DGKC D. G. Khan Cement Company Ltd.

PSX · CEMENT

DGKC FY26 sanguine results

THE STORY

DGKC posted an impressive standalone EPS of **PKR 26.08/sh** (up **32% YoY** from PKR 19.80/sh) alongside a final cash dividend of **PKR 1.00/sh**. We believe DGKC has shown a rebound in earnings.

At the current market price, DGKC trades at a P/E multiple of **~8.16x**.

DGKC book value reached **PKR 120 bn**, which translates into a book value per share of **PKR 275/sh**. DGKC also yields an Enterprise Value of **PKR 306.7/sh**.

The net revenue (unconsolidated) increased by **11% YoY** to **PKR 79.56bn**. The gross profit rose **12% YoY** to **PKR 20.73bn**, yielding a gross margin of **26%** (vs. 25.74% in FY25).

The finance costs dropped by a massive **67% YoY** to **PKR 1.28bn** (down from PKR 3.87bn in FY25). DGKC Net Profit increased by **32% YoY** to **PKR 11.42bn**, translating into a Net Profit Margin of **14%**.

On the balance sheet, growth was broad-based: Total Equity is up **27.4% YoY** to **PKR 120.64bn** (vs. PKR 94.7bn in FY25). Long-term investments grew to **PKR 54.31bn** (vs. PKR 20.69bn in the SPLY), while short-term investments jumped **78% YoY** to **PKR 42.72bn** (vs. PKR 24.01bn in the SPLY).

On borrowings, long-term borrowing rose to **PKR 24.45bn**, while short-term borrowing increased **41% YoY** to **PKR 13.90bn**.

DGKC now owns beneficial ownership in RMPL of **~31% - 32%**. We are awaiting books to ascertain the real value of this stake.

THE NUMBERS

Standalone EPS
PKR 26.08/sh
up 32% YoY from PKR 19.80/sh

Final cash dividend
PKR 1.00/sh

P/E multiple
~8.16x

Book value
PKR 120 bn
PKR 275/sh book value per share

Enterprise Value
PKR 306.7/sh

Net revenue (unconsolidated)
PKR 79.56bn
up 11% YoY

Gross profit
PKR 20.73bn
up 12% YoY, gross margin 26% vs. 25.74% in FY25

Finance costs
PKR 1.28bn
down 67% YoY from PKR 3.87bn in FY25

WHAT WE ARE WATCHING

- Whether the sharp 67% YoY drop in finance costs to PKR 1.28bn proves sustainable as leverage and rates evolve.
- How the growth in Total Equity (up 27.4% YoY to PKR 120.64bn) and the buildup in long-term (PKR 54.31bn) and short-term (PKR 42.72bn) investments is deployed going forward.
- The trajectory of borrowings, with long-term borrowing at PKR 24.45bn and short-term borrowing up 41% YoY to PKR 13.90bn.
- Clarity on the real value of DGKC's ~31% - 32% beneficial ownership in RMPL once the books are ascertained.
- Whether the gross margin (26% vs. 25.74% in FY25) and net profit margin (14%) can hold as revenue growth continues.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Book value per share and Enterprise Value

Book value per share reflects what shareholders' equity is worth divided across each outstanding share, giving a sense of the net asset backing behind the stock. Enterprise Value per share extends this by looking at what it would take to acquire the whole business, folding in debt and cash rather than just the equity base. Investors often compare these figures to the market price to gauge whether a stock is trading rich or cheap relative to its underlying assets and capital structure.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Finance cost and margin trends

Finance costs represent what a company pays to service its borrowings, and a sharp decline in this expense can meaningfully lift the bottom line even if operating performance stays steady. Gross and net margins, meanwhile, show how much of each rupee of revenue is retained after production costs and, ultimately, after all expenses. Tracking these margins over time helps investors separate genuine operational improvement from gains that come purely from lower financing charges.