Attock Cement Pakistan Limited (ACPL)
Analyst Briefing Takeaways

20 November 2024

REP-300

The management Attock Cement Pakistan Ltd (ACPL) held a corporate briefing today to discuss the financial performance and future outlook.

Brief Takeaways:

- **Capacity:** The company commissioned its Line-IV plant in FY24, adding 1,275k tons of capacity and increasing total capacity to 4,302k tons.The CAPEX for Line-IV amounted to approximately PKR 20bn.
- **Production:** Clinker production increased by 20% YoY in FY24, while cement production declined by 9% YoY. In 1QFY25, clinker and cement production declined by 7% and 11% YoY, respectively.
- **Dispatches:** Sales volumes increased by 14% YoY in FY24, primarily driven by a 57% YoY increase in total exports, most of which are made to Bangladesh and Sri Lanka. Local cement dispatches declined by 9% YoY due to weak demand. In 1QFY25, sales went up marginally by 1% YoY, supported by a 42% YoY surge in exports, while local cement sales dropped by 21% YoY. The local sales declined amid higher monsoon rains tagged with, imposition of new taxes on construction sector.
- **Retention Price:** The average local retention price increased by 10% YoY in FY24, reaching PKR 14,739/ton. Export retention prices declined by 10% YoY. The local MRP of cement is currently PKR 1,350/bag or PKR 27,000/ton.
- **Fuel Cost:** Fuel costs declined by 5% YoY due to efficient use of a coal mix and better operational efficiency from Line-IV.
- **Electricity cost:** The company’s electricity cost during FY24 went up by 41% YoY, amid hefty increase in power tariff. In order to reduce power costs, the company is working on wind power project.
- **Wind Power Project:** The work on 4.8MW wind power project is ongoing, with completion expected in 3QFY25. The management expressed that induction of this wind mill will significantly reduce energy cost. The management estimates the wind mill to have 38% efficiency.
- **Power Mix:** The company is currently operating two of its most efficient plants (Line III and Line IV). Around 15% - 20% of the plant power is procured from national grid, while 15%, 30%, and 38% power needs are fulfilled by solar, WHR, and CFD, respectively.
- **Coal mix:** The company use 85% higher GCV international coal while 15% local coal is used. The management stated that local coal usage is limited due to its higher sulfur content. The local coal price on average stood at PKR 34,000/ton in FY24.
- **Interest rates:** The management expects the ongoing monetary easing cycle to benefit the sector by reducing finance costs. Lower interest rates are also anticipated to boost cement demand.

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