

Cement Dispatches

Dec'23: Cement dispatches increased by 5% YoY

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Muhammad Amad

D: +92 21 32462589

UAN: +92 21 111 245 111, Ext: 248

F: +92 21 32420742

E: muhammad.amad@arifhabibltd.com

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Best Investment Bank: 2023

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Best Investment Bank: 2022

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Best Equity House: 2022

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**CFA Society
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Corporate Finance House: 2022
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Top 25 Companies
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FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
FMA

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- Cement data for the month of Dec'23 depicts an increase of 5% YoY in dispatches settling at 4.1mn tons as compared to SPLY.
- Domestic dispatches declined by 4% YoY to arrive at 3.5mn tons. The fall in domestic dispatches was due to subdued demand on the back of high inflation. Local dispatches of north was recorded at 2.9mn tons, a fall of 1% YoY, whereas south experienced a drop of 16% YoY, settling at 0.6mn tons.
- Exports showed a massive growth of 156% YoY during Dec'23 to 0.53mn tons. Rise in exports was mainly from south, up 198% YoY arriving at 0.45mn tons, amid lower domestic demand for cement which resulted south manufactures to focus on exports.
- Additionally, North-based exports rose by 40% YoY to reach 0.08mn tons on the back of rehabilitation activity picking up in Afghanistan.
- MoM dispatches for Dec'23 slightly rose by 3%. On MoM basis the total domestic dispatches went up by 8%. The domestic offtake by south witnessed an uptick of 11% MoM, whereas north showcased a monthly growth in domestic dispatches by 8% .
- The monthly increase in local dispatches was because of the anticipation of an increase in the prices, which resulted in higher local dispatches for the month of Dec'23.
- Utilization of the industry clocked in at 59.46% in Dec'23.
- For the month of Dec'23, utilization of the North region settled at 54.97% while south region utilization clocked in at 77.65%.

Exhibit: Cement Dispatches – Region Wise

(000) tons	Dec-23	Nov-23	MoM	Dec-22	YoY	1HFY24	1HFY23	YoY
North	3,012	2,867	5%	3,010	0%	17,543	17,100	3%
Local	2,936	2,723	8%	2,956	-1%	16,772	16,522	2%
Exports	76	144	-47%	54	40%	771	578	33%
South	1,052	1,060	-1%	870	21%	6,339	4,664	36%
Local	603	541	11%	720	-16%	3,456	3,508	-1%
Exports	449	518	-13%	151	198%	2,882	1,156	149%
Local	3,539	3,264	8%	3,676	-4%	20,228	20,030	1%
Exports	525	662	-21%	205	156%	3,653	1,734	111%
Total	4,063	3,927	3%	3,881	5%	23,882	21,764	10%

