

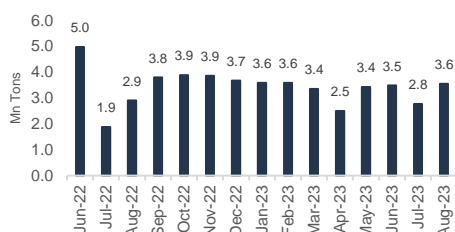
Sector Call
Overweight
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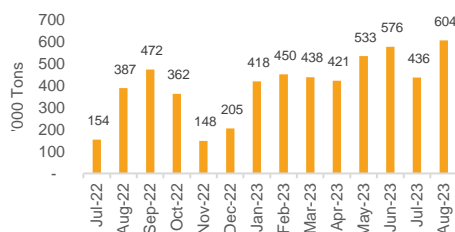
Cement Dispatches are expected to grow by 26% YoY and 30% MoM in Aug'23

Pakistan's total cement sales for August 2023 are expected to witness a growth of 26% YoY, reaching an estimated 4.16 million tons. While, on a cumulative basis, total sales are anticipated to increase by 38% YoY in 2MFY23 to 7.37 million tons. The growth is driven by low base effect due to floods last year, a pickup in exports and increasing demand from rural areas as incomes adjust upwards.

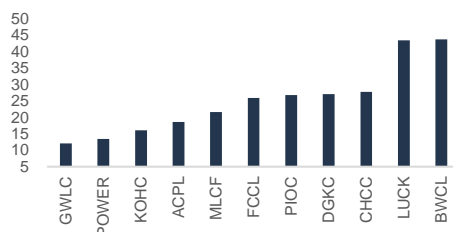
Local Dispatches



Export Sales



EV/ton (USD)



('mn tons)	Aug 23E	Jul 23A	MoM	Aug 22A	YoY	2MFY24	2MFY23	YoY
North Local	2.93	2.35	24.6%	2.50	17.1%	5.28	4.12	28.2%
North Export	0.23	0.12	90.8%	0.09	153.5%	0.35	0.16	118.4%
North Total	3.16	2.47	27.8%	2.59	22.0%	5.63	4.28	31.6%
South Local	0.63	0.43	47.1%	0.40	54.5%	1.05	0.67	55.8%
South Export	0.37	0.31	18.4%	0.30	25.9%	0.69	0.38	81.1%
South Total	1.00	0.74	34.9%	0.70	42.4%	1.74	1.05	64.9%
Grand Total	4.16	3.21	29.5%	3.29	26.3%	7.37	5.33	38.2%

Declining coal prices along with a gradual increase in cement prices is expected to increase margins going forward and we remain overweight on the sector due to its solid cash generation and cheap valuations. Cement companies are trading significantly below replacement value and we expect valuations to revert to the mean once economic uncertainty reduces. Cement sector returns in the past have majorly been led by sector pricing discipline rather than cement dispatches.

We indicate a promising outlook for the cement industry due to potential economic recovery and political stability. We believe that cement export from the south zone could show significant growth in FY24 as lower coal prices have made companies competitive again.

Company wise expected Cement Dispatches

Company	Aug'23E	Aug'22A	YoY	Jul'23A	MoM	2MFY24	2MFY23	YoY
LUCK	809,991	516,471	56.8%	601,890	35%	1,411,881	853,019	66%
Local	637,672	395,794	61.1%	492,051	30%	1,129,723	696,165	62%
Exports	172,319	120,677	42.8%	109,839	57%	282,158	156,854	80%
DGKC	437,587	424,949	3.0%	294,955	48%	732,542	629,025	16%
Local	330,467	296,814	11.3%	247,035	34%	577,502	491,385	18%
Exports	107,120	128,135	-16.4%	47,920	124%	155,040	137,640	13%
MLCF	339,632	295,338	15.0%	290,777	17%	630,409	501,127	26%
Local	323,436	287,185	12.6%	279,823	16%	603,259	487,907	24%
Exports	16,195	8,153	98.6%	10,954	48%	27,149	13,220	105%
BWCL	613,788	483,308	27.0%	485,518	26%	1,099,306	788,716	39%
Local	603,195	480,498	25.5%	477,584	26%	1,080,779	780,863	38%
Exports	10,593	2,810	277.0%	7,934	34%	18,527	7,853	136%
PIOC	224,403	214,148	4.8%	158,654	41%	383,057	347,207	10%
Local	224,403	214,148	4.8%	158,654	41%	383,057	347,207	10%
Exports								
CHCC	236,002	251,550	-6.2%	215,921	9%	451,923	414,779	9%
Local	186,215	219,793	-15.3%	176,846	5%	363,061	356,547	2%
Exports	49,787	31,757	56.8%	39,075	27%	88,862	58,232	53%
ACPL	141,740	102,942	37.7%	108,777	30%	250,517	157,488	59%
Local	113,357	90,414	25.4%	85,225	33%	198,582	139,060	43%
Exports	28,383	12,528	126.6%	23,552	21%	51,935	18,428	182%
KOHC	280,906	240,308	16.9%	228,241	23%	509,147	377,252	35%
Local	275,280	240,308	14.6%	224,029	23%	499,309	377,252	32%
Exports	5,626	0	NM	4,212	34%	9,838	-	MN
GWLC	107,839	100,427	7.4%	82,625	31%	190,464	159,413	19%
Local	107,839	100,427	7.4%	82,625	31%	190,464	159,413	19%
Exports								

Important Disclosures

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