

Cement: Power Cement Limited

Corporate Briefing Takeaways

REP-300

Management Conference Call

The management of Power Cement Ltd (POWER) held a corporate briefing session today where they discussed the company's performance and future outlook. The company reported a profit before tax of PKR 762mn during 9MFY25, the first in six years, driven by operational efficiencies, reduced finance costs, increased local market penetration, and strategic investments in renewable energy and alternative fuels.

Brief Takeaways

- Company is one of the largest players in the south region of Pakistan with a total annual cement production capacity of 3.37mn tons, 11,235 TPD, and holds 19% market share (in south region) as of 9MFY25.
- The company's dispatches dropped by 19% YoY to 1,667K tons during 9MFY25, primarily driven by a 36% YoY decrease in exports. Local sales also saw a 3% YoY decline.
- Demand was depressed in the 1QFY25, cement dispatches in the South Zone dropped by 29% YoY. However, a strong recovery in the second & third quarter reduced the overall decline for the 9MFY25 to 2.3%.
- Export proceeds declined by USD 15mn, primarily due to a drop in clinker export owing to lower margins and depressed prices in international markets.
- Overall capacity utilization for the 9MFY25, stood at 61%, compared to 76% during the same period last year. The decline was mainly driven by a 3% reduction in local dispatches due to weak domestic demand, coupled with a significant drop of 36% in exports owing to lower margins and depressed prices in international markets.
- Clinker production was reduced to avoid losses from low global prices. Focus shifted to profitable clinker exports at higher spot rates (USD 37–38/ton).
- Gross profit rose 5% YoY and operating profit jumped 24% despite lower revenue.
- Finance cost dropped 35% due to decline in interest rates.
- A 7.5 MW wind project is expected to become operational in FY26, which will help reduce reliance on the grid.
- During 9MFY25, the power mix comprised 60% grid, 34% WHR, and 6% solar.
- Agricultural waste has reduced fuel costs by 25–30% and reduced dependency on imported coal.
- The new, efficient FLSmidth plant is prioritized due to its high-grade output, while the older plant's capacity remains on standby.
- During 9MFY25, retention prices ranged between PKR 14,500-15,500/ton. Following a recent price increase, they currently stand at PKR 15,500-16,500/ton.
- Management anticipates that cement demand will grow by 7–10% annually over the next five years.
- Management disclosed that export prices are expected to remain stable at USD 37–38/ton during FY26.

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Arif Habib Limited (AHL) has a shareholding in POWER.