LafargeHolcim Bangladesh PLC.

BRAC EPL INVESTMENTS LIMITED

EQUITY NOTE | FY2025 ANNUAL RESULTS

COMPANY INSIGHT

Market Price	**48.90**
52 Wk Price Range	**42.50 - 62.50**
Market Cap (BDT mn)	**56,326.62**
Category	**A**
Sector	**Cement**
Year End	**December**
Paid Up Capital (mn)	**11,613.70**
Reserve & Surplus (mn)	**7,450**
EPS	**4.17**
Company P/E	**11.73**
Sector Median P/E	**5.41**
NAV	**17.33**
Free Float %	**36.61%**
Free Float Share	**425.18**
Shareholding (%)	
Sponsor/Director	**63.39%**
Government	**0%**
Institutions	**22.44%**
Foreign	**0.78%**
Public	**13.39%**

REVENUE BREAKDOWN

Particulars (in Mn)	FY25	FY24	YoY
Cement Local Sales	**22,625**	**22,230**	**1.78%**
Cement Export	114	78	46.8%
Cement Clinker	142	59	139.8%
Aggregates	6,433	5,175	24.3%

Proportion	%	%	
Cement Local Sales	77.18%	80.71%	
Cement Export	0.39%	0.28%	
Cement Clinker	0.48%	0.21%	
Aggregates	21.95%	18.79%	

COMPANY BACKGROUND

Registered Office: NinaKabbo, Level-7, 227/A Bir Uttam Mir Shawkat Sarak, Dhaka

LafargeHolcim Bangladesh PLC (LHB), established in 1997, is a leading cement producer in Bangladesh and a joint venture between Switzerland's Holcim Group and Spain's Cementos Molins. With a total investment of US$500 million marking the largest foreign direct investment in the country's construction sector LHB operates one integrated plant in Chhatak and three grinding stations in Meghnaghat, Mongla, and Narayanganj.

Its product lineup includes major brands such as Holcim Strong Structure, Water Protect, Shokti, Supercrete, and Supercrete Plus. Beyond cement, LHB offers aggregates, blocks, and geocycle services, positioning itself as a comprehensive building materials provider. Holding a 7% share of the national cement market, LHB stands out for its focus on sustainability, innovation, and consistent performance in a competitive landscape.

INDUSTRY OVERVIEW

Bangladesh's cement industry is highly competitive, with 42 companies currently operating. Shah Cement holds the largest market share at about 13%, according to the BCMA. However, the industry faces a significant overcapacity issue, with an annual demand of around 4 crore tonnes against a production capacity of 7.8 crore tonnes. In 2024, the industry recorded a total sales volume of 37.65 million metric tonnes (MT), reflecting a 1.2% decline from the previous year, highlighting the ongoing challenges in balancing supply and demand.

Of these companies, only 7 are publicly listed on the Dhaka Stock Exchange (DSE), and 4 are multinationals. Most of the cement produced is consumed domestically, but Bangladesh also exports to India, Myanmar, Nepal, the Maldives, and Sri Lanka, with export growth at a five-year CAGR of 8.89%. Despite overcapacity, manufacturers are focused on efficiency, cost control, and growth. With ongoing infrastructure development, the cement industry remains essential to Bangladesh's economy.

RECENT QUARTER PERFORMANCE

Particulars	Q1 FY26	Q1 FY25
Turnover (BDT mn)	8,038	8,515
Operating Profit (BDT mn)	1,233	1,777
Net Profit (BDT mn)	1,122	1,391
EPS	0.97	1.20
NAV	17.33	16.41

5-YEAR PERFORMANCE HIGHLIGHT

Particulars	FY25	FY24	FY23	FY22	FY21
Turnover (BDT mn)	**29,314**	**27,543**	**28,388**	**23,594**	**20,534**
Growth (%)	6.43%	-2.98%	20.32%	14.90%	
Gross Profit	8,846	9,485	11,469	9,607	7,808
Growth (%)	-6.73%	-17.30%	19.39%	23.04%	
Operating Profit	6,552	5,877	7,758	5,970	4,840
Growth (%)	11.49%	-24.25%	29.94%	23.36%	
Net Profit (BDT mn)	**5108**	**3819**	**5942**	**4444**	**3880**
EPS	**4.40**	**3.29**	**5.12**	**3.83**	**3.34**
NAV	16.41	16.01	19.14	15.25	17.04
Current Ratio	1.1	1.2	1.5	1.2	1.5
ROA	12.35%	10.44%	16.38%	15.34%	13.90%
ROE	26.80%	20.54%	26.73%	25.09%	20.94%
Dividend per Share	**4**	**3.8**	**5**	**4.8**	**2.5**

