

POWER Earnings 'Turnaround' | Exp PE 7.59x, Exp PBV 0.92x

Wednesday, 03 June 2026

POWER reported a Net Profit of PKR 2.53bn during 9MFY26, which depicts a noticeable YoY upsurge in profitability. This performance was fueled by a 22.0% top-line expansion with Revenues reaching PKR 25.63bn behind 'volumetric' dispatches and improved price retention. Profitability was further amplified by 43.9% reduction in Finance costs, signaling deleveraging. POWER reported 9MFY26 EPS of PKR 1.91 (up from PKR 0.07 in SPLY). Power Cement has a production capacity of around 3.4 mn tons per annum, produced primarily at its Nooriabad plant in Karachi, Sindh. **POWER yields leading PE of 7.59x, PBV of 0.9x and annualized net margin of ~10%. The company has the potential to export.**

DISPATCHES ACC TO THE REGION			
Region	Domestic	Export	Total Dispatches
North Zone	12.14%	-28.54%	10.29%
South Zone	3.47%	13.45%	8.64%

POWER Snapshot	
Price	PKR 20.6
MKT Cap	PKR 25.97 bn
Avg Vol (12m)	4,200,463
Paid-up	12,905.24 mn
Authorized Cap	13,900.00 mn
Beta	1.12
Expected D/Y	N/A
Leading PE	7.59 x
Exp PBV	0.92 x
Annualized Net Margin	9.88%

Source: SCS Research

Industry Dispatch Dynamics shows recovery...

- **National Recovery:** The national cement sector registered a 9.80% recovery, fueled by a 10.61% jump in domestic sales and a steady 6.25% growth in exports.

Regional Divergence:

- **North Zone:** Driven primarily by local demand with a robust 12.14% domestic surge, neutralizing a 28.54% drop in exports to push total regional dispatches up 10.29%.
- **South Zone:** Showed a balanced profile with 3.47% domestic growth and a strong 13.45% expansion in exports, leading to an overall growth of 8.64%.
- **Export Capability:** Power Cement's primary market is domestic; it has some export potential due to its location near the Karachi port and proximity to southern provinces. Historically, exports have been limited, but we see potential in this area.

9M FY26 YoY COMPARISON			
PKR bn except EPS	9MFY26	9MFY25	Change (%)
Net Sales Revenue	25.63	21.00	22.0%
Gross Profit	9.05	5.80	56.0%
EBITDA	6.23	3.92	59.1%
Operating Profit	5.52	3.28	68.5%
Finance Cost -Net	1.41	2.51	-43.9%
Profit After Taxation and Levy	2.53	0.35	627.9%
EPS - Basic (in Rupees)	1.91	0.07	2628.6%
EPS - Diluted (in Rupees)	1.82	0.07	2500.0%

Strategic Operational Growth: Dominating Export Markets & Partnership

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Operational Efficiency: Production & Sales Analysis

➤ Production :

The manufacturing segment witnessed a ramp-up in gMFY26, characterized by a focus on intermediate material availability.

- **Clinker Production:** Increased significantly by 17.08% YoY, reaching 1,728,727 tons. This scaling ensures a robust buffer for both local grinding and international clinker demand.
- **Cement Production:** Maintained growth, rising 2.54% YoY to 1,264,167 tons, reflecting an approach to matching finished goods output with market absorption.

PRODUCTION	NINE MONTHS ENDED		Variance
	March 31, 2026	March 31, 2025	
	In Tons		
Clinker Production	1,728,727	1,476,528	17.08%
Cement Production	1,264,167	1,232,867	2.54%

➤ Sales & Dispatch Dynamics:

- **Top-line Volume:** Reached 1,942,711 tons (+16.54% YoY), driven by aggressive export scheduling.
- **The Export Market:** Clinker exports served as the standout driver, increasing 61.34% to 630,218 tons to bolster foreign currency inflows. Finished cement exports posted a stable 4.09% increase.

SALES	NINE MONTHS ENDED		Variance
	March 31, 2026	March 31, 2025	
	In Tons		
Clinker & Cement dispatches (Local)	1,042,843	1,017,395	2.50%
Clinker dispatches (Export)	630,218	390,622	61.34%
Cement dispatches (Export)	269,650	259,043	4.09%
TOTAL	1,942,711	1,667,060	16.54%

The cement industry in Pakistan is cyclical, with demand influenced by infrastructure spending, housing activity, and overall economic conditions. Power Cement's financial position has improved in FY26.

POWER Shariah Compliance Case

POWER has received a grant from Islamic banks for an Istisna loan of Rs. 4.0bn, Letter of Credit of 1.28bn, Running Musharakah of 2.2bn, Murabaha of 200mn, and Islamic Export Refinance Facility amounting to Rs. 1.5bn.

POWER SHARIAH COMPLIANCE	
FACILITIES	AMOUNTS
Istisna Loan	4.0 bn
Letter of Credit	1.280 bn
Running Musharakah	2.2 bn
Murabaha	200 mn
Islamic Export Refinance Facility	1.5 bn

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- (Target Price, if any/Current Price - 1) < 10% Hold
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Valuation method

Following research techniques adopted to calculate target price/recommendation

- Price to earnings & Price to Book, EV-EBITDA multiple
- Discounted Cash flows or Dividend Discount Model or Enterprise Value