Monarch Cement (MCEM)

Updated April 19th, 2026 by Kay Ng

Key Metrics

Current Price:	$248	**5 Year Annual Expected Total Return:**	1.6%	**Market Cap:**	$927.8M
Fair Value Price:	$176	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	05/04/26
% Fair Value:	141%	**5 Year Valuation Multiple Estimate:**	-6.7%	**Dividend Payment Date:**	06/05/26
Dividend Yield:	1.5%	**5 Year Price Target**	$246	**Years Of Dividend Growth:**	11
Dividend Risk Score:	B	**Sector:**	Materials	**Rating:**	Hold

Overview & Current Events

Monarch Cement was founded in 1908 in Humboldt, Kansas. As a small-cap stock, it trades on the OTC markets under the symbol "MCEM". It is a vertically integrated manufacturer and distributor of cement and concrete products, serving the Midwest U.S. – including Kansas, Iowa, Nebraska, Missouri, Arkansas, and Oklahoma – by providing key building materials for infrastructure residential, and commercial construction projects. Although the Basic Materials sector can be cyclical, MCEM has paid out dividends since 1922. When the environment is favorable, Monarch Cement is known to pay out special dividends on top of its regular dividends. Based on its regular dividends, MCEM has increased its dividend for 11 consecutive years.

On 03/13/26, Monarch Cement reported its Q4 2025 results. For 2025, it faced challenges from weak demand in ready-mixed concrete and adverse weather conditions, leading to weaker results for the year versus in 2024. Specifically, it reported net sales of $248.3 million, down 7.4% year over year. Gross profit came in $92.5 million, down 5.9%. Income from operations was $68.4 million, down 7.1%. Net income was $64.6 million, down 2.2%. Earnings per share ("EPS") came in $17.24, down 4.3%.

Monarch Cement currently pays out quarterly dividends, equating to an annualized payout of $3.68 per share. For 2026, we initiate our EPS estimate at $16.72.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$5.48	$5.62	$4.15	$8.58	$8.78	$15.81	$10.86	$19.92	$18.02	$17.24	***$16.72***	***$23.45***
DPS	$1.15	$1.35	$1.55	$1.75	$2.00	$2.15	$2.38	$2.65	$2.93	$3.24	***$3.68***	***$5.16***
Shares[1]	3.86	3.86	3.86	3.86	3.80	3.76	3.71	3.67	3.76	3.74	***3.74***	***3.76***

From 2016 to 2025, Monarch Cement increased its EPS at a compound annual growth rate ("CAGR") of 13.6%. In this period, it increased its dividend per share ("DPS") at a healthy pace of 12.2%.

Monarch Cement continues to make progress on the Blending Silo project, a major infrastructure development at its Humboldt, Kansas plant, designed to improve product quality and operational reliability by homogenizing raw materials, with completion expected by fall 2026. The project is part of a larger $35.2 million capital investment plan for 2026, marking a continued investment in efficiency, sustainability, and long-term growth following the 2025 completion of a 20 MW solar array.

The ready-mix concrete industry in the U.S. is facing a tepid outlook for 2026, characterized by a bottoming out of demand following three consecutive years of decline, followed by a projected, gradual recovery from 2027 onwards. While 2026 is expected to be a soft year, North America's ready-mix market is still projected to see steady long-term growth, driven by infrastructure modernization and a structural housing shortage. We cautiously estimate the EPS and DPS to grow at a CAGR of 7.0% through 2031.

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[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	7.6	9.5	12.7	8.9	9.6	10.9	7.9	9.5	11.0	13.2	***14.8***	***10.5***
Avg. Yld.	3.0%	2.4%	2.0%	2.3%	3.5%	2.1%	2.1%	2.0%	1.5%	1.3%	***1.5%***	***2.1%***

From 2016 to 2025, its P/E experienced a wide range, illustrating the cyclicality of the ready-mix concrete industry. Its P/E averaged 10.1 in this period and had a 5-year average of 10.5, which we set as the target P/E. The stock appears to be overpriced.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	21%	24%	37%	20%	23%	14%	22%	13%	16%	19%	***22%***	***22%***

Due to the cost of hauling its products and the perishable nature of ready-mixed concrete it is dependent on the availability of local market opportunities. The manufacture and sale of cement and ready-mixed concrete are extremely competitive businesses. A number of producers, including several nationwide manufacturers, compete for business with the company in its market area. Cement generally is produced to meet standard specifications and there is little differentiation between the products sold by the company and its competitors. Therefore, competition exists primarily in price and customer service.

The company owns and operates quarries that contain all essential raw materials needed to produce cement. It estimates its total reserves is sufficient to maintain its current capacity for over 50 years. The company is heavily dependent upon the construction industry and is directly affected by the level of activity in that industry. However, no customer accounted for 10% or more of the company's consolidated net revenue during 2025.

