

## Pakistan Textiles

### 8MFY24: Textile Exports declined by 1% YoY

As per the latest data reported by PBS, in 8MFY24, textile exports recorded a decline of ~1% to clock at US\$11.14bn vs. US\$11.22bn in SPY. The decline is mainly due to challenging domestic environment and lower product prices. In Feb'24, textile exports decreased by 3% MoM, to clocked in at US\$1.40bn.

Segment wise, export of basic textile increased by ~8% in 8MFY24, to clock in at US\$2.08bn YoY. On the flip side, value added and other textile products witnessed a decline of ~2% and ~4% YoY to clocked in at US\$7.77bn and USD\$1.28bn, respectively in 8MFY24.

Basic textile exports witnessed a volumetric increase of ~45% in 8MFY24 followed by knitwear, bedwear, towel, and readymade garments which are up ~21%, 15%, 14% and 40% YoY, followed by other textile products which are up by ~3% YoY.

Value added textile exports witnessed a slump of 6% MoM

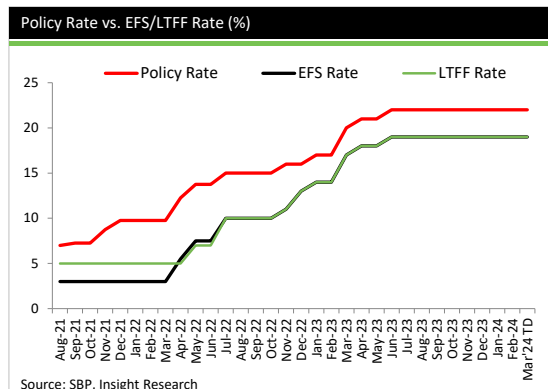
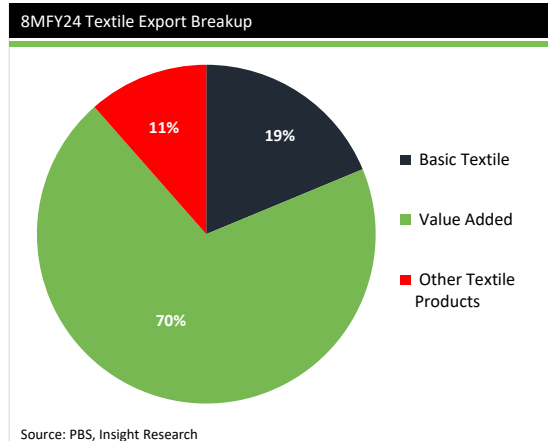
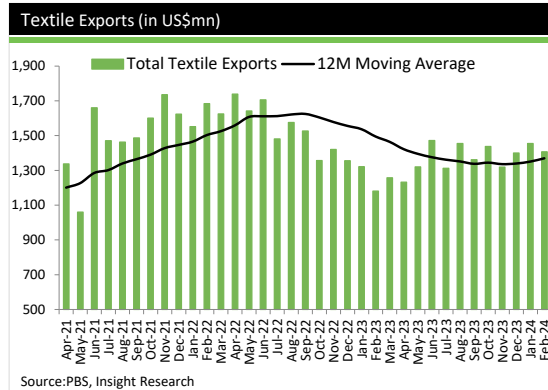
In Feb'24, value added textile exports witnessed a volumetric decrease in knitwear and readymade garments which are down by 9% and 16% MoM, respectively. On the flip side, prices of knitwear and readymade increased by ~1% and 10%, resulting an overall decline in readymade garments and knitwear exports by ~8% and ~8% MoM, respectively. Value added textile exports clocked in at US\$0.98bn vs. US\$1.04bn in the preceding month.

Basic textile exports increased by 4% MoM

Basic textile exports clock in at US\$255mn vs. USD\$245mn in the preceding month depicting a rise of 4% MoM, mainly driven by increase in prices. The basic textile prices were up by ~2.2% MoM. The increase in basic textile exports was contributed by a volumetric increase in cotton cloth which is up by ~12% MoM.

