utilization levels in this quarter compared to 90% utilization in 4QFY25.
- To recall, at the end of 4QFY25 stock in trade stood at PKR 3.4bn which included work in process (Clinker) of PKR 3.1bn.
- Selling and distribution expenses decreased by 39% YoY and by 50% QoQ in 1QFY26, amounting to PKR 12mn.
- Admin Expenses decreased by 5% YoY to PKR 208mn in 1QFY26.
- Finance costs for 1QFY26 increased by 33% QoQ to PKR 50mn, due to higher short term borrowings on QoQ basis.
- The company reported an effective tax rate of 38.0% in 1QFY26, compared to 39.0% in the same period last year.

Recommendation

- We have a **“BUY”** stance on the scrip, with Jun'26 target price of PKR 81.40/share. The scrip is trading at forward P/E of 7.0x for FY26e.

Exhibit: Financial Highlights

(PKR mn)	1QFY26	1QFY25	YoY	4QFY25	QoQ
Net Revenue	4,915	4,317	14%	4,850	1%
Gross Profit	653	1,173	-44%	1,853	-65%
Admin Exp.	208	218	-5%	254	-18%
Distribution Exp.	12	19	-39%	23	-50%
Other Exp.	36	66	-44%	112	-68%
Other Income	-	6	nm	3	nm
Finance Cost	(50)	(0)	nm	(37)	33%
PBT	448	877	-49%	1,503	-70%
Taxation	170	342	-50%	556	-69%
PAT	278	535	-48%	947	-71%
EPS (PKR)*	0.69	1.34		2.37	
DPS (PKR)*	0.50	-		-	

Ratio Analysis

Gross Margins	13.3%	27.2%		38.2%	
Net Margins	5.6%	12.4%		19.5%	
Return on Equity	7.7%	7.9%		7.2%	
Return on Assets	5.1%	5.1%		4.6%	
Effective Tax Rate	38.0%	39.0%		37.0%	

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

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