

# Cement Dispatches dropped by 18.5% YoY in Oct-22

Monday, 7 November, 2022



## North Price Per Bag (Rs.)

Oct/22	Sep/22	Change	% Change
1,022	1,026	▼ -4	▼ -0%

## South Price Per Bag (Rs.)

Oct/22	Sep/22	Change	% Change
1,052	1,067	▼ -15	▼ -1%

## Export Price Per Ton (USD)

Sep/22	Aug/22	Change	% Change
48	52	▼ -4	▼ -8%

Sluggish demand in dispatches is witnessed during the fourth month of FY23 as the recent data released by APCMA shows that cement dispatches were down by 0.5% MoM in Oct-22 while declining by 18.5% on a YoY basis owing to heavy monsoon rains that caused floods across the country beside a fall in the construction activity due to global hike in the prices of steel and other raw materials. The industry dispatched 3.89mn tons of cement in the local market during Oct-22 as compared to 4.60mn tons during the same period last year, showing a decline of 15.6% YoY.

Further breaking down the local market, dispatches from north region dropped by 18% to 3.14mn tons against 3.83mn tons while dispatches from south region declined by 3.2% to 0.75mn tons against 0.77mn tons in the SPLY. Lastly, exports from the north region improved by 79.4% meanwhile, exports from south region declined by 57% YoY in Oct-22.

The industry is facing difficult times amid high interest rate coupled with currency devaluation. However, the continuous decline in coal prices and cheap multiples have made the cement sector much more attractive. Going forward, the cement dispatches are likely to rise as the restoration of damaged infrastructure in the flood effected areas is going to boost cement demand.

Local (000' tons)	Oct/22	Sep/22	MoM	Oct/21	YoY	4MFY23	4MFY22	YoY
North	3,140	3,130	0.3% ▲	3,831	18.0% ▼	10,380	13,315	22.0% ▼
South	747	667	12.1% ▲	772	3.2% ▼	2,088	2,567	18.7% ▼
<b>Total</b>	<b>3,887</b>	<b>3,797</b>	<b>2.4% ▲</b>	<b>4,603</b>	<b>15.6% ▼</b>	<b>12,468</b>	<b>15,882</b>	<b>21.5% ▼</b>
Export (000' tons)								
North	131	127	3.6% ▲	73	79.4% ▲	420	461	8.9% ▼
South	231	346	33.2% ▼	538	57.0% ▼	956	1,696	43.7% ▼
<b>Total</b>	<b>362</b>	<b>472</b>	<b>23.3% ▼</b>	<b>611</b>	<b>40.7% ▼</b>	<b>1,376</b>	<b>2,157</b>	<b>36.2% ▼</b>
Grand Total (000' tons)	<b>4,249</b>	<b>4,269</b>	<b>0.5% ▼</b>	<b>5,214</b>	<b>18.5% ▼</b>	<b>13,844</b>	<b>18,039</b>	<b>23.3% ▼</b>

Source: APCMA

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<b>TP</b>	Target Price	<b>DDM</b>	Dividend Discount Model	<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>JPB</b>	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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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
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Market Weight	Neutral
Underweight	Negative

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