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FINANCIAL PERFORMANCE

Particulars	Q1 FY26	FY25	FY24	FY23	FY22
INCOME STATEMENT					
Turnover	8038.41	29313.68	27542.71	28388.09	23594.03
COGS	6168.09	20467.28	19297.73	18118.73	15259.77
Gross Profit	1870.31	8846.4	9484.70	11469.14	9606.58
Operating Profit	1233.14	6552.15	5876.89	7757.79	5970.47
Net Financial (Exp)/Income	153.61	226.482	57.28	76.48	11.87
Other Income/Expenses	3.996	40.752	27.33	102.67	32.59
Net Profit	1121.76	5108.438	3818.75	5941.64	4443.51
EPS	0.97	4.40	3.29	5.12	3.83
BALANCE SHEET					
Property, Plant & Equip.	18771.78	18444.24	16603.65	17073.03	17600.23
Inventories	6141.17	3848.10	3941.66	3435.27	2930.28
Trade Receivables	691.22	808.53	503.20	504.24	525.70
Cash	4039.45	9517.61	9600.89	9345.52	4843.72
Current Asset	19510.70	21663.81	18487.84	18216.43	10449.97
Total Asset	39501.70	41376.67	36576.79	36273.89	28971.47
Paid Up Capital	11613.73	11613.75	11613.73	11613.73	11613.73
Retained Earnings	7810.52	6688.76	5877.40	10071.57	5871.54
Shareholders' Equity	20123.68	19063.81	18592.37	22226.81	17710.51
Current Liabilities	17616.10	20468.09	15855.30	11847.48	8916.77
Total Liabilities	19378.58	22313.34	17984.99	14047.61	11261.14
NAV	17.33	16	16	19	15
Dividend	-	4	3.8	5	4.8
RATIOS					
Turnover Growth (YoY)	-5.60%	6.43%	-2.98%	20.32%	26.58%
Gross Profit Margin	23.27%	30.18%	34.44%	40.40%	40.72%
Operating Profit Margin	15.34%	22.35%	21.34%	27.33%	25.31%
Net Profit Margin	13.96%	17.43%	13.86%	20.93%	18.83%
Return on Asset	2.84%	12.35%	10.44%	16.38%	15.34%
Return on Equity	5.57%	26.80%	20.54%	26.73%	25.09%
Current Ratio	1.11	1.06	1.17	1.54	1.17
Dividend Payout Ratio		91%	116%	98%	125%
EPS	0.97	4.40	3.29	5.12	3.83

INVESTMENT INSIGHTS

INVESTMENT POSITIVES

- **Strong Multinational Parentage & Brand Equity** LHB is a JV between Holcim Group (Switzerland) and Cementos Molins (Spain), representing the largest single FDI ($500mn) in Bangladesh's construction sector. This provides access to global technology, best practices, and financial backing that domestic peers lack.
- **High-Margin Aggregates Segment Acting as a Profit Buffer** The Aggregates segment delivered an OPM of 52.2% in 1QFY26 and contributed 65.1% of total operating profit. Revenue from aggregates grew 24.3% YoY in FY25 and now represents ~22% of total revenue — a structurally higher-margin, faster-growing business that insulates earnings from cement volatility.
- **Consistent & Generous Dividend Track Record** LHB has paid BDT 2.5–5.0/share annually across FY21–FY25, with a payout ratio well above 90%. This signals strong cash generation capability and shareholder-friendly management, making it attractive for income investors.
- **Improving Revenue Trend Pre-1QFY26** After a 2.98% decline in FY24, revenues recovered with 6.43% growth in FY25, and 4QFY25 was particularly strong with EBIT up 101.6% YoY. This suggests the underlying demand cycle was recovering before the gas cost shock hit.