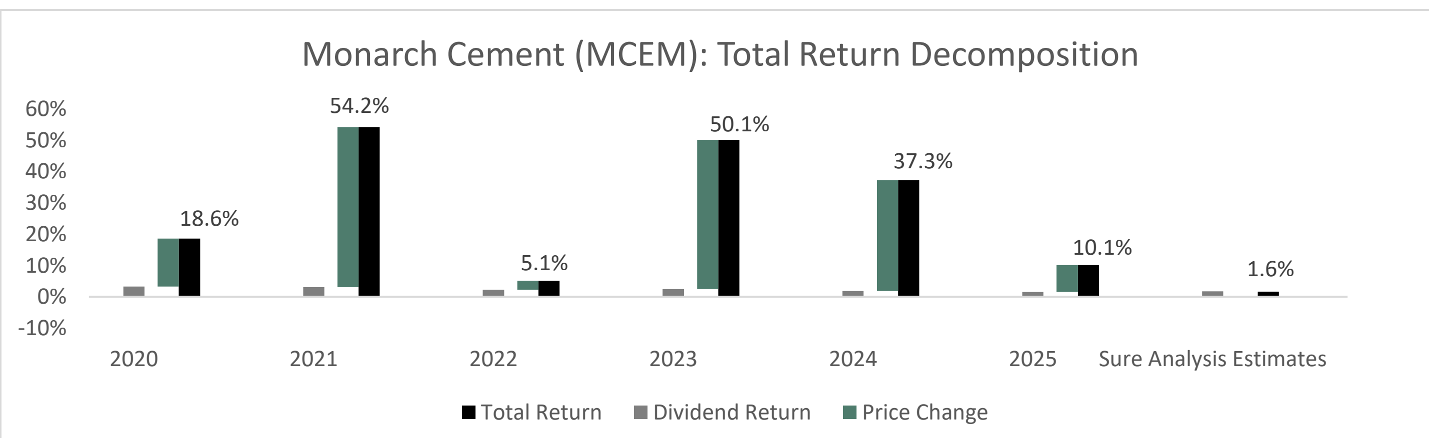
Like many other companies, it was hit hard during the global financial crisis 2007-2009, with significant earnings declines in 2008-2010. But it rebounded strongly in subsequent years with earnings normalizing by 2014.

Today, its balance sheet is very strong, operating with essentially no debt and having a cash position of $39.7 million at the end of 2025. It rightfully maintains a low payout ratio due to the cyclical nature of the business.

Final Thoughts & Recommendation

As a cyclical business, Monarch Cement’s results and stock can be more unpredictable. We estimate total returns of about 1.6% over the next five years based on a 7.0% growth rate, valuation compression of 6.7%, and 1.5% dividend yield. We currently rate the stock as a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	165	168	174	172	189	212	233	263	268	248
Gross Profit	43	45	43	39	58	66	74	92	97	91
Gross Margin	26.3%	27.0%	24.9%	22.7%	30.6%	30.9%	31.9%	34.9%	36.3%	36.8%
SG&A Exp.	16	22	20	19	19	20	22	22	25	24
D&A Exp.	15	15	17	17	16	15	16	17	17	20
Operating Profit	28	25	25	22	40	47	54	70	73	68
Operating Margin	17.2%	14.6%	14.4%	12.6%	21.1%	22.0%	23.1%	26.7%	27.4%	27.4%
Net Profit	21	22	16	33	34	60	41	74	66	65
Net Margin	12.8%	12.9%	9.2%	19.2%	17.9%	28.2%	17.6%	28.0%	24.6%	26.0%
Free Cash Flow	14	14	9	19	25	30	15	25	29	36
Income Tax	8	8	3	8	8	15	12	19	23	12

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	191	204	206	236	258	298	324	381	458	493
Cash & Equivalents	12	16	14	24	31	54	56	57	66	73
Accounts Receivable	16	16	18	19	19	23	23	26	23	29
Inventories	33	34	37	41	41	43	47	59	68	71
Goodwill & Int. Ass.	-	3	5	5	5	-	-	-	-	-
Total Liabilities	40	32	30	38	45	37	36	47	54	62
Accounts Payable	6	6	7	6	7	9	8	10	7	8
Long-Term Debt	4	3	2	1	1	-	-	-	-	-
Shareholder's Equity	151	172	176	198	213	260	288	334	404	431
LTD/E Ratio	0.03	0.02	0.01	0.01	0.00	-	-	-	-	-

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	11.3%	11.0%	7.8%	15.0%	13.7%	21.5%	13.1%	20.9%	15.7%	13.6%
Return on Equity	15.4%	13.4%	9.2%	17.7%	16.5%	25.2%	14.9%	23.7%	17.9%	15.5%
ROIC	14.8%	13.2%	9.1%	17.6%	16.4%	25.2%	14.9%	23.7%	17.9%	15.5%
Shares Out.	3.86	3.86	3.86	3.86	3.80	3.76	3.71	3.67	3.76	3.74
Revenue/Share	42.80	43.54	45.04	44.57	48.94	56.11	61.81	71.04	73.12	66.24
FCF/Share	3.67	3.67	2.30	4.90	6.36	7.85	4.00	6.70	7.94	9.62

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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