

Pakistan Equity | Cement | Sector Research

July 29, 2022

REP-057

Cements sales down 46-50% in July to multi year low
Due to economic slow down & rising construction cost



Best Local Brokerage
House 2015-16, FY2020

ASIAMONEY

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



Best Brokerage
House 2018,19-20



Best Research
House 2019-20



Best Brokerage
House 2019-21

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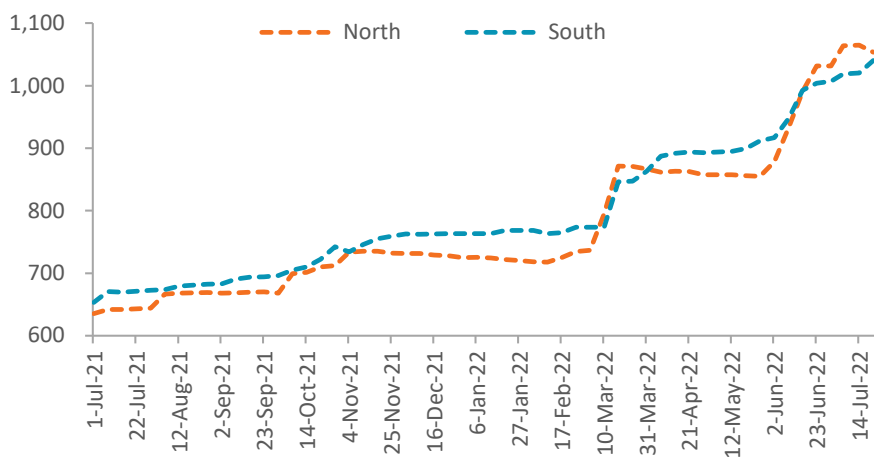
Total dispatches to decline by 48% YoY in July 2022

Cement Sales: Jul 2022E

mn tons	Jul-22E	Jul-21A	YoY	MoM
Local	1.83	3.45	-47%	-63%
North	1.54	2.89	-47%	-63%
South	0.28	0.55	-49%	-67%
Export	0.18	0.45	-59%	-35%
Total	2.01	3.90	-48%	-62%

Source: APCMA, Topline Research

Domestic Cement Prices (Rs/bag)



Source: PBS, Topline Research

- Pakistan cement sales are expected to decline by 60-64% MoM to 2.01mn tons with local dispatches likely to fall by 61-65% MoM to 1.83mn tons mainly due to (i) monsoon season across the country, and (ii) higher base effect in Jun-22 owing to Eid holidays in May-22.
- On YoY basis, cement sales in Jul-22 are anticipated to decline by 46-50% YoY. Local dispatches are likely to down by 45-49% YoY primarily due to (i) slowdown in construction activity, and (ii) higher construction cost.
- Exports during Jul-22 are likely to witness a downtick of 57-61% YoY and 33-37% MoM. The attrition in exports are on the back of global economic slowdown, disruption in global supply chain and higher sea freight charges.
- Industry utilization during Jul-2022 is estimated to clock in at 34-36% vs. 67% in the same period last year.
- The start of FY23 looks bleak despite summer season where usually the cement dispatches are higher as compared to the winter season. This shows a clear reflection of economic downturn where cost of all the construction materials are on a higher side thus eroding demand.
- Cement prices are hovering around Rs1,050/bag up 20% from Rs875/bag in May due to, (i) higher coal prices (including Afghan Coal), (ii) rupee devaluation against US dollar, and (iii) higher fuel prices.
- To highlight, Afghan coal prices (factory cost) increases by 33% to Rs66kton as Afghan government raised ex-mine price and export taxes which were procured by the north cement industry players.
- With rising interest rates, expected slowdown in economic growth and contained PSDP, we expect cement dispatches to remain under pressure in FY23.

Company wise snapshot

Company Wise	Jul-22E	Jul-21A	YoY	MoM
LUCK	335,365	683,688	-51%	-62%
Local	291,010	532,509	-45%	-63%
Exports	44,354	151,179	-71%	-51%
DGKC	211,118	391,787	-46%	-61%
Local	200,628	355,414	-44%	-61%
Exports	10,489	36,373	-71%	-59%
MLCF	202,836	332,501	-39%	-58%
Local	196,813	323,859	-39%	-58%
Exports	6,024	8,642	-30%	-37%
BWCL	292,945	591,259	-50%	-64%
Local	287,196	576,292	-50%	-64%
Exports	5,749	14,967	-62%	-1%
PIOC	131,003	237,593	-45%	-65%
Local	131,003	237,593	-45%	-65%
Exports	-	-	-	-
CHCC	151,726	308,657	-51%	-59%
Local	124,819	245,690	-49%	-63%
Exports	26,906	62,967	-57%	-24%
ACPL	57,465	187,595	-69%	-68%
Local	52,424	109,389	-52%	-69%
Exports	5,042	78,206	-94%	-64%
KOHC	126,452	253,274	-50%	-66%
Local	126,452	252,089	-50%	-66%
Exports	-	1,185	-100%	(1.00)
FCCL	139,637	252,871	-45%	-59%
Local	134,558	240,290	-44%	-59%
Exports	5,078	12,581	-60%	-59%

Source: Topline Research

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