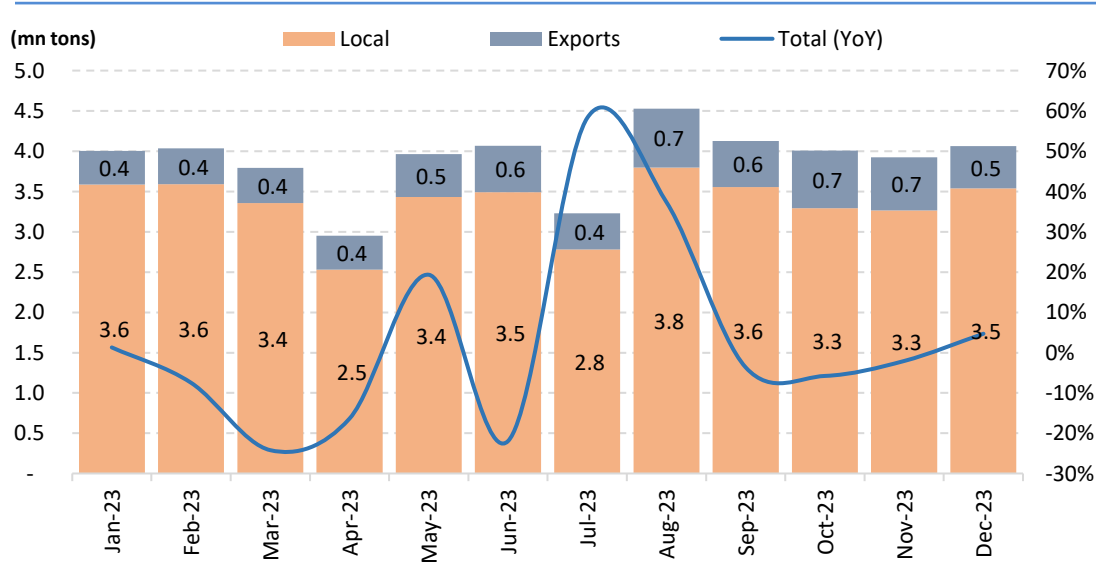
Source (s): AHL Research

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- This took the 1HFY24 offtake to 23.9mn tons, up by 10% YoY, primarily attributable to an increase of 111% YoY in exports to 3.7mn tons. Local dispatches remained flattish (+1% YoY) at 20mn tons as compared to SPly.
- In 1HFY24 south-based dispatches climbed at 6.3mn tons, up 36% YoY, given 149% YoY rise in exports. Local dispatches in south plunged by 1%, YoY recording at 3.5mn tons.
- Similarly, North based offtake went up by 3% YoY in 1HFY24 to 17.5mn tons owed to 2% YoY growth in local dispatches, along with 33% YoY rise in exports.

Exhibit: Historical Cement Dispatches



Source (s): APCMA, AHL Research

Exhibit: Cement Dispatches

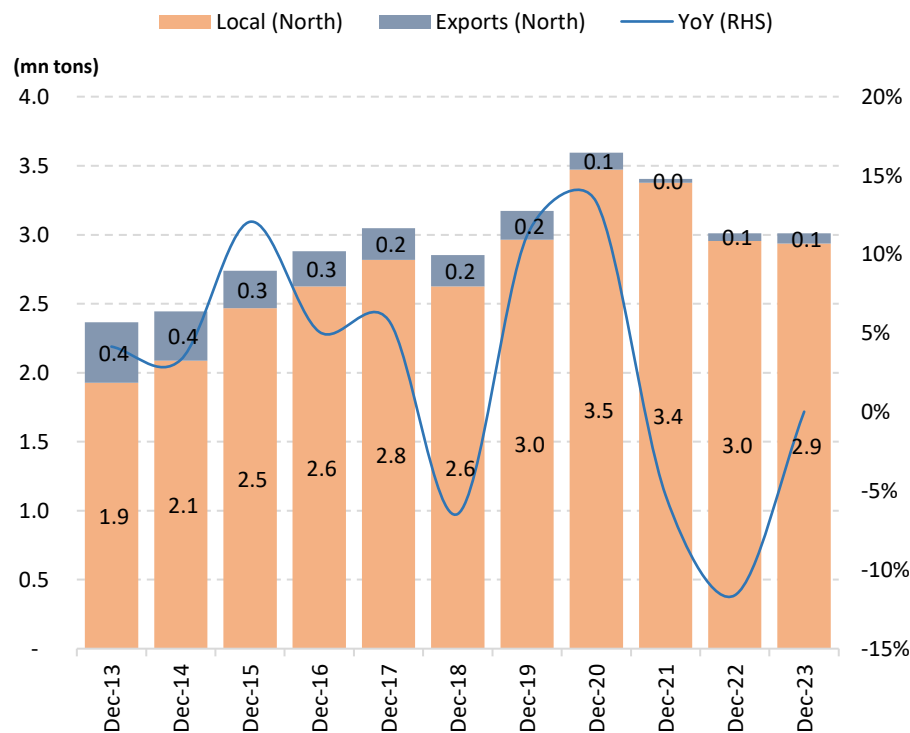
(000) tons	Dec-23	Nov-23	MoM	Dec-22	YoY	1HFY24	1HFY23	YoY
POWER	240	244	-2%	176	36%	1,447	978	48%
BWCL	677	641	6%	573	18%	3,704	3,239	14%
LUCK	711	661	8%	617	15%	4,339	3,558	22%
ACPL	200	229	-12%	184	9%	1,219	857	42%
FECTC	53	48	10%	49	8%	283	285	-1%
DGKC	414	426	-3%	392	6%	2,518	2,314	9%
MLCF	412	307	34%	406	1%	2,076	2,026	2%
PIOC	241	217	11%	241	0%	1,270	1,414	-10%
FCCL	395	430	-8%	421	-6%	2,595	2,417	7%
CHCC	221	225	-2%	240	-8%	1,385	1,514	-8%
GWLC	110	108	2%	134	-18%	617	700	-12%
KOHC	211	226	-7%	263	-20%	1,437	1,538	-7%

