Day Break

Monday, February 2, 2026

Cement

LUCK: 1HFY26 Management Call Takeaways

- Lucky Cement Limited (LUCK) held a corporate briefing session to discuss the 1HFY26 financial results and provide key insights on the future outlook for the company.
- Net Sales increased by 5% y/y in 1HFY26, primarily driven by a 1%y/y rise in overall dispatches. Domestic dispatches posted a robust 13%y/y growth, supported by strong construction activity named easing inflationary pressures, stable interest rates and a pickup in private-sector construction.
- Export Volumes declined sharply by 18%y/y, reflecting the impact of US tariffs, ongoing regional geopolitical tensions, and a higher base effect from the corresponding period last year.

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Key Highlights from Corporate Briefing

- Net sales increased by 5%y/y in 1HFY26, primarily driven by a 1%y/y rise in overall dispatches. Domestic dispatches posted a robust 13% y/y growth, supported by strong construction activity amid easing inflationary pressures, stable interest rates, and a pickup in private-sector construction. In contrast, export volumes declined sharply by 18% y/y, reflecting the impact of US tariffs, ongoing regional geopolitical tensions, and a higher base effect from the corresponding period last year.

- Cost of production remained largely flat y/y, owing to continued cost optimization initiatives, including the implementation of UTIS technology in 1QFY26, which helped lower coal consumption while also supporting increased production capacity.

- Consequently, net profit surged by 68% y/y during the period, largely attributable to a 72% y/y increase in other income, driven by higher dividend inflows from subsidiaries and associated companies.

- Management indicated that current cement retention prices average ~PKR 770 per bag, reflecting a blended North and South

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pricing mix. During 2QFY26, coal prices averaged ~PKR 34,000 per ton; however, local coal prices have since firmed up due to the unavailability of Afghan coal, prompting the Company to increase reliance on imported coal. The incremental transportation cost for imported coal from seaports to the North plant is estimated at ~PKR 8,000–10,000 per ton.

- Meanwhile, clinker retention prices are currently hovering around USD 33–34 per ton. On the energy mix, management highlighted that ~50% of total power consumption is now sourced from renewable energy, supporting cost optimization and margin stability.

- In Nov’25, LUCK successfully commissioned 0.65 MTPA of additional cement capacity at its Samawah plant in Iraq, with commercial operations now underway. Furthermore, the Company is planning to establish a fully integrated 1.6 MTPA cement manufacturing line at Nyumba Ya Akiba (NYA), a joint venture between LUCK and the Rawji Group. The engineering and procurement contract for the main plant has been executed, with construction expected to commence by 3QFY26 and the project targeted for completion within 18 months.

- On the energy front, LUCK is set to install a 15 MW solar power plant at its Karachi facility by Mar’26, involving a CAPEX of ~PKR 1.2bn, which will increase the Company’s total installed solar capacity to 89.3 MW.

- In addition, LUCK has successfully implemented UTIS (UC3) technology at two of its four production lines at the Karachi plant, at a CAPEX of PKR 3.5bn, aimed at reducing coal consumption and optimizing production costs. Management plans to roll out this technology across all Karachi-based production lines, while no such installation is planned for the North plant.

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