

# Pakistan Cement Sector

## AHL cement universe earnings to surge by 21% YoY in 2QFY25

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# Pakistan Cement Sector

## Dec'24: Total cement dispatches increased by 2% YoY

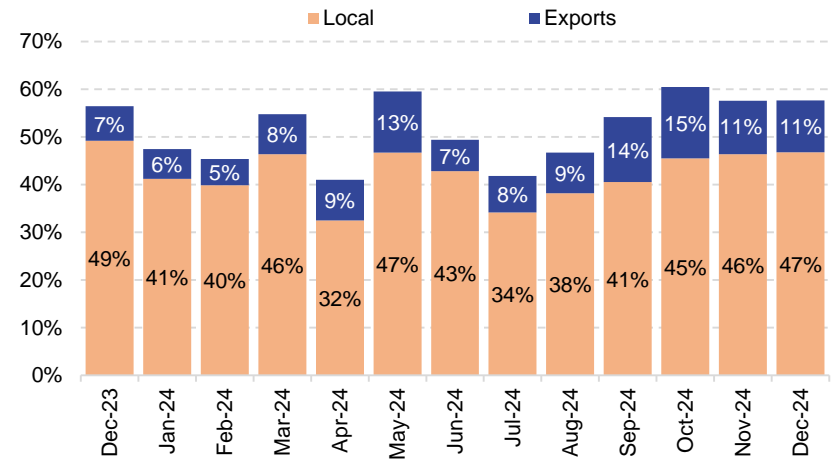
- Cement dispatches for Dec'24 saw a 2% YoY increase, reaching 4.2mn tons compared to 4.1mn tons in the same period last year.
- Domestic cement dispatches increased by 1% MoM to 3.4mn tons, marking their highest level since Jan'24. On YoY basis, cement dispatches in Dec'24 declined by 5%, primarily due to seasonal factors and elevated prices stemming from increased FED and royalty charges. Regionally, northern dispatches were down by 5% YoY to 2.8mn tons, while dispatches in south saw a decline of 3% YoY, reaching 0.6mn tons.
- However, exports saw a significant rise in Dec'24, growing by 49% YoY to 0.8mn tons. Exports from the southern region increased by 49% YoY to 0.7mn tons, while those from the northern region grew by 50% YoY, reaching 0.11mn tons compared to 76k tons in the same period last year.
- Total dispatches for Dec'24 increased by 2% YoY. On a MoM basis, domestic dispatches down by 5%. Regional performance showed an 19% YoY increase in domestic offtake from the south, while the north experienced a 4% YoY decline in domestic dispatches.
- Utilization of the industry clocked in at 58% in Dec'24 with utilization of the North region settled at 51% while south region utilization clocked in at 86%.
- Cement dispatches during 1HFY25 stood at 22.9mn tons, reflecting a 4% YoY decline from 23.9mn tons. This drop was mainly driven by a 10% YoY reduction in local dispatches. In contrast, export dispatches surged by 32% YoY, reaching 4.8mn tons compared to the same period last year.
- During 1HFY25, south-based dispatches rose to 6.8mn tons, marking a 7% YoY increase, driven by a 32% YoY surge in exports. However, local dispatches in the south declined by 15% YoY, settling at 2.9mn tons.
- North-based dispatches during 1HFY25 fell by 8% YoY to 16.2mn tons, primarily due to a 9% YoY drop in local dispatches. In contrast, exports grew by 29% YoY, reaching 1.0mn tons.

**Exhibit: Cement Dispatches**

(000) tons	Dec-24	Nov-24	MoM	Dec-23	YoY	1HFY25	1HFY24	YoY
<b>North</b>	<b>2,900</b>	<b>2,925</b>	<b>-1%</b>	<b>3,012</b>	<b>-4%</b>	<b>16,177</b>	<b>17,542</b>	<b>-8%</b>
Local	2,786	2,757	1%	2,936	-5%	15,185	16,772	-9%
Exports	114	168	-32%	76	50%	992	770	29%
<b>South</b>	<b>1,254</b>	<b>1,221</b>	<b>3%</b>	<b>1,052</b>	<b>19%</b>	<b>6,755</b>	<b>6,339</b>	<b>7%</b>
Local	585	586	0%	603	-3%	2,937	3,456	-15%
Exports	669	635	5%	449	49%	3,818	2,882	32%
<b>Local</b>	<b>3,370</b>	<b>3,342</b>	<b>1%</b>	<b>3,539</b>	<b>-5%</b>	<b>18,122</b>	<b>20,228</b>	<b>-10%</b>
<b>Exports</b>	<b>784</b>	<b>803</b>	<b>-2%</b>	<b>525</b>	<b>49%</b>	<b>4,810</b>	<b>3,653</b>	<b>32%</b>
<b>Total</b>	<b>4,154</b>	<b>4,146</b>	<b>0%</b>	<b>4,063</b>	<b>2%</b>	<b>22,933</b>	<b>23,881</b>	<b>-4%</b>

