

Flash Note

Monday, 29 July 2019

Cements

Lucky Cement Limited (LUCK)

FY19 unconsolidated EPS down by 14%YoY to PKR 32.44; substantial clinker exports and improved retentions couldn't manage the wrath of rising costs and sluggish domestic sales growth

- Lucky Cement Limited (LUCK) announced its financial results for 4QFY19 with unconsolidated earnings clocking in at PKR 2.20bn (EPS: PKR 6.79), down by 8% YoY, as compared to PKR 2.40bn (EPS: PKR 7.41) reported in the same period last year. This brings FY19 unconsolidated earnings to PKR 10.49bn (EPS: PKR 32.44), down by 14% YoY as against PKR 12.20bn (EPS: PKR 37.72) reported in FY18.
- On a consolidated basis, earnings for FY19 fell by 24% YoY to PKR 11.33bn (EPS: PKR 35.03) as against PKR 14.82bn (EPS: PKR 45.83) reported in the comparative period.
- Unconsolidated net sales of the Company during FY19 grew by +1% YoY largely attributable to incline in domestic and export retentions as compared to the previous year, despite decline in overall volumes by 2% YoY.
- Local offtakes of the Company during FY19 dropped by 12.4%, however a substantial +61% YoY rise in exports, led single handedly by clinker sales, arrested greater damage.
- Gross profits of the Company during FY19 dropped by 654bps, owing to notable rise in production costs led by +25% YoY devaluation of PKR against the greenback and almost similar rise in gas tariff.
- Other Income of LUCK during FY19 improved by +25% YoY, possibly due to greater electricity sales made during the final summer quarter.
- Effective tax rate of the Company for FY19 dropped to 14% as against 19% reported in the comparative period, largely driven by greater export dispatches made during the period.

Exhibit:

LUCK Result Highlights

Period end (JUN) - PKRmn	4QFY19	4QFY18	YoY	FY19	FY18	YoY
Net Sales	10,500	11,871	-12%	48,021	47,542	1%
Gross Profit	2,724	3,860	-29%	13,984	16,952	-18%
Sell. / Dist. & Admin	974	919	6%	3,957	3,082	28%
Non-Operating Income	892	560	59%	3,242	2,595	25%
EBIT	2,471	3,139	-21%	12,221	15,119	-19%
Financial Charges	-	-	n/a	-	-	n/a
Pre-tax Profits	2,471	3,139	-21%	12,221	15,119	-19%
Taxation	275	744	-63%	1,731	2,922	-41%
Post-tax Profits	2,196	2,395	-8%	10,490	12,197	-14%

EPS	6.79	7.41		32.44	37.72	
DPS	6.50	8.00		6.50	8.00	

Key Ratios

Gross Margin (%)	25.9	32.5		29.1	35.7	
Net Margin (%)	20.9	20.2		21.8	25.7	
Effective Tax Rate (%)	11.1	23.7		14.2	19.3	

Source: Company Accounts, IGI Research

No. of Shares : 323mn

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