

MLCF yield lowest EV / ton cement producer...

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We have analyzed cement sector based on our customary **EV/ton** in terms of **US Dollars**. There is a perception that a Pakistani cement sector yield very low values compared to regional countries viz. India & Iran. This may be due to **lower market capitalization** as Pakistani cement sector comparatively yield cheaper valuations in terms of US Dollars.

MLCF yield cheapest EV/ton of \$27.6/ton among all players. Among unheralded players there are companies viz. **Dewan Cement (DCL) & Islamabad based Fecto Cement (FECTC)** which yield mere \$13.3/ton & \$22.7/ton respectively and can also be a 'target companies' in lieu of any acquisition or merger stories – as a subjective debate if they ever materialize.

Among other high flying Pakistani largest cement producers, Lucky Cement (LUCK) & Bestway Cement (BWCL) yield EV/ton of \$65.95 and \$53.29 respectively, which could be considered benchmark values. However, other local peers CHCC, DGKC and THCCCL yield in the range of \$46-47.

It could be safely said that the existing plants yield lower EV/ton as compared to any of the regional countries. Even if a new entrant comes, then that plant would be erected at more than \$100/ton. This entails that a lower EV/ton signifies a lower or cheaper **market cap** in terms of the US Dollar.

In Pakistan the company with highest annual capacity is LUCK which is 15.3mn tons. **The company which is currently yielding lowest EV/ton is MLCF i.e. \$27.6/ton.**

Cement producers EV/ton tabulations

Companies	EV/ton USD	EV PKR mn	Annual Capacity*	EV/ton PKR
MLCF	27.58	59,794	7,800,000	7,665.90
GWLC	34.22	19,122	2,010,000	9,513.38
ACPL	37.93	45,359	4,302,150	10,543.29
POWER	37.96	35,570	3,370,500	10,553.37
PIOC	38.84	56,091	5,194,500	10,798.07
FCCL	39.30	101,199	9,263,625	10,924.36
DGKC	46.10	86,122	6,720,000	12,815.82
THCCCL	46.62	8,982	693,000	12,960.91
CHCC	47.47	59,860	4,536,000	13,196.60
BWCL	53.29	216,220	14,593,751	14,815.90
KOHC	63.56	85,075	4,814,800	17,669.45
LUCK	65.95	280,523	15,300,000	18,334.85
FLYNG	76.33	25,398	1,197,000	21,218.44
DCL	13.25	10,833	2,940,000	3,684.80
FECTC	22.66	6,301	1,000,000	6,300.79

Source: SCS Research

*Capacity data is taken from annual reports

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Following research techniques adopted to calculate target price/recommendation

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