

## Pakistan Textiles

### Dec'23: Textile exports increased by 3% YoY

As per the latest data reported by PBS, textile exports recorded an increase of ~3% YoY in Dec'23 to clock in at US\$1.4bn vs. US\$1.3bn in SPLY. The increase is possibly due to Christmas/winter season coupled with improve cotton arrivals.

Segment wise, export of value-added textile products increased by ~2% YoY, to stand at US\$0.97 in Dec'23. Similarly, basic textile also witnessed an increase of ~16% YoY to clocked in at US\$0.25bn. To note, other textile exports decreased by ~4% YoY to reach at US\$0.16bn in Dec'23.

The volumetric increase in overall textile is primarily driven by basic textile which are up by ~61% YoY followed by towels, bedwear, and other textile products which are up 11%, 7% and 17% YoY, respectively.

#### Value added textile exports increased by 6% MoM

In Dec'23, value added textile witnessed a volumetric increase of 5% MoM, similarly prices of value added textile goods increased, resulting an increase in value added textile exports by 6% MoM, to clock in at US\$0.97bn vs US\$0.92bn in preceding month. The increase in value added exports was mainly due to increase in knitwear, bedwear, towels and readymade garments by 4%, 10%, 17% and 4% MoM, respectively.

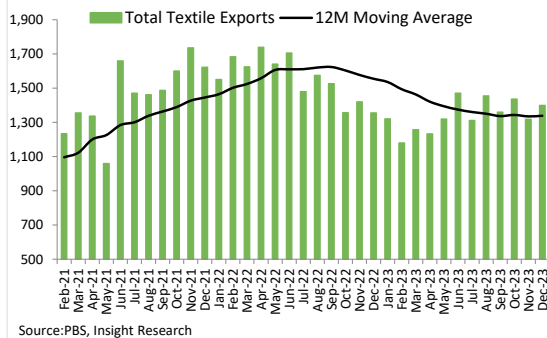
#### Basic textile exports witnessed an increase of 5% MoM

Basic textile exports saw an increase of 5% MoM in Dec'23, driven by volumetric increase, to clock in at US\$255mn vs. USD\$243mn in preceding month. The increase in basic textile was majorly contributed by an increase in cotton yarn and cotton cloth which are up by 11% and 4% MoM, respectively.

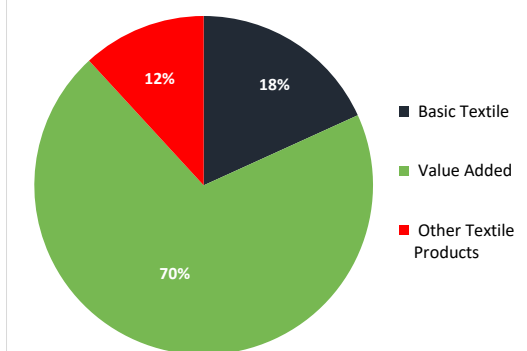
#### Outlook

We expect textile exports to further increase in volumetric terms due to healthy cotton arrivals. 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 and possible reduction in electricity charges to facilitate export sector coupled with improved cotton production in the current marketing year will provide some respite to industry. To note, cotton price in international market has reached US\$74.6/maund in Dec'23, while local cotton prices were hovering around ~US\$60/maund in Dec'23, this will allow local textile manufacturers. However, the gap between the prices of local and international cotton prices are narrowing down. To highlight, cotton arrivals witnessed a significant jump of 79% YoY to clock in at 8.26mn bales in Jan'24 vs 4.61mn bales in SPLY.

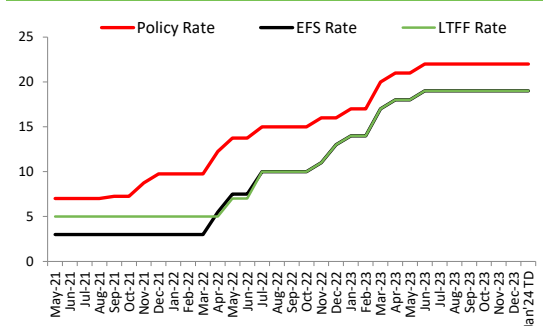
Textile Exports (in US\$m)



Dec'23 Textile Export Breakup



Policy Rate vs. EFS/LTFF Rate (%)



## Pakistan Textile Exports

US\$ mn	Dec-23	Dec-22	YoY	Nov-23	MoM	6MFY24	6MFY23	YoY
Raw Cotton	14	-	NM	16	-17%	53	11	NM
Cotton Yarn	95	53	79%	86	11%	589	382	54%
Cotton Cloth	144	163	-12%	138	4%	927	1,066	-13%
Cotton Carded or Combed	0	0	NM	0	NM	1	1	NM
Yarn Other Than Cotton Yarn	2	3	-28%	3	-32%	20	23	-14%
<b>Basic Textile</b>	<b>255</b>	<b>220</b>	<b>16%</b>	<b>243</b>	<b>5%</b>	<b>1,589</b>	<b>1,483</b>	<b>7%</b>
Knitwear	367	354	4%	353	4%	2,203	2,467	-11%
Bed Wear	226	208	9%	206	10%	1,377	1,428	-4%
Towels	88	82	7%	75	17%	500	492	2%
Readymade Garments	299	319	-6%	287	4%	1,669	1,833	-9%
<b>Value Added</b>	<b>979</b>	<b>963</b>	<b>2%</b>	<b>920</b>	<b>6%</b>	<b>5,749</b>	<b>6,219</b>	<b>-8%</b>
Other Textile Products	166	173	-4%	155	7%	945	1,016	-7%
<b>Total Textile Export</b>	<b>1,400</b>	<b>1,356</b>	<b>3%</b>	<b>1,319</b>	<b>6%</b>	<b>8,283</b>	<b>8,717</b>	<b>-5%</b>

Source: PBS, Insight Research

Volumes ('000)	Dec-23	Dec-22	YoY	Nov-23	MoM	6MFY24	6MFY23	YoY
Raw Cotton (MT)	7	-	NM	9	-16%	30	5	505%
Cotton Yarn (MT)	37	17	115%	32	15%	218	106	106%
Cotton Cloth (MT)	28	27	3%	28	3%	182	174	5%
Cotton Carded or Combed (MT)	0	0	NM	0	NM	0	0	-18%
Yarn Other Than Cotton Yarn (MT)	1	1	-19%	1	-36%	7	6	9%
<b>Basic Textile</b>	<b>74</b>	<b>46</b>	<b>61%</b>	<b>70</b>	<b>5%</b>	<b>436</b>	<b>291</b>	<b>50%</b>
Knitwear (TH.DOZ)	20	15	36%	20	1%	122	101	20%
Bed Wear (MT)	37	31	22%	35	7%	228	207	10%
Towels (MT)	18	16	12%	16	11%	107	94	13%
Readymade Garments (TH.DOZ)	7	5	46%	8	-9%	46	32	44%
<b>Value Added</b>	<b>83</b>	<b>67</b>	<b>24%</b>	<b>80</b>	<b>5%</b>	<b>502</b>	<b>435</b>	<b>15%</b>
Other Textile Products	11	9	17%	11	2%	60	58	4%
<b>Total Textile Export</b>	<b>168</b>	<b>122</b>	<b>38%</b>	<b>160</b>	<b>5%</b>	<b>998</b>	<b>784</b>	<b>27%</b>

Source: PBS, Insight Research

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

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