

# Flash Note

Tuesday, 31 July 2018

## Cements

### LUCK: FY18 EPS closes at PKR 37.72; 4QFY18 earnings down by 27%YoY to PKR 7.41/share

- Lucky Cement Limited (LUCK) announced its annual financial results for FY18 with unconsolidated earnings reported at PKR 12.20bn (EPS: PKR 37.72) as compared to PKR 13.69bn (EPS: PKR 42.34) in the same period last year. On a quarterly basis, earnings for 4QFY18 fell by 27%YoY to PKR 2.40bn (EPS: PKR 7.41) as against PKR 3.27bn (EPS: PKR 10.11) recorded in the similar quarter of the preceding year.
- The Company announced a cash dividend of PKR 8.00/share along with the result.
- Net sales of the Company grew by only +4%YoY to PKR 47.54bn despite a +9%YoY increase in dispatches, largely due to lower retention prices during the year.
- Cost of Sales of the Company grew by +25%YoY PKR 30.59bn, mainly on account of elevated coal/FO prices internationally, PKR devaluation against the greenback and higher dispatches made during the year.
- Gross Margins of the Company dropped by 1090bps to 36% as against 47% in FY17.
- Effective tax rate of the Company stood at 19% as against 27% reported in FY17.
- On a consolidated basis, the Company's FY18 earnings fell by 9%YoY to PKR 16.17bn (EPS: PKR 45.83) in comparison to PKR 17.39bn (EPS: PKR 50.18) reported in the corresponding period.

Exhibit:

#### LUCK Result Highlights - Unconsolidated

Period end (JUN) - PKRmn	4QFY18	4QFY17	YoY	FY18	FY17	YoY
Net Sales	11,871	10,446	14%	47,542	45,687	4%
Gross Profit	3,860	4,347	-11%	16,952	21,298	-20%
Sell. / Dist. & Admin	919	560	64%	3,082	2,725	13%
Non-Operating Income	560	533	5%	2,595	1,993	30%
EBIT	3,139	4,107	-24%	15,119	18,778	-19%
Financial Charges	-	-	n/a	-	-	n/a
Pre-tax Profits	3,139	4,107	-24%	15,119	18,778	-19%
Taxation	744	839	-11%	2,922	5,086	-43%
Post-tax Profits	2,395	3,268	-27%	12,197	13,692	-11%
EPS	7.41	10.11	-27%	37.72	42.34	
DPS	8.00	17.00		8.00	17.00	

#### Key Ratios

Gross Margin (%)	32.5	41.6		35.7	46.6	
Net Margin (%)	20.2	31.3		25.7	30.0	
Effective Tax Rate (%)	23.7	20.4		19.3	27.1	

Source: Company Accounts, IGI Research

No. of Shares : 323mn

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**Time Horizon:** Dec – 2018

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(Discounted Cash Flow)

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