

Flash Note (Revised note dated: May 24, 2019)

Friday, 19 July 2019

CLARIFICATION

We are withdrawing our Flash Note bearing reference No. BRP – 009 dated May 24th, 2019 and reissuing the same after retracting the portion relating to Fauji Cement Company Limited (FCCL). We would like to clarify that the portion relating to FCCL was published inadvertently and the inference drawn therein has inaccurately reflected the correct factual position. We respect FCCL as a major player in the cement industry and we look forward to our continued relationship with it and its other group entities.

Cements

Prices in North to increase by PKR 50-100/bag in the next 10 days. Prices expected to settle above PKR 600/bag post budget and clarity over hike in energy prices.

- As per market correspondence, price of cement bag is expected to jack up by PKR 50-100 in the next 10 days.
- Currently, average price of a cement bag hovers around PKR 450/ bag in the North region.
- This will take cement prices above to PKR 500-550 / bag.
- To recall, prices of cement in North region have fallen by PKR 150/ bag since Apr-19 owing to stiff competition as per our view.
- Owing to this pretext, we believe cement players especially in the North region are poised to deliver worst results in 4QFY19.
- We believe that this price increase will be the beginning of a series of price increases with prices expected to rise by around PKR 50/bag in the coming week and a further PKR 50/bag in the next. Additionally, further price increases are also expected post announcement of budget (10th June 2019) and clarity over hike in energy prices post settlement of IMF agreement, taking post Jun-19 cement prices per bag to PKR 600-630/bag.

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