



Breaking Records ~ Cement Industry

According to data released by APCMA, during first 11 months of the current fiscal year, the cement industry supplied **23.6 mn** tons to local markets, posting an increase of **3.3%** compared to same period of the last fiscal year that were **22.8 mn** tons. Exports of cement declined by 3.4% to 7.4 mn tons compared to 7.7 mn tons in the last fiscal year. The first 11 months of the current fiscal year showed a growth of **1.7%** to **31.05 mn** tons as compared to **30.5 mn** tons in the last fiscal year.

The data released by APCMA also revealed that cement supplies in the last 3 months exceeded consecutively 3 mn tons barrier and is set to register highest ever supplies in FY14.

FY15 Expectations

We expect that cement supplies will increase by more than **5%** in FY15 due to launch of numerous public development projects by Government of Pakistan and GoP has allocated Rs **525 bn** for PSDP in FY15 which will lead to higher cement demand.

Imposition of **5% FED** on MRP will not affect the profits of cement manufacturers as we are expecting minimum increase in cement prices by **Rs 5 – Rs 10 per bag** in FY15. This increase will nullify the effect of FED.

We have released detailed report on **MLCF** with target price of **Rs 40/share** and MLCF is one of our top picks.

Soon we will release our report on CHCC.

Cement sector fundamentals

	PE		Dividend Yield	
	FY13	FY14E	FY13	FY14E
LUCK	13.05	11.36	2.0%	2.6%
FCCL	13.77	8.57	6.4%	10.2%
PIOC	6.97	6.27	8.5%	8.5%
DGKC	7.16	6.47	3.3%	3.9%
KOHC	7.04	6.06	4.2%	4.2%
MLCF	5.09	4.68	0.0%	1.6%

Source: www.scstrade.com

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