POWER Power Cement Ltd.

PSX · CEMENT

What does POWER's FY26 earnings trajectory tell us about the valuation embedded in the stock today?

THE STORY

As you know, we've been building out our earnings model for Power Cement Ltd. (POWER) into FY26, and we expect the company to report 4QFY26 EPS of **PKR 0.68/sh**, translating into a full-year FY26 basic EPS of **PKR 2.59/sh** (diluted EPS of **PKR 2.45/sh**).

On the topline, we expect full-year Revenue to reach **PKR 35.26bn**, supported by expected quarterly topline progression from **PKR 9.17bn** in 3QFY26 to **PKR 9.63bn** in 4QFY26.

Further down the income statement, we expect POWER's Gross Profit for FY26 to reach **PKR 12.27bn**, reflecting a healthy Gross Margin of **34.79%**. We expect FY26 Operating Profit to be **PKR 7.40bn** (**20.98%** margin), which we read as comfortably covering the year's selling and admin expenses, which we expect at **PKR 3.76bn** and **PKR 0.63bn** respectively.

Below the operating line, we expect finance costs for the year to be **PKR 1.92bn**, with net profits for FY26 totalling **~PKR 3.41bn**, yielding a Net Profit Margin of **~10%**.

Based on these earnings projections, we expect POWER's FY26 P/E to settle at **8.36x**. But as we see it, the more distinctive part of the story is on valuation: we expect POWER's valuation to revolve around one of the lowest EV/ton in our cement sector universe, at **PKR 13,303 ($47.96)**.

THE NUMBERS

FY26 basic EPS
PKR 2.59/sh
diluted EPS of PKR 2.45/sh

4QFY26 EPS
PKR 0.68/sh

FY26 Revenue
PKR 35.26bn
3QFY26 PKR 9.17bn to 4QFY26 PKR 9.63bn

FY26 Gross Profit
PKR 12.27bn
Gross Margin of 34.79%

FY26 Operating Profit
PKR 7.40bn
20.98% margin

FY26 Net Profit
~PKR 3.41bn
Net Profit Margin of ~10%

FY26 P/E
8.36x

EV/ton, SCS cement sector universe
PKR 13,303 ($47.96)
one of the lowest in the sector, per our estimates

WHAT WE ARE WATCHING

- How actual 4QFY26 revenue and EPS come in against our PKR 9.63bn and PKR 0.68/sh estimates.
- Whether gross and operating margins hold near our expected 34.79% and 20.98% levels as cost pressures evolve.
- The trajectory of finance costs, which we expect at PKR 1.92bn for the year, given the rate environment.
- How POWER's EV/ton continues to compare against peers in our cement sector universe as a re-rating signal.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

EV/ton as a cement sector valuation yardstick

In cement, analysts often value a company by its Enterprise Value per tonne of installed capacity rather than by earnings alone, because plants are long-lived, capital-intensive assets and capacity is a cleaner like-for-like comparison across producers of different sizes. A lower EV/ton relative to peers can suggest a company's asset base is priced more cheaply by the market, though the comparison is only meaningful alongside utilisation rates, cost structure, and the broader margin outlook for the sector.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Reading margin cascade in an income statement

Gross margin, operating margin, and net margin each measure profitability at a different stage of the income statement: gross margin after direct production costs, operating margin after selling and administrative expenses, and net margin after finance costs and other charges. Tracking how a company's profitability narrows (or holds up) as you move down this cascade helps investors see whether pressure on earnings is coming from production costs, from overheads, or from financing, each of which points to a different underlying driver.