

# Pakistan Equity | Cements | Sector Research

January 4, 2022

REP-057

**Local cement sales likely to decline by 4-8% YoY in Dec-21**  
**1HFY22 local sales to drop by 2% YoY**



Best Local Brokerage House 2015-16, FY2020



Best Local Brokerage House Brokers Poll 2011-14, 2016-21



Best Brokerage House 2018,19-20



Best Research House 2019-20



Best Brokerage House 2019-20

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## Sales impacted by higher construction cost & lower activity

### Cement Sales: Dec 2021E

mn tons	Dec-21E	Dec-20A	YoY	MoM
<b>Local</b>	<b>3.92</b>	<b>4.18</b>	<b>-6%</b>	<b>-5%</b>
North	3.26	3.50	-7%	-6%
South	0.66	0.68	-4%	1%
<b>Export</b>	<b>0.57</b>	<b>0.63</b>	<b>-10%</b>	<b>-18%</b>
<b>Total</b>	<b>4.49</b>	<b>4.82</b>	<b>-7%</b>	<b>-7%</b>

Source: APCMA, Topline Research

### Cement Sales: 1HFY22E

mn tons	1HFY22E	1HFY21A	YoY
<b>Local</b>	<b>23.93</b>	<b>23.64</b>	<b>1%</b>
North	20.0	20.3	-1%
South	3.9	3.4	15%
<b>Exports</b>	<b>3.4</b>	<b>4.1</b>	<b>-17%</b>
<b>Total</b>	<b>27.35</b>	<b>27.77</b>	<b>-2%</b>

Source: APCMA, Topline Research

- Pakistan's cement sales in Dec-2021 is expected to reach 4.3-4.7mn tons, down 5-9% YoY. On MoM basis, it is also anticipated to decline by 5-9% MoM.
- Local sales are expected to drop by 4-8% YoY amid slowdown in construction activity, rising construction cost and conclusion of amnesty scheme, we believe. However, exports is estimated to drop by 8-12% YoY because of higher freight costs, port congestion, and slowdown in world economies.
- Local sales are estimated to decline by 3-7% MoM, wherein average daily sales in the North and South regions are hovering at 103-107k tons/day and 20-24k tons/day, respectively. This decline is likely due to seasonal factor where we see slowdown in cement sales on the onset of winter season and slowdown in construction activities. Exports, are expected to decrease by 16-20% MoM.
- In 1HFY22, total sales are estimated to clock in at around 27.3mn tons, slightly down by 2% YoY. Local sales are likely to remain flat in 1HFY22.
- Industry's capacity utilization based on local sales is expected to reach ~68% in Dec-2021, whereas in the North region the utilization is estimated to be ~71%.
- However, the overall capacity utilization (including exports) is expected to reach ~78%.
- Looking at the total sales in 1HFY22, capacity utilization is expected to clock in at ~79%, whereas based on local sales the same is likely to be around ~69%.
- Cement retail prices in Dec-2021 averaged at Rs723/bag in North, which remained flat from Nov- 2021. In the South, retail prices increased by Rs14/bag MoM on an average in Dec-2021 to Rs763/bag.

## Company wise snapshot

Company Wise	Dec-21E	Dec-20A	YoY	MoM	1HFY22E	YoY
<b>LUCK</b>	<b>715,234</b>	<b>751,909</b>	<b>-5%</b>	<b>-10%</b>	<b>4,694,297</b>	<b>-6%</b>
Local	590,225	614,863	-4%	-4%	3,648,718	0%
Exports	125,008	137,046	-9%	-31%	1,045,579	-22%
<b>DGKC</b>	<b>722,750</b>	<b>547,738</b>	<b>32%</b>	<b>9%</b>	<b>3,510,588</b>	<b>-7%</b>
Local	421,216	453,985	-7%	-4%	2,536,705	-6%
Exports	301,534	93,753	222%	35%	973,883	-8%
<b>MLCF</b>	<b>385,411</b>	<b>441,089</b>	<b>-13%</b>	<b>-5%</b>	<b>2,349,593</b>	<b>-7%</b>
Local	381,872	434,696	-12%	-3%	2,277,639	-4%
Exports	3,539	6,393	-45%	-71%	71,954	-51%
<b>BWCL</b>	<b>640,372</b>	<b>700,360</b>	<b>-9%</b>	<b>-7%</b>	<b>3,994,996</b>	<b>-9%</b>
Local	635,935	672,518	-5%	-7%	3,919,841	-5%
Exports	4,438	27,842	-84%	-59%	75,154	-68%
<b>PIOC</b>	<b>283,467</b>	<b>267,846</b>	<b>6%</b>	<b>-15%</b>	<b>1,748,593</b>	<b>10%</b>
Local	283,467	266,743	6%	-15%	1,748,593	11%
Exports	-	1,103.69	-100%	-	-	-100%
<b>CHCC</b>	<b>272,908</b>	<b>299,536</b>	<b>-9%</b>	<b>-6%</b>	<b>1,825,147</b>	<b>-6%</b>
Local	264,842	284,242	-7%	-4%	1,646,831	-6%
Exports	8,066	15,295	-47%	-40%	178,316	-9%
<b>ACPL</b>	<b>177,645</b>	<b>276,325</b>	<b>-36%</b>	<b>-23%</b>	<b>1,276,467</b>	<b>-30%</b>
Local	124,466	121,095	3%	4%	770,372	14%
Exports	53,179	155,230	-66%	-53%	506,095	-55%
<b>KOHC</b>	<b>279,105</b>	<b>291,971</b>	<b>-4%</b>	<b>-7%</b>	<b>1,817,081</b>	<b>-3%</b>
Local	277,614	280,116	-1%	-8%	1,814,072	3%
Exports	1,491.10	11,854.78	-87%	-	3,009	-97%
<b>FCCL</b>	<b>270,003</b>	<b>273,314</b>	<b>-1%</b>	<b>-5%</b>	<b>1,704,435</b>	<b>-4%</b>
Local	264,961	267,932	-1%	-5%	1,634,786	-1%
Exports	5,042	5,382	-6%	4%	69,649	-46%

Source: Topline Research

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