

Cement Dispatches dropped by 7% YoY in Sep-22

Monday, 10 October, 2022



North Price Per Bag (Rs.)

Sep-22	Aug-22	Change	% Change
1,026	1,038	▼ -11	▼ -1%

South Price Per Bag (Rs.)

Sep-22	Aug-22	Change	% Change
1,067	1,044	▲ 23	▲ 2%

Export Price Per Ton (USD)

Aug-22	Jul-22	Change	% Change
52	54	▼ -2	▼ -4%

Improved demand in dispatches is witnessed during the third month of FY23 as the recent data released by APCMA shows that cement dispatches were up by 29.7% MoM in Sep-22 while declining by 7% on a YoY basis owing to heavy monsoon rains that caused floods across the country. The industry dispatched 3.80mn tons of cement in the local market during Sep-22 as compared to 4.02mn tons during the same period last year, showing a decline of 5.5% YoY.

Furthermore, local market dispatches of north region dropped by 9.3% to 3.13mn tons against 3.45mn tons SPLY. However, local market dispatches from south region improved by 17.5% to 0.67mn tons against 0.57mn tons SPLY. Lastly, exports from the north region improved by 14.7% meanwhile, exports from south region declined by 25% YoY in Sep-22.

The industry is facing difficult times amid record-high electricity, fuel prices, and transportation costs coupled with currency devaluation. Going forward, the price of cement bag in the local market is likely to remain inflated due to increased production cost. Furthermore, cement dispatches are likely to rise as restoration of damaged infrastructure and rehabilitation of masses is expected to gain momentum.

Local (000' tons)	Sep-22	Aug-22	MoM	Sep-21	YoY	1QFY23	1QFY22	YoY
North	3,130	2,500	25.2% ▲	3,451	9.3% ▼	7,240	9,484	23.7% ▼
South	667	405	64.6% ▲	567	17.5% ▲	1,341	1,795	25.3% ▼
Total	3,797	2,905	30.7% ▲	4,018	5.5% ▼	8,581	11,279	23.9% ▼
Export (000' tons)								
North	127	92	37.6% ▲	110	14.7% ▲	289	388	25.5% ▼
South	346	295	17.1% ▲	461	25.0% ▼	725	1,158	37.4% ▼
Total	472	387	21.9% ▲	572	17.3% ▼	1,013	1,546	34.4% ▼
Grand Total (000' tons)	4,269	3,292	29.7% ▲	4,590	7.0% ▼	9,594	12,825	25.2% ▼

Source: APCMA

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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	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	JPB	Justified Price to Book

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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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BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

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Overweight	Positive
Market Weight	Neutral
Underweight	Negative

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