

Cement Dispatches up by 3.9% YoY in March



Wednesday, 3 April, 2024

North Price Per Bag (Rs.)

Mar/24	Feb/24	Change	% Change
1,225	1,244	▼ -19	▼ -2%

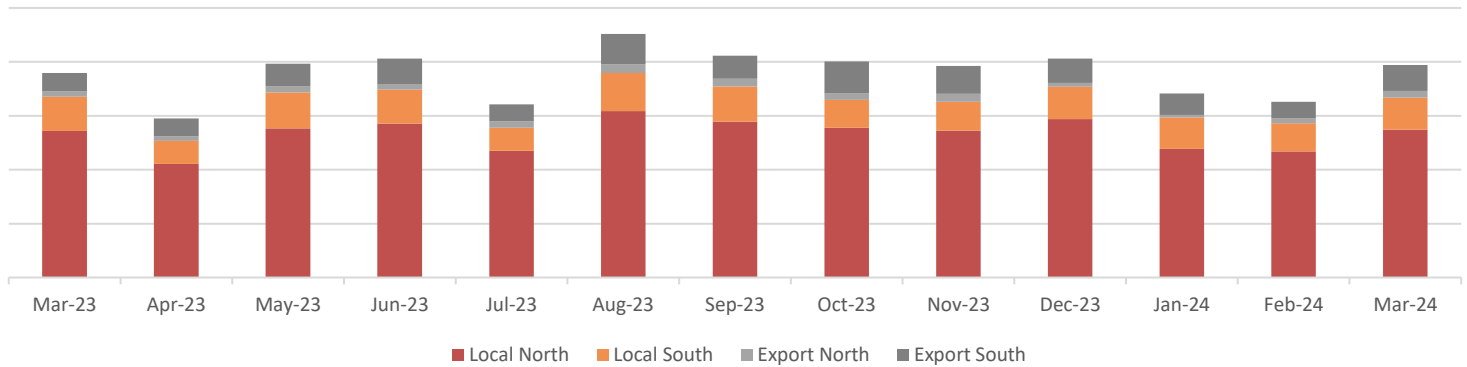
South Price Per Bag (Rs.)

Mar/24	Feb/24	Change	% Change
1,206	1,206	▲ 0	▲ 0.0%

Export Price Per Ton (USD)

Feb/24	Jan/24	Change	% Change
25.9	26	▼ -0.10	▼ -0.4%

Monthly Cement Dispatches



A rise in dispatches was witnessed during the month of Mar-24 as the recent data released by APCMA shows that cement dispatches were up by 3.9% YoY and down 25.6% on a MoM basis. Overall, on a cumulative basis, 9MFY24 dispatches are up by 2.5% due to the low base effect.

The industry dispatched 3.336mn tons of cement in the local market during Mar-24 as compared to 3.356mn tons during the same period last year, showing a fall of 0.6% YoY. Further breaking down the local market, dispatches from the north region increased by 17.3% to 2.742mn tons against 2.338mn tons and dispatches from the south region also increased by 13.1% to 0.594mn tons against 0.526mn tons in the SPLY. Furthermore, exports from the north decreased by a substantial 58% and exports from the south region increased by a 21.4% YoY in Mar-24.

Going forward, the demand for cement will be contingent upon the policies enacted by the new government and the guidelines set forth by the IMF, both of which will shape the future trajectory of cement demand. Additionally, new government's budget allocation to the PSDP could boost future cement sales as well as the resumption of construction activity post-Ramdan. Furthermore Low inflation is anticipated in the coming month, which is expected to result in a possibility of a decrease in the policy rate. This would be positive for cement stocks. **Recommended Stocks are FLYNG, PIOC FCCL, and MLCF.**

Local (000' tons)	Mar/24	Feb/24	MoM	Mar/23	YoY	9MFY24	9MFY23	YoY
North	2,742	2,338	17.3% ▲	2,720	0.8% ▲	24,236	25,050	3.2% ▼
South	594	526	13.1% ▲	636	6.6% ▼	5,135	5,517	6.9% ▼
Total	3,336	2,864	16.5% ▲	3,356	0.6% ▼	29,371	30,567	3.9% ▼
Export (000' tons)								
North	125	301	58.5% ▼	100	24.1% ▲	1,040	778	33.6% ▲
South	480	396	21.4% ▲	338	42.2% ▲	4,040	2,262	78.6% ▲
Total	605	2,433	75.1% ▼	438	38.0% ▲	5,080	3,041	67.1% ▲
Grand Total (000' tons)	3,942	5,297	25.6% ▼	3,795	3.9% ▲	34,451	33,607	2.5% ▲

Source: Cemnet.com

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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

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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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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