POWER Power Cement Ltd.

PSX · CEMENT

Cement capacity utilization increased

THE STORY

POWER posted basic EPS of **PKR 2.86** (diluted **PKR 2.72**). At the current market price, the stock trades at a P/E ratio of **8.18x**.

The company posted a Net Income of **PKR 3.78bn** for the year, a massive **364%** YoY increase (vs. PKR 815mn in SPLY), pushing Net Margin to **11%**. Revenue grew **15%** YoY from PKR 29.52bn to **PKR 33.98bn**, driven by improved market conditions and better price realization across both domestic and export markets.

Total cement and clinker dispatches rose **7.49%** to **2.56mn tons**, fueled by a **31.21%** surge in clinker exports (896,510 tons) that comfortably offset lower cement exports. Clinker production grew **13.38%** to **2.42mn tons**, lifting capacity utilization to **76%** (vs. 67% in FY25).

The Gross Profit reached **PKR 12.08bn** (up **44%** YoY) on operational efficiencies, expanding Gross Margin to **28%**. A primary catalyst for the earnings breakout was a substantial **40%** YoY reduction in finance costs to **PKR 1.83bn**. Overall growth was anchored by higher clinker dispatches, improved price realization, margin expansion, and debt-servicing relief.

Enterprise Value (EV) stands at **PKR 45.94bn** alongside an EBITDA of **PKR 8.42bn**, translating to a competitive EV/ton of **PKR 15,312** (USD 55.12). Per-share metrics show an EV/sh of **PKR 35.60** against a BV/sh of **PKR 18.61**.

On the balance sheet, POWER aggressively deleveraged by cutting long-term financing by **36%** YoY to **PKR 8.03bn**. While long-term investments remained nil, short-term investments surged **111%** YoY to **PKR 0.30bn** (vs. PKR 0.14bn) and cash and bank balances grew **40%** YoY to **PKR 0.80bn** (vs. PKR 0.57mn in SPLY).

THE NUMBERS

Capacity utilization
76%
vs. 67% in FY25

Basic EPS
PKR 2.86
diluted PKR 2.72

Net Income, full year
PKR 3.78bn
364% YoY increase, vs. PKR 815mn in SPLY

Revenue
PKR 33.98bn
up 15% YoY from PKR 29.52bn

The Gross Profit
PKR 12.08bn
up 44% YoY, Gross Margin 28%

Finance costs
PKR 1.83bn
down 40% YoY

EV/ton
PKR 15,312
USD 55.12

P/E ratio
8.18x

WHAT WE ARE WATCHING

- Clinker export momentum, which surged 31.21% and offset softer cement exports, as a driver to watch in the coming quarters.
- Capacity utilization trends following the increase to 76% from 67% in FY25.
- The trajectory of finance costs after the 40% YoY reduction to PKR 1.83bn, given its role as a primary catalyst for the earnings breakout.
- The pace of balance sheet deleveraging, with long-term financing already cut 36% YoY to PKR 8.03bn.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Capacity utilization

Capacity utilization measures how much of a plant's total production potential is actually being used over a period. A rising utilization rate generally signals stronger demand or better operational execution, since the same fixed asset base is producing more output, which can help spread fixed costs over a larger volume and support margins. Investors often watch this metric as an early indicator of a cyclical upturn in an industry before it fully shows up in revenue or profit figures.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Finance cost and deleveraging

Finance cost is the expense a company incurs on its borrowings, and it moves with both the amount of debt outstanding and prevailing interest rates. When a company reduces its debt load, a process known as deleveraging, its finance costs typically fall, which can meaningfully lift bottom-line earnings even without any change in operating performance. This is a distinct lever from revenue growth or margin expansion, and it is worth separating the two when assessing the quality and sustainability of an earnings improvement.