

Cement Dispatches down by 0.3% YoY in April



Monday, 6 May, 2024

North Price Per Bag (Rs.)

| Apr/24 | Mar/24 | Change | % Change |
|--------|--------|--------|----------|
| 1,219 | 1,225 | ▼ -6 | ▼ -0% |

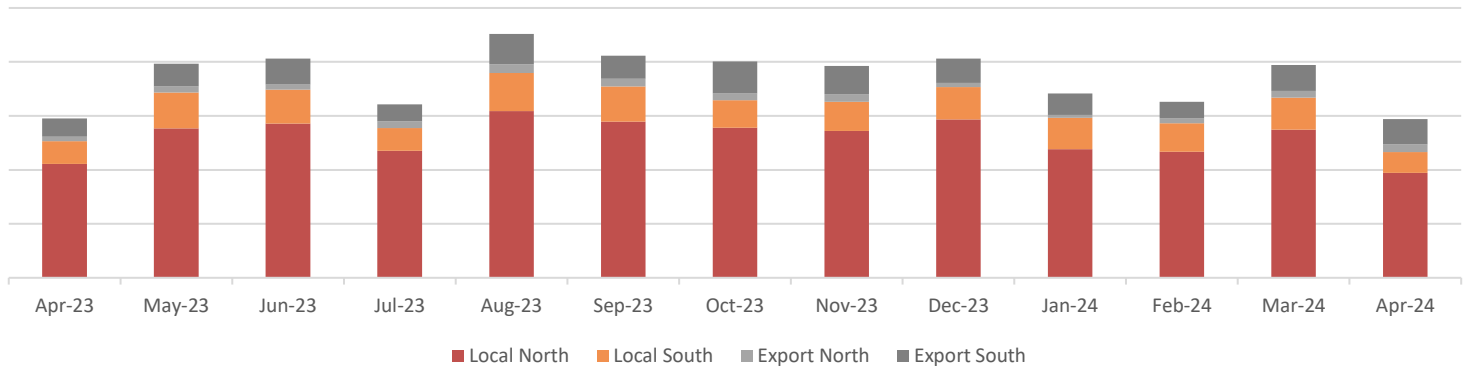
South Price Per Bag (Rs.)

| Apr/24 | Mar/24 | Change | % Change |
|--------|--------|--------|----------|
| 1,205 | 1,206 | ▼ -1 | ▼ -0.1% |

Export Price Per Ton (USD)

| Apr/24 | Mar/24 | Change | % Change |
|--------|--------|---------|----------|
| 25.2 | 25.9 | ▼ -0.73 | ▼ -2.8% |

Monthly Cement Dispatches



A decline in dispatches was witnessed during the month of Apr-24 as the recent data released by APCMA shows that cement dispatches were down by 0.3% YoY and down 25.3% on a MoM basis. Overall, on a cumulative basis, 10MFY24 dispatches are up by 2.3% due to the low base effect.

The industry dispatched 2.329mn tons of cement in the local market during Apr-24 as compared to 2.532mn tons during the same period last year, showing a fall of 8.0% YoY. Further breaking down the local market, dispatches from the north region decreased by 8.0% to 1.942mn tons against 2.110mn tons and dispatches from the south region also decreased by 35% to 0.387mn tons against 0.422mn tons in the SPLY. Furthermore, exports from the north increased by a substantial 73.5% and exports from the south region increased by a 39.1% YoY in Apr-24.

Going forward, the recent news of tax imposition on the real estate sector may affect the cement industry, but the declining trend in international coal prices could offset this by reducing production costs for cement companies. Despite potential challenges, the lower input costs may enhance competitiveness and improve profit margins within the cement sector. Furthermore, an anticipated decline in the policy rate at the end of the current year could boost the demand for cement.

| Local (000' tons) | Apr/24 | Mar/24 | MoM | Apr/23 | YoY | 10MFY24 | 10MFY23 | YoY |
|--------------------------------|--------------|--------------|----------------|--------------|----------------|---------------|---------------|----------------|
| North | 1,942 | 2,742 | 29.2% ▼ | 2,110 | 8.0% ▼ | 26,178 | 27,160 | 3.6% ▼ |
| South | 387 | 594 | 34.9% ▼ | 422 | 8.4% ▼ | 5,521 | 5,939 | 7.0% ▼ |
| Total | 2,329 | 3,336 | 30.2% ▼ | 2,532 | 8.0% ▼ | 31,699 | 33,099 | 4.2% ▼ |
| Export (000' tons) | | | | | | | | |
| North | 146 | 125 | 17.2% ▲ | 84 | 73.5% ▲ | 1,186 | 863 | 37.5% ▲ |
| South | 468 | 480 | 2.6% ▼ | 336 | 39.1% ▲ | 4,508 | 2,599 | 73.5% ▲ |
| Total | 614 | 605 | 1.5% ▲ | 421 | 46.0% ▲ | 5,695 | 3,461 | 64.5% ▲ |
| Grand Total (000' tons) | 2,943 | 3,942 | 25.3% ▼ | 2,953 | 0.3% ▼ | 37,394 | 36,560 | 2.3% ▲ |

Source: Cemnet.com

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DEFINITION OF TERMS

| | | | | | |
|-------------|---------------------------|-------------|-----------------------------|-------------|------------------------|
| TP | Target Price | CAGR | Compound Annual Growth Rate | FCF | Free Cash Flows |
| FCFE | Free Cash Flows to Equity | FCFF | Free Cash Flows to Firm | DCF | Discounted Cash Flows |
| PE | Price to Earnings Ratio | PB | Price to Book Ratio | BVPS | Book Value Per Share |
| EPS | Earnings Per Share | DPS | Dividend Per Share | ROE | Return of Equity |
| ROA | Return on Assets | SOTP | Sum of the Parts | LDCP | Last Day Closing Price |

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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| Stock Rating | Expected Total Return |
|--------------|----------------------------|
| BUY | Greater than 15% |
| HOLD | Between -5% to 15% |
| SELL | Less than and equal to -5% |

| Sector Rating | Sector Outlook |
|---------------|----------------|
| Overweight | Positive |
| Market Weight | Neutral |
| Underweight | Negative |

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RESEARCH ANALYST

Haroon Abdul Razzaq

Phone: (+92) 42 38302028; Ext 116

Email: haroon@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com