#### Outlook

The continuous rise in the cost of raw materials and abrupt increase in energy prices continue to hamper textile manufacturers. As stated by government, the chances of the industry getting electricity at 9cents/kwh are very low now. Going forward, industry is also expecting a further hike in energy prices by government to comply with IMF's directions. Local cotton prices are significantly rising mainly due to the shortage of local cotton. All these factors will make local manufacturers regionally uncompetitive resulting into closure of local mills. To note, cotton prices in the international market reached ~US\$81.7/maund in Feb'24, while local cotton prices were hovering at ~US\$73.6/maund in same period. The expected cut in the interest rate may offset the impact of higher manufacturing costs to some extent, providing some respite to the local manufacturers.



## Pakistan Textile Exports

US\$ mn	Feb-24	Feb-23	YoY	Jan-24	MoM	8MFY24	8MFY23	YoY
Raw Cotton	-	-	NM	2	NM	56	12	354%
Cotton Yarn	78	56	41%	81	-3%	748	505	48%
Cotton Cloth	174	155	12%	160	9%	1,260	1,380	-9%
Cotton Carded or Combed	0	0	NM	0	NM	1	1	-33%
Yarn Other Than Cotton Yarn	3	3	NM	2	NM	24	30	-18%
<b>Basic Textile</b>	<b>255</b>	<b>214</b>	<b>19%</b>	<b>245</b>	<b>4%</b>	<b>2,089</b>	<b>1,928</b>	<b>8%</b>
Knitwear	336	277	21%	365	-8%	2,904	3,081	-6%
Bed Wear	244	196	25%	252	-3%	1,873	1,835	2%
Towels	95	84	13%	96	-2%	691	666	4%
Readymade Garments	307	255	20%	333	-8%	2,310	2,381	-3%
<b>Value Added</b>	<b>981</b>	<b>812</b>	<b>21%</b>	<b>1,047</b>	<b>-6%</b>	<b>7,777</b>	<b>7,963</b>	<b>-2%</b>
Other Textile Products	171	155	10%	163	5%	1,280	1,329	-4%
<b>Total Textile Export</b>	<b>1,407</b>	<b>1,180</b>	<b>19%</b>	<b>1,455</b>	<b>-3%</b>	<b>11,146</b>	<b>11,220</b>	<b>-1%</b>

Source: PBS, Insight Research

Volumes ('000)	Feb-24	Feb-23	YoY	Jan-24	MoM	8MFY24	8MFY23	YoY
Raw Cotton (MT)	-	-	NM	1	NM	31	5	471%
Cotton Yarn (MT)	30	19	59%	32	-6%	280	149	88%
Cotton Cloth (MT)	35	29	22%	31	12%	248	228	9%
Cotton Carded or Combed (MT)	0	0	NM	0	NM	0	1	-25%
Yarn Other Than Cotton Yarn (MT)	1	1	NM	1	NM	9	9	0%
<b>Basic Textile</b>	<b>66</b>	<b>49</b>	<b>36%</b>	<b>65</b>	<b>1%</b>	<b>567</b>	<b>391</b>	<b>45%</b>
Knitwear (TH.DOZ)	18	14	28%	20	-9%	160	132	21%
Bed Wear (MT)	42	30	39%	41	1%	311	270	15%
Towels (MT)	20	16	23%	20	0%	147	128	14%
Readymade Garments (TH.DOZ)	6	6	10%	8	-16%	60	43	40%
<b>Value Added</b>	<b>86</b>	<b>66</b>	<b>30%</b>	<b>89</b>	<b>-3%</b>	<b>677</b>	<b>574</b>	<b>18%</b>
Other Textile Products	10	11	-8%	10	-6%	80	78	3%
<b>Total Textile Export</b>	<b>162</b>	<b>126</b>	<b>29%</b>	<b>164</b>	<b>-1%</b>	<b>1,324</b>	<b>1,043</b>	<b>27%</b>

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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