

## Cement Update

### Sales up 9% MoM as exports grow 41% MoM on improving dynamics

- According to provisional numbers, Cement dispatches improved by 4%YoY to clock in at 29.08mn tons in 10MFY15 against recorded 27.97mn tons in 10MFY14. This significant growth is backed by private sector construction activities in north region as local dispatches attained the growth of 8%YoY. However, Export dispatches shrunk by 9%Yo following declined export of north region companies due to depressed demand from Afghanistan as inexpensive Iranian cement in Afghanistan market.
- In April 2015, Overall cement dispatches witnessed growth of 2%YoY and 3%MoM at 3.29mn tons. On a YoY basis, 4.9% YoY higher local offtake led overall demand growth in April 2015. CHCC, DGKC and MLCF outperformed in the local market with rise of 11.16%, 11.29% and 10.27% respectively.
- On a MoM basis, exports showed extraordinary growth of 41% to reach 0.63mn tons. This remarkable growth supported by improving dynamics for manufacturers-based in North of Pakistan. FECTO, ACPL and CHCC dominated the export market and surged by 166%, 126% and 71% respectively.
- We anticipate that demand for cement to improve further through (1) expedition in Public Sector Development Spending, (2) set up of new Power Plants and (3) projects agreed within the Pakistan China Economic corridor and also improvement in dynamics of exports of north region companies.

#### Cement Dispatches

(mn tons)	10MFY15	10MFY14	YoY	Apr'15	Apr'14	YoY
Local	23.01	21	8%	2.66	2.54	4.9%
Export	6.07	7	-9%	0.63	0.67	-6.9%
<b>Total</b>	<b>29.08</b>	<b>27.97</b>	<b>4%</b>	<b>3.29</b>	<b>3.21</b>	<b>2%</b>

Source: APCMA, AAH Research

#### Company wise Dispatches

(mn tons)	Apr'15	Mar'15	MoM
LUCK	0.62	0.56	9.59%
DGKC	0.34	0.30	16.02%
FCCL	0.23	0.21	7.25%
CHCC	0.97	0.78	24.40%
KOHC	0.18	0.18	2.68%
ACPL	0.20	0.14	38.69%
MLCF	0.26	0.24	11.06%
FECTC	0.65	0.52	25.71%

Source: Industry sources, AAH Research

#### Dispatches in Apr'15

(mn tons)	Apr'15	Mar'15	MoM
Local	2.66	2.56	4%
Export	0.63	0.44	41%
<b>Total</b>	<b>3.29</b>	<b>3.00</b>	<b>9%</b>

Source: APCMA, AAH Research

#### Aba Ali Habib Research

021-242-9664 (4 Lines)

research@abaalihabib.com