

Pakistan Textiles

Nov'23: Textile exports decreased by 7% YoY

As per the latest data reported by PBS, textile exports recorded a decline of ~7% YoY in Nov'23 to clock in at US\$1.3bn vs. US\$1.4bn in SPLY. The decline is possibly due to lower international prices coupled with challenging domestic business landscape.

Segment wise, export of value-added textile products (i.e. Towels, readymade garments, knitwear) witnessed a decline by ~12% YoY, to stand at US\$0.92 in Nov'23. To note, basic textile (i.e. Cotton Yarn) increased by ~100% YoY to clocked in at US\$0.24bn. Other textile exports also decreased by ~12% YoY to reach at US\$0.16bn in Nov'23.

The volumetric increase in overall textile is primarily driven by basic textile which are up by ~74% YoY followed by valued added and other textile products which are up 7% and 1% YoY, respectively.

Value added textile exports witnessed a decline of 6% MoM

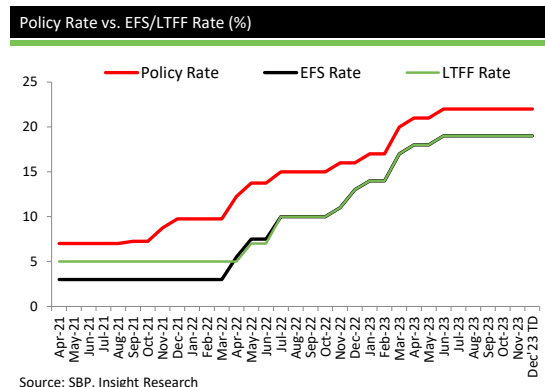
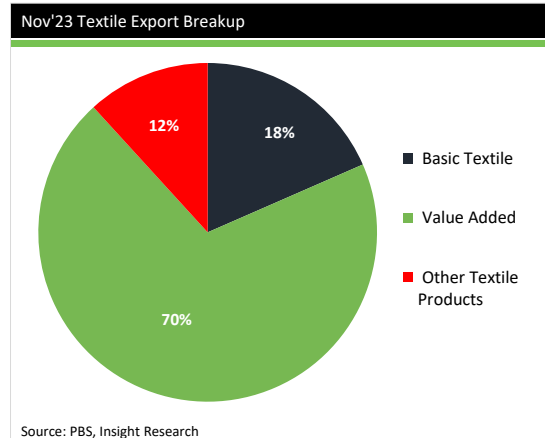
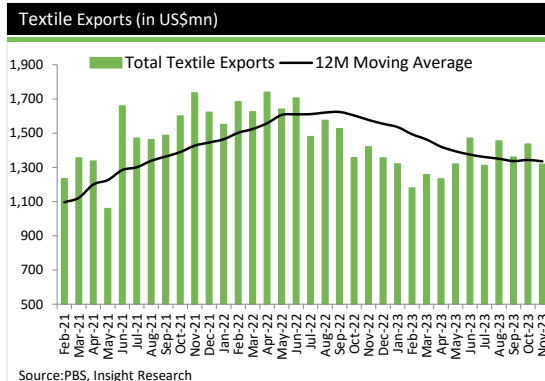
In Nov'23, value added textile witnessed a volumetric decline of 9% MoM. To note, the prices of basic textile goods have also decreased, resulting in a decline of 6% MoM, to clock in at US\$0.92bn. The decline in value added exports was mainly due to knitwear, bedwear and towels by 5%, 16% and 21% MoM, respectively. On the flip side, readymade garments witnessed an increase by 5% in value terms.

Basic textile exports witnessed a slump of 14% MoM

Basic textile exports saw a decline of 14% MoM in Nov'23, witnessing a volumetric decrease of 8%, similarly the prices of basic textile goods have also decreased, to clock in at US\$243mn vs. USD\$283mn in preceding month. The decrease in basic textile was majorly contributed by decrease in cotton cloth, raw cotton and cotton yarn exports which are down by 19%, 2% and 7% MoM, respectively.

Outlook

We expect textile exports to further increase in volumetric terms on accounts of upcoming Christmas season. However, recent increase in energy prices has increased the cost of production for the manufacturer to compete in international market. Going forward, we believe, expected cut in interest rate coupled with improved cotton production in the current marketing year will provide some respite to industry margins. To note, cotton price in international market has reached US\$74.27/maund in Nov'23, while local cotton was hovering around ~US\$60.9/maund in Nov'23, this will allow local textile manufacturers to enjoy the benefit of lower raw material prices.



Pakistan Textile Exports

US\$ mn	Nov-23	Nov-22	YoY	Oct-23	MoM
Raw Cotton	16	1	NM	17	-2%
Cotton Yarn	86	43	100%	92	-7%
Cotton Cloth	138	154	-10%	170	-19%
Cotton Carded or Combed	0	0	NM	0	NM
Yarn Other Than Cotton Yarn	3	5	-27%	4	-6%
Basic Textile	243	203	20%	283	-14%
Knitwear	353	400	-12%	371	-5%
Bed Wear	206	222	-8%	244	-16%
Towels	75	93	-20%	94	-21%
Readymade Garments	287	327	-12%	274	5%
Value Added	920	1,042	-12%	983	-6%
Other Textile Products	155	176	-12%	171	-9%
Total Textile Export	1,319	1,421	-7%	1,437	-8%

Source: PBS, Insight Research

Volumes ('000)	Nov-23	Nov-22	YoY	Oct-23	MoM
Raw Cotton (MT)	9	1	NM	9	-2%
Cotton Yarn (MT)	32	12	160%	33	-2%
Cotton Cloth (MT)	28	26	7%	33	-17%
Cotton Carded or Combed (MT)	0	0	NM	0	NM
Yarn Other Than Cotton Yarn (MT)	1	1	0%	1	-2%
Basic Textile	70	40	74%	77	-8%
Knitwear (TH.DOZ)	20	17	20%	20	1%
Bed Wear (MT)	35	33	5%	40	-14%
Towels (MT)	16	18	-11%	20	-17%
Readymade Garments (TH.DOZ)	8	6	43%	8	9%
Value Added	80	74	7%	88	-9%
Other Textile Products	11	11	1%	11	-5%
Total Textile Export	160	125	28%	175	-9%

Source: PBS, Insight Research

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TP	Target Price	DCF	Discounted Cash Flows	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/Bv	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield
ROE	Return on Equity	ROA	Return on Assets	CAGR	Compounded Annual Growth Rate

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