



FY13	North		South		Total
	Local	Export	Local	Export	
July	1,603,136	615,472	457,739	139,538	2,815,885
August	1,286,798	511,939	296,461	188,112	2,283,310
September	1,499,246	633,867	294,041	184,182	2,611,336
October	1,725,881	499,873	360,453	180,452	2,766,659
November	1,620,484	543,748	339,804	145,420	2,650,656
December	1,837,321	434,257	405,094	146,138	2,822,810
January	1,705,882	330,016	428,854	193,348	2,646,091
February	1,559,762	444,577	396,679	209,352	2,618,425
March	2,085,414	530,467	472,494	238,094	3,326,469
April	1,949,306	550,026	418,931	204,299	3,122,562
May	1,713,364	571,129	389,012	214,253	2,887,758

Source: All Pakistan Cement Manufacturer Association

### Cement Sector hit highest Dispatches

Local Cement dispatches crossed 25mn tons in FY13 for the first time in the history, which was 4.3% higher than FY12, but stagnant exports did not take the shine of cement manufacturer's performance. It also proved that many analysts simply couldn't gauge the fact that sector outperformed in terms of cement consumption owing to many factors in northern zone.

According to data released by the All Pakistan Cement Manufacturers Association, the industry sold 33.43mn tons of cement in FY12-13, of which 25.06 mn tons were consumed domestically and 8.37 mn tons were exported.

Mn. Tonnes	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Production Capacity	20.955	30.622	37.803	42.406	45.469	42.5	44.768	44.77
Local Dispatches	17.049	21.034	22.577	20.325	23.567	22.002	23.947	25
Exports	1.505	3.228	7.717	10.981	10.649	9.428	8.568	8.37

Source: All Pakistan Cement Manufacturer Association

### Triggers: Social trends changed the Dynamics...

- ❖ There had been enormous migration trend in the recent years from rural to urban areas which effectively raised housing needs across the country and hence resulted in increased cement consumption. This trend is likely to continue and therefore we remain optimistic regarding this sector.

- ❖ Despite of leaping cement sales, prices remained higher which improved the profitability.

- ❖ The increasing trend of using cement to pave roads dramatically changed the dynamics of cement industry. We therefore believe that future requirements of cements would result in overcapacities.

- ❖ Government focus on PSDP and allocation of 540bn in the federal budget FY14 would be translated into requirement of cements.

We therefore remain positive in the cement sector and consider robust performances in FY14. Our top picks are PIOC, LPCL, DGKC etc owing to the fact that their plants will run on enhanced capacities. We see increased consumption in housing and infrastructure to be main determinants which would continue to outperform analyst expectations.

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