Source (s): APCMA, AHL Research

**Exhibit: Trend of Utilization**



Source (s): APCMA, AHL Research

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## AHL Cement universe earnings expectations

- **ACPL:** The company is expected to report earnings of PKR 1.78/share for 2QFY25, representing a 51% YoY decline. This decrease is driven by reduced gross margins and a higher effective tax rate( 4% in 2QFY24).
- **DGKC:** Earnings for 2QFY25 are expected to be PKR 4.31/share, significantly higher than PKR 0.90/share in 2QFY24. This improvement is primarily driven by reduction in finance cost (-41% YoY) and higher volumetric sales (+15% YoY).
- **FCCL:** The company is likely to post earnings of PKR 1.61/share in 2QFY25, up from PKR 1.08/share in 2QFY24. The rise is due to increased volumetric sales (+19% YoY) and lower finance costs.
- **KOHC:** The company's earnings for 2QFY25 are projected at PKR 16.97/share, reflecting a 50% YoY growth. This increase is driven by enhanced gross margins, bolstered by higher retention prices in KP. However, the company's volumes decreased by 7% YoY during the quarter.
- **LUCK:** The company is projected to report earnings of PKR 22.89/share for 2QFY25, a 1.1% YoY decrease. On a consolidated basis, earnings are expected to reach PKR 69.83/share, compared to PKR 60.18/share in the same period last year.
- **MLCF:** Expected earnings for 2QFY25 are PKR 1.63/share, compared to PKR 2.14/share in 2QFY24. This decline is attributed to lower gross margins and a higher effective tax rate (23% in 2QFY24).

**Exhibit: AHL Cement Universe - Earnings Preview**

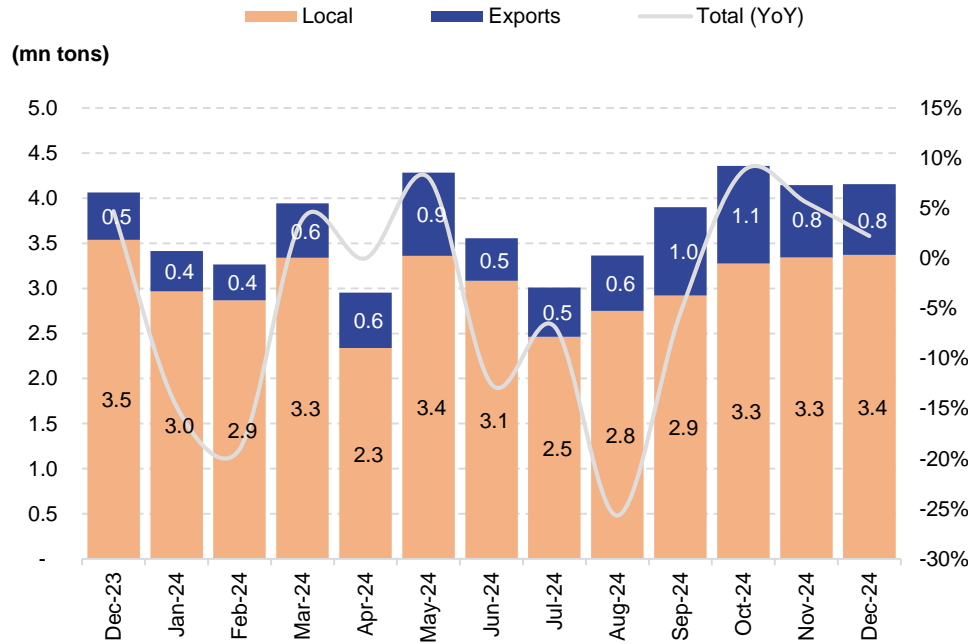
EPS (PKR)	2QFY25e	2QFY24a	YoY	1QFY25a	QoQ	1HFY25e	1HFY24a	YoY
ACPL	1.78	3.62	-50.8%	0.45	295.1%	2.23	14.85	-85.0%
DGKC	4.54	0.90	405.1%	1.84	147.4%	6.38	2.41	164.9%
FCCL	1.61	1.08	48.2%	1.32	21.4%	2.93	2.15	36.3%
KOHC	16.97	11.35	49.5%	17.56	-3.3%	34.53	22.74	51.9%
LUCK	22.89	23.14	-1.1%	22.40	2.2%	45.29	46.79	-3.2%
MLCF*	1.63	2.14	-23.7%	1.28	27.6%	2.92	3.69	-21.0%