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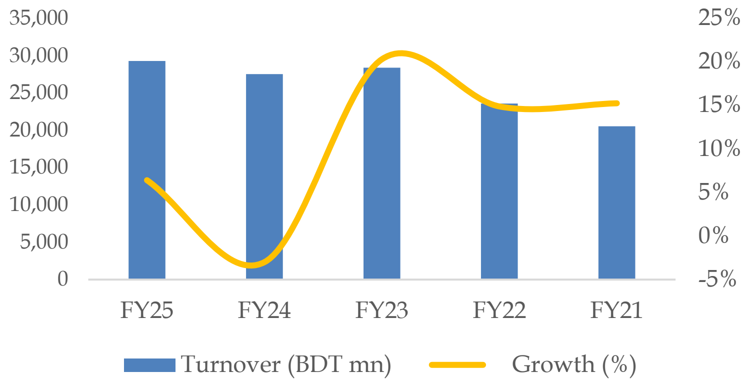
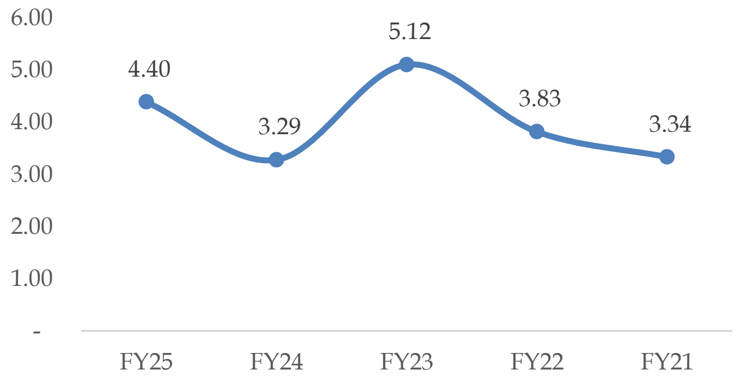
INVESTMENT NEGATIVES

- **Structural Gross Margin Erosion** Gross margin has collapsed from 40.7% in FY22 to 23.3% in 1QFY26 — a nearly 17-percentage-point deterioration over four years. This is not cyclical noise; it reflects a persistent rise in input costs (energy, raw materials) against a weak pricing environment.
- **New Gas Agreement Creates a Sustained Cost Headwind** The transition to new gas supply agreements with Jalalabad Gas (effective mid-Jan'26) replaced a long-term fixed-rate contract with market-rate arrangements. This structural step-up in energy costs cannot be fully passed through in a soft cement pricing environment, and will likely weigh on the Cement & Clinker segment (OPM collapsed from 13.2% to 6.6% YoY in 1QFY26) for the foreseeable future.
- **Weak Cement Demand with No Near-Term Catalyst** Construction sector growth stood at only 5.1% YoY (Jul–Dec'25), and cement volumes fell 5.3% YoY in 1QFY26. With industry overcapacity at nearly 2x demand (7.8cr tonne capacity vs ~4cr tonne demand), cement prices remain suppressed, leaving LHB unable to pass through cost increases.
- **Competitive Market Position Relatively Weak** LHB holds only ~7% of the national cement market vs. Shah Cement's ~13%. With 42 companies competing and most production consumed domestically, LHB lacks the pricing power to defend margins independently.

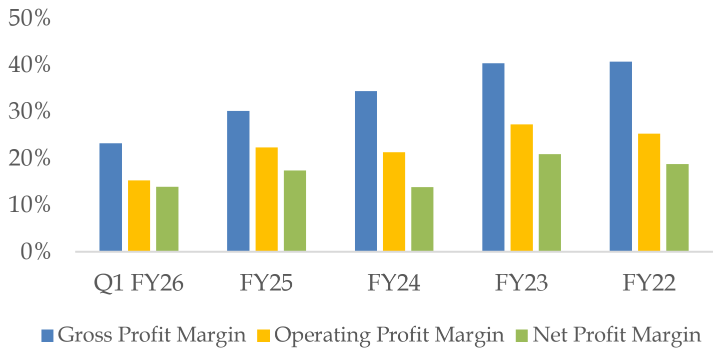
Revenue Perfomance



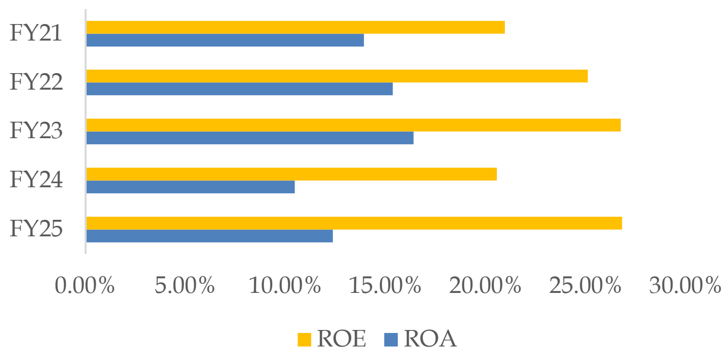
EPS



Margin Performance



ROE & ROA



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