

Flash Note

Thursday, 31 January 2019

Cements

Lucky Cement Limited (LUCK)

Static domestic growth and elevated input costs pull 2QFY19 earnings down by 15%YoY to PKR 9.30/share

- Lucky Cement Limited (LUCK) announced its financial results for 2QFY19 with unconsolidated earnings clocking in at PKR 3.01bn (EPS: PKR 9.30), down by 15%YoY, as compared to PKR 3.53bn (EPS: PKR 10.92) reported in the same period last year. This brings 1HFY19 unconsolidated earnings to PKR 5.50bn (EPS: PKR 17.01) as against PKR 6.55bn (EPS: PKR 20.25) reported in 1HFY18.
- On a consolidated basis, earnings fell by 27%YoY to PKR 5.80bn (EPS: PKR 17.92) as against PKR 7.91bn (EPS: PKR 24.47) reported in the comparative period.
- Unconsolidated net sales of the Company grew by +12%YoY despite slowdown in cement dispatches in North, largely due to substantial increase in clinker exports of the Company.
- Gross profits of the Company dropped by 16%YoY, largely driven by rise in coal and FO prices globally and increase in packaging costs.
- Other Income of LUCK leaped up by +45%YoY probably due to higher electricity sales made to HESCO and repatriation of dividend income from group companies.
- Effective tax rate of the Company dropped to 17% as against 20% reported in the comparative period, possibly due to higher export dispatches made during the quarter.

Exhibit:

LUCK Result Highlights

Period end (JUN) - PKRmn	2QFY19	2QFY18	YoY	1HFY19	1HFY18	YoY
Net Sales	13,550	12,050	12%	24,955	23,254	7%
Gross Profit	4,000	4,772	-16%	7,424	8,886	-16%
Sell. / Dist. & Admin	1,003	719	39%	1,934	1,370	41%
Non-Operating Income	962	663	45%	1,607	1,195	5.62x
EBIT	3,634	4,394	-17%	6,526	8,095	-19%
Pre-tax Profits	3,634	4,394	-17%	6,526	8,095	-19%
Taxation	626	864	-28%	1,025	1,548	-34%
Post-tax Profits	3,008	3,530	-15%	5,501	6,547	-16%
EPS	9.30	10.92		17.01	20.25	
DPS	-	-		-	-	

Key Ratios

Gross Margin (%)	29.5	39.6		29.7	38.2	
Net Margin (%)	22.2	29.3		22.0	28.2	
Effective Tax Rate (%)	17.2	19.7		15.7	19.1	

Source: Company Accounts, IGI Research

No. of Shares : 323mn

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