

Flash Note

Friday, 24 April 2020

Cements

Lucky Cement Limited (LUCK)

Substantially eroded domestic retention prices drag down 3QFY20 EPS to PKR 3.09, down 64%YoY

- ✓ Lucky Cement Limited (LUCK) announced its financial results for 3QFY20 with unconsolidated net earnings of PKR 999mn (EPS: PKR 3.09), down by 64%YoY, as compared to a net profit of PKR 2.79bn (EPS: PKR 8.64) reported in the same period last year. This brings 9MFY20 unconsolidated net earnings to PKR 2.94bn (EPS: PKR 9.08) as against net earnings of PKR 8.29bn (EPS: PKR 25.65) reported in the comparative period.
- ✓ Net sales of the Company during 3QFY20 declined by 11%YoY, despite material increase in volumetric sales, primarily due to substantially lower retention prices.
- ✓ The drop in retention prices during the quarter dragged down gross profit margins of the Company to 12% as against 30% recorded in the comparative period. It is pertinent to note that cost structure of the Company is similar to that of the previous year.
- ✓ Non-operating income of the Company during 3QFY20 grew by +72%YoY, possibly due to enhanced dividend income from local and foreign group companies.
- ✓ Effective tax rate of the Company stood at 7% as against 13% in the similar period of the preceding year, largely driven by substantial tax credits available to the Company.

Exhibit: LUCK Result Highlights						
Period end (JUN) - PKRmn	3QFY20	3QFY19	YoY	9MFY20	9MFY19	YoY
Net Sales	11,237	12,566	-11%	32,448	37,521	-14%
Gross Profit	1,302	3,836	-66%	4,526	11,260	-60%
Sell. / Dist. & Admin	1,362	1,049	30%	3,854	2,983	29%
Non-Operating Income	1,280	743	72%	2,989	2,349	27%
EBIT	1,124	3,225	-65%	3,371	9,750	-65%
Financial Charges	44	-	n/a	92	-	n/a
Pre-tax Profits	1,079	3,225	-67%	3,278	9,750	-66%
Taxation	80	431	-81%	343	1,456	-76%
Post-tax Profits	999	2,793	-64%	2,935	8,294	-65%
EPS	3.09	8.64		9.08	25.65	
DPS	-	-		-	-	
Key Ratios						
Gross Margin (%)	11.6	30.5		13.9	30.0	
Net Margin (%)	8.9	22.2		9.0	22.1	
Effective Tax Rate (%)	7.4	13.4		10.5	14.9	

Source: Company Accounts, IGI Research

No. of Shares : 323mn

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