

# Flash Note

Friday, 26 April 2019

## Cements

### Lucky Cement Limited (LUCK)

#### Lesser domestic dispatches, invaluable clinker exports and high production costs push 3QFY19 earnings down by 14%YoY to PKR 8.64/share

- Lucky Cement Limited (LUCK) announced its financial results for 3QFY19 with unconsolidated earnings clocking in at PKR 2.79bn (EPS: PKR 8.64), down by 14%YoY, as compared to PKR 3.26bn (EPS: PKR 10.06) reported in the same period last year. This brings 9MFY19 unconsolidated earnings to PKR 8.29bn (EPS: PKR 25.65) as against PKR 9.80bn (EPS: PKR 30.31) reported in 9MFY18.
- On a consolidated basis, earnings fell by 22%YoY to PKR 9.26bn (EPS: PKR 28.64) as against PKR 11.94bn (EPS: PKR 36.91) reported in the comparative period.
- Unconsolidated net sales of the Company grew by +1%YoY largely attributable to decline in local offtakes which were simultaneously covered up by improved local retentions and substantial rise in clinker export sales.
- Gross profits of the Company dropped by 9%YoY, 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 dropped by 12%YoY, likely due to lower cash resources left as compared to the previous period given substantial investments were made in Kia Lucky Motors Pakistan.
- Effective tax rate of the Company dropped to 13% as against 16% reported in the comparative period, possibly due to higher export dispatches made during the quarter.

Exhibit:

#### LUCK Result Highlights

Period end (JUN) - PKRmm	3QFY19	3QFY18	YoY	9MFY19	9MFY18	YoY
Net Sales	12,566	12,417	1%	37,521	35,671	5%
Gross Profit	3,836	4,207	-9%	11,260	13,093	-14%
Sell. / Dist. & Admin	1,049	793	32%	2,983	2,163	38%
Non-Operating Income	743	840	-12%	2,349	2,035	15%
EBIT	3,225	3,885	-17%	9,750	11,979	-19%
Pre-tax Profits	3,225	3,885	-17%	9,750	11,979	-19%
Taxation	431	630	-32%	1,456	2,178	-33%
Post-tax Profits	2,793	3,255	-14%	8,294	9,802	-15%
EPS	8.64	10.06		25.65	30.31	
DPS	-	-		-	-	

#### Key Ratios

Gross Margin (%)	30.5	33.9		30.0	36.7	
Net Margin (%)	22.2	26.2		22.1	27.5	
Effective Tax Rate (%)	13.4	16.2		14.9	18.2	

Source: Company Accounts, IGI Research

No. of Shares : 323mn

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