

RESULT REVIEW

Maple Leaf Cement Factory Limited (MLCF) – 3QFY26

Wednesday, April 22, 2026

MLCF reported consolidated PAT of PKR 1.9bn (EPS: PKR 1.86) in 3QFY26, down 30% y/y compared to PKR 2.8bn (EPS: PKR 2.67) in SPLY. The result came below expectations, primarily owing to higher-than-anticipated administrative expenses and a sharp 3.6x surge in finance costs driven by debt incurred for the PIOC acquisition. The quarter marked the first full consolidation of Pioneer Cement (PIOC), acquired in mid-February 2026.

- **Revenue:** Net sales clocked in at PKR 21.5bn in 3QFY26, up 30% y/y, predominantly reflecting the inclusion of PIOC revenues post-consolidation. On an unconsolidated basis, revenues remained broadly flat y/y as local dispatches were unchanged while export volumes remained nil owing to the sustained Afghan border closure.
- **Gross Margins:** Gross margins contracted to 33.1% versus 35.5% in SPLY, primarily attributable to higher weighted-average coal costs which compressed spread retention. Cost of sales rose 34% y/y to PKR 14.4bn, outpacing the 30% revenue growth and eroding profitability at the gross level.
- **Distribution Expenses:** Selling and distribution expenses declined 6% y/y to PKR 723mn, largely due to the complete absence of export volumes following the Afghan border closure, which curtailed associated logistics and freight outflows.
- **Administrative Expenses:** Admin expenses surged 2.4x y/y to PKR 1.3bn, a significant deviation from expectations, likely reflecting due diligence, transaction advisory, and integration-related costs associated with the PIOC acquisition. Management clarity on the non-recurring nature of these charges is awaited.
- **Other Income:** Other income increased 83% y/y to PKR 126mn, underpinned by an expansion in short-term and long-term investment balances, boosting yield income in a still-elevated interest rate environment.

Financials (PKR '000)	3QFY26	2QFY26	QoQ	3QFY25	YoY
Sales	21,545,015	18,935,494	14%	16,631,126	30%
Cost of sales	(14,415,249)	(12,370,191)	17%	(10,728,106)	34%
Gross profit	7,129,766	6,565,303	9%	5,903,020	21%
Selling and distribution expenses	(722,953)	(821,543)	-12%	(769,871)	-6%
Administrative expenses	(1,301,068)	(811,492)	60%	(539,746)	141%
Net impairment loss on financial assets	(90,000)	5,655	-1692%	(90,000)	0%
Other expenses	(207,097)	(370,375)	-44%	(333,634)	-38%
Other income	126,072	292,345	-57%	68,807	83%
Operating profit	4,934,720	4,859,893	2%	4,238,576	16%
Finance cost	(1,445,304)	(207,008)	598%	406,055	256%
Share of profit/loss in associated company	(343,004)	223,104	-254%	(99,550)	245%
Profit before final taxes and income tax	3,146,412	4,875,989	-35%	3,732,971	-16%
Final taxes - levy	(199,610)	(29,733)	571%	(12,990)	1437%
Profit before income tax	2,946,802	4,846,256	-39%	3,719,981	-21%
Income tax	(997,809)	(1,728,198)	-42%	(926,613)	8%
Profit for the period	1,948,993	3,118,058	-37%	2,793,368	-30%
EPS	3.98	3.98	0%	3.57	11%

Source: Company Financials, HMFS Research

* Consolidated

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- **Finance Cost:** Net Finance charges surged 3.6x y/y to PKR 1.45bn in 3QFY26, driven by a 59% y/y increase in average outstanding borrowings following PIOC acquisition-related debt. Total outstanding consolidated debt stood at PKR 93.3bn as of March 2026, with long-term loans alone surging to PKR 83.5bn from PKR 9.8bn in June 2025 — an increase of ~PKR 74bn — materially compressing bottom-line earnings.
- **Taxation:** The effective tax rate stood at 38% during the quarter versus 25% in SPLY and 36% in 2QFY26, reflecting the full levy impact and a higher income tax charge.



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