Source (s): AHL Research

Cement Dispatches

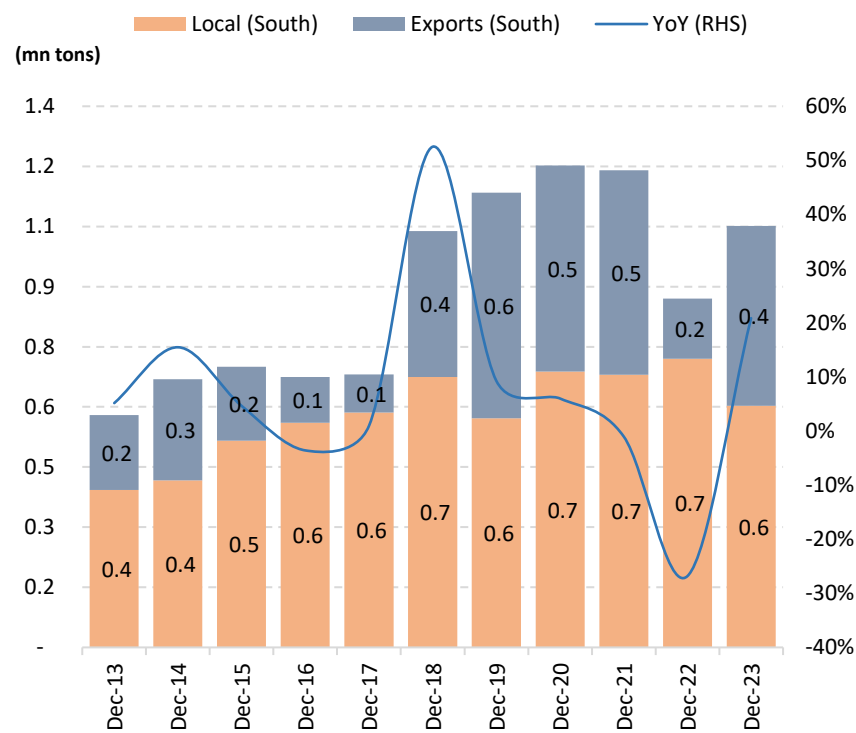
Region-wise Dispatches Trend

Exhibit: North region dispatches remained stable YoY during Dec'23



Source (s): APCMA, AHL Research

Exhibit: South region dispatches witnessed a jump of 21% YoY during Dec'23

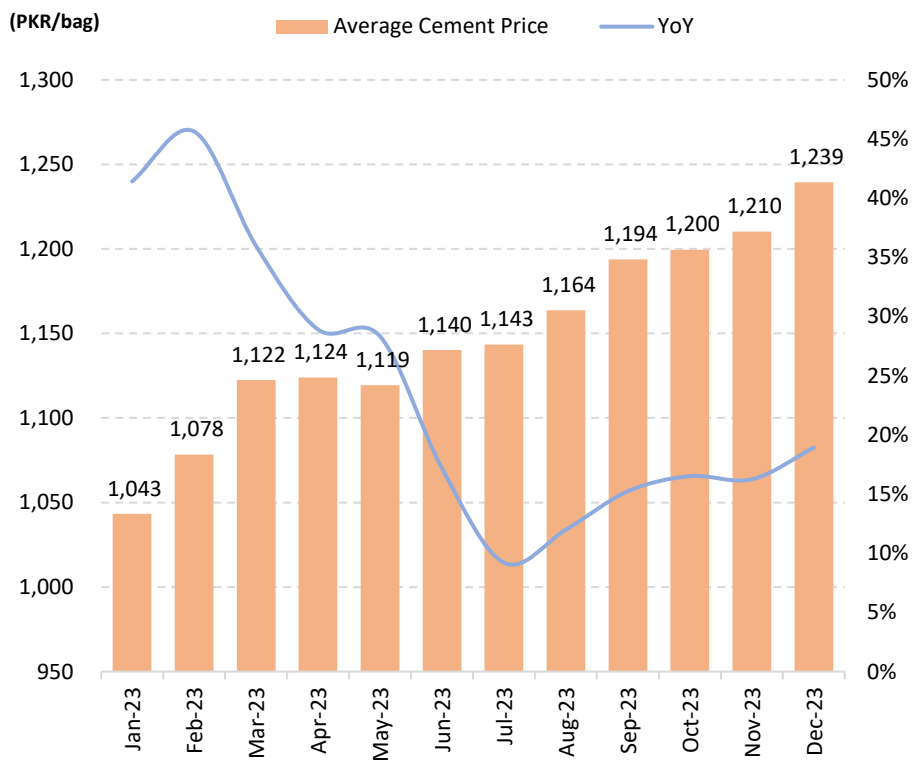


Source (s): APCMA, AHL Research

Cement Dispatches

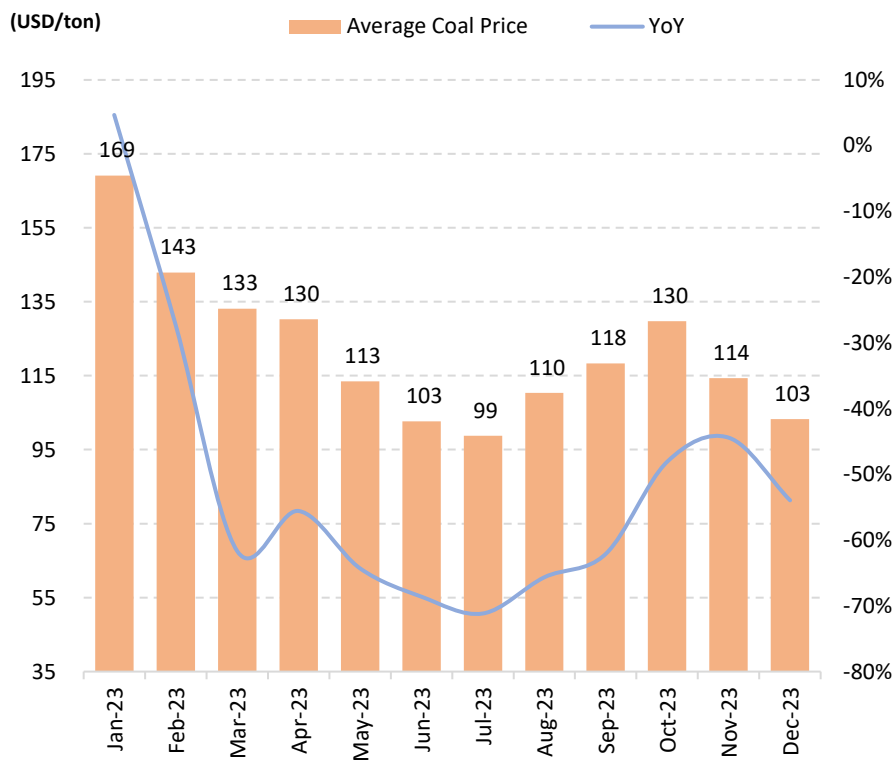
Cement and Coal Prices Trend

Exhibit: Historical Trend of Cement Prices



Source (s): PBS, AHL Research

Exhibit: Historical Trend of Coal Prices



Source (s): Bloomberg, AHL Research

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HOLD	Upside of subject security(ies) is between -15% and +15% from last closing of market price(s)
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** Upside for Power Generation Companies is upside plus dividend yield.*

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AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

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