Source (s): Company Financials, AHL Research, \*consolidated

# Pakistan Cement Sector

Dec'24: Total cement dispatches increased by 2% YoY

**Exhibit: Historical Cement Dispatches**



Source (s): APCMA, AHL Research

**Exhibit: Cement Dispatches - Company Wise**

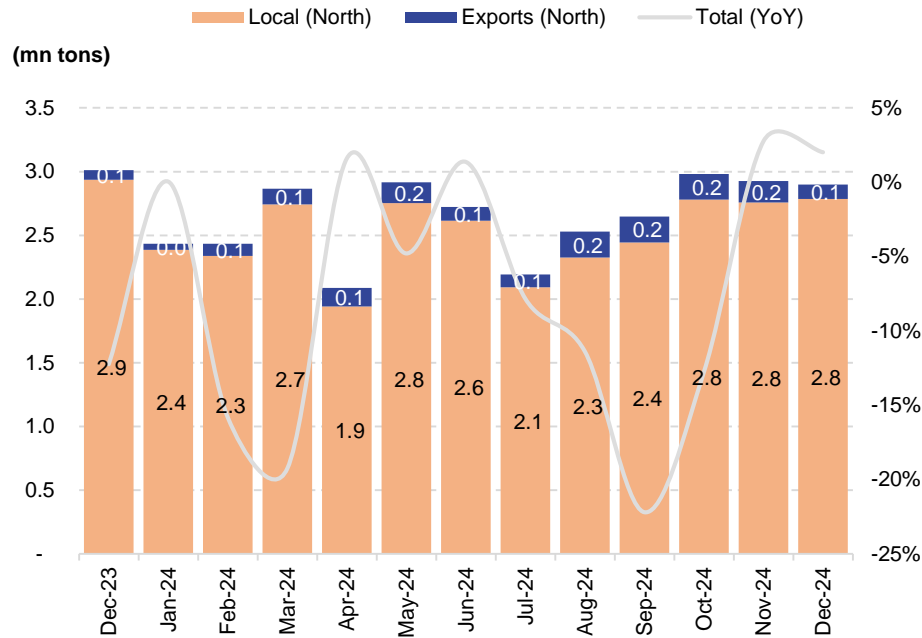
(000) tons	Dec-24	Nov-24	MoM	Dec-23	YoY	1HFY25	1HFY24	YoY
DGKC	520	466	12%	414	26%	2,726	2,518	8%
FCCL	471	489	-4%	395	19%	2,816	2,595	9%
LUCK	812	928	-13%	711	14%	4,808	4,339	11%
POWER	262	184	43%	240	9%	1,104	1,447	-24%
GWLC	116	109	7%	110	6%	597	617	-3%
BWCL	649	616	5%	677	-4%	3,343	3,704	-10%
KOHC	198	210	-6%	211	-6%	1,225	1,437	-15%
ACPL	185	221	-16%	200	-7%	1,302	1,219	7%
CHCC	204	222	-8%	221	-8%	1,240	1,385	-10%
MLCF	362	342	6%	412	-12%	1,879	2,076	-9%
PIOC	191	176	9%	241	-21%	1,020	1,270	-20%

Source (s): AHL Research

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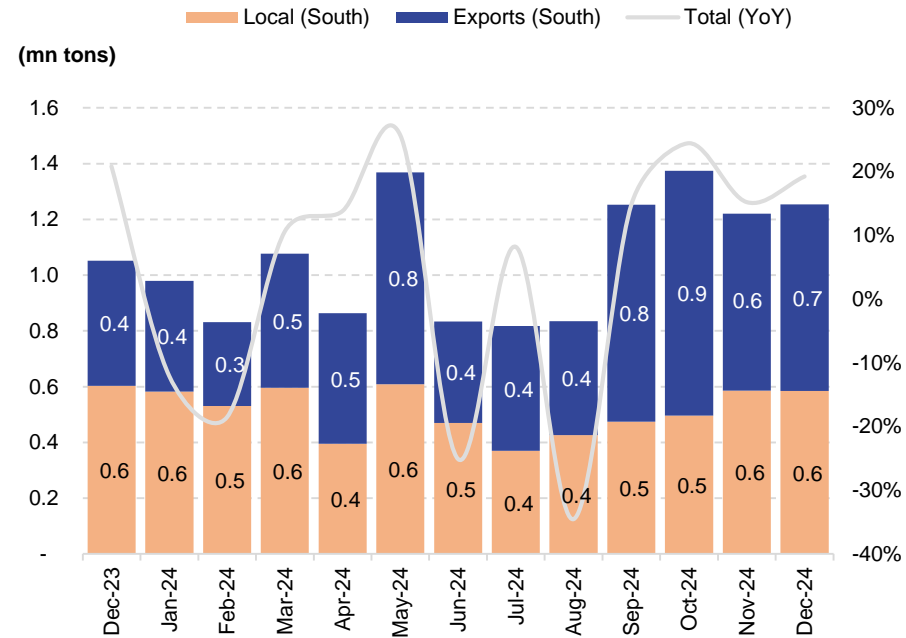
## Region-wise dispatches trend

**Exhibit: North region dispatches**



Source (s): APCMA, AHL Research

**Exhibit: South region dispatches**



Source (s): APCMA, AHL Research

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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);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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