

# Cement Dispatches down by 7.1% YoY in Feb-23



Monday, 6 March, 2023

## North Price Per Bag (Rs.)

Feb/23	Jan/23	Change	% Change
1,071	1,035	▲ 36	▲ 3%

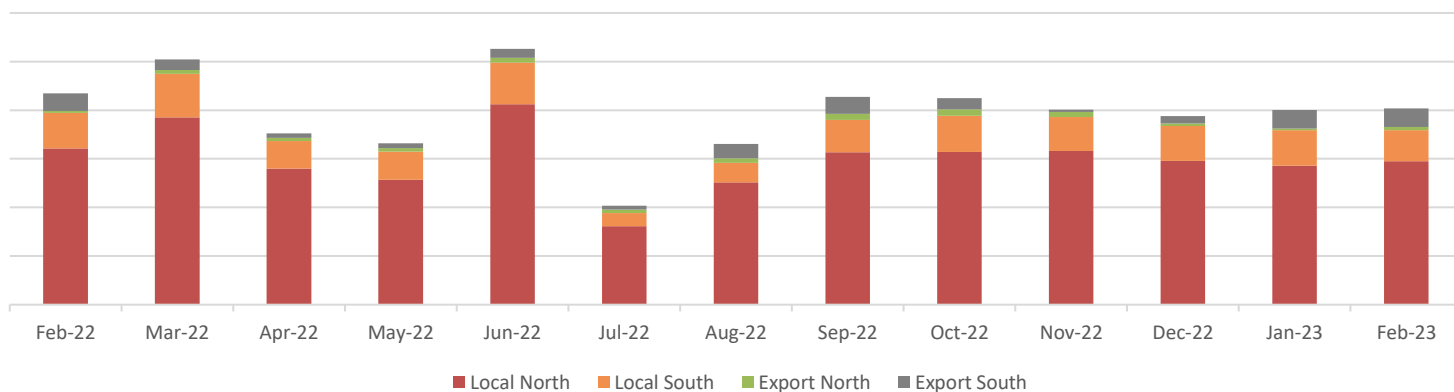
## South Price Per Bag (Rs.)

Feb/23	Jan/23	Change	% Change
1,103	1,070	▲ 32	▲ 3%

## Export Price Per Ton (USD)

Jan/23	Dec/22	Change	% Change
43	53	▼ -10	▼ -19%

## Monthly Cement Dispatches



A drop in dispatches is witnessed during the month of Feb-23 as the recent data released by APCMA shows that cement dispatches were down by 7.1% YoY while slightly up by 0.8% on a MoM basis. Although, on a cumulative basis, 8MFY23 dispatches are down by 16.6% owing to a fall in the construction activity due to a global hike in the prices of steel and other raw materials. The industry dispatched 3.590mn tons of cement in the local market during Feb-23 as compared to 3.943mn tons during the same period last year, showing a decline of 9% YoY. Further breaking down the local market, dispatches from the north region dropped by 8.3% to 2.95mn tons against 3.22mn tons and dispatches from the south region dropped by 12% to 0.64mn tons against 0.73mn tons in the SPLY. Contrarily, exports from the north and south region surged by 58.2% and 5.7% YoY respectively in Feb-23.

Going forward, we expect the industry to remain under pressure amid a strict macroeconomic situation including high borrowing costs coupled with currency devaluation. However, an increase in the pace of construction activity in wake of the restoration of damaged infrastructure in flood-affected areas as well as lower coal prices in the international market can support the sector.

Local (000' tons)	Feb/23	Jan/23	MoM	Feb/22	YoY	8MFY23	8MFY22	YoY
North	2,949	2,857	3.2% ▲	3,215	8.3% ▼	22,328	26,083	14.4% ▼
South	641	731	12.3% ▼	728	12.0% ▼	4,877	5,324	8.4% ▼
<b>Total</b>	<b>3,590</b>	<b>3,588</b>	<b>0.1% ▲</b>	<b>3,943</b>	<b>9.0% ▼</b>	<b>27,205</b>	<b>31,407</b>	<b>13.4% ▼</b>
Export (000' tons)								
North	65	35	83.8% ▲	41	58.2% ▲	678	599	13.3% ▲
South	385	383	0.6% ▲	365	5.7% ▲	1,919	3,749	48.8% ▼
<b>Total</b>	<b>450</b>	<b>418</b>	<b>7.6% ▲</b>	<b>405</b>	<b>11.0% ▲</b>	<b>2,597</b>	<b>4,348</b>	<b>40.3% ▼</b>
Grand Total (000' tons)	<b>4,040</b>	<b>4,006</b>	<b>0.8% ▲</b>	<b>4,349</b>	<b>7.1% ▼</b>	<b>29,802</b>	<b>35,754</b>	<b>16.6% ▼</b>

Source: APCMA

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months

All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Abbasi & Company (Private) Limited. Action could be taken for unauthorized reproduction, distribution or publication

#### VALIDITY OF THE PUBLICATION OR REPORT

The information in this publication or report is, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report. The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

#### DEFINITION OF TERMS

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

#### RATINGS CRITERIA

Abbasi & Company (Private) Limited employs a three-tier ratings system to rate a stock and sector, as mentioned below, which is based upon the level of expected return for a specific stock and outlook of sector. The rating is based on the following with stated time horizon

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

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

#### RESEARCH DISSEMINATION POLICY

Abbasi & Company (Private) Limited endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time

#### OTHER DISCLOSURES

The research analyst is primarily involved in the preparation of this report, certifies that:

- I. The views expressed in this report accurately reflect his/her personal views about the subject company/stock /sector and economy
- II. No part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

The Research Analyst is not and was not involved in issuing of a research report on any of the subject company's associated companies

#### RESEARCH ANALYST

Muhammad Ahmed

Phone: (+92) 42 38302028; Ext 118

Email: mahmed@abbasiandcompany.com

web: www.abbasiandcompany.com

#### HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com