

Flash Note

Monday, 30 October 2017

Cement

LUCK: 1QFY18 Earnings dropped by 7% to PKR 9.33/share due to declining margins despite lower effective tax.

- Lucky Cement Limited (LUCK) announced its financial result for 1QFY18 with unconsolidated earnings clocking in at PKR 3.02bn (EPS: PKR 9.33) down by 7%YoY (7%QoQ) as against PKR 3.24bn (EPS PKR 10.01) in the same period last year.
- Net sales of the Company have increased by +7%YoY to arrive at PKR 11.2bn mainly achieved on account of stable growth trend witnessed in the local industry.
- However, the gross profit margin of the Company has declined by 1400bps YoY to arrive at 37% during 1QFY18 owing to rising coal and falling cement sales prices.
- Although, the effective tax rate dropped to 18% in 1QFY18 as compared to 31% in same period last year, this wasn't able to keep the net profit margins from declining to 27%.

Exhibit:

LUCK Result Highlights

Period end (JUN) - PKRmn	1Q'FY18	4Q'FY17	QoQ	1Q'FY17	YoY
Net Sales	11,204	10,446	7%	10,567	6%
Gross Profit	4,113	4,347	-5%	5,351	-23%
Sell. / Dist. & Admin	651	567	15%	737	-12%
Non Operating Income	532	533	0%	451	18%
EBIT	3,701	4,100	-10%	4,651	-20%
Financial Charges	-	-	n/a	-	n/a
Pre-tax Profits	3,701	4,100	-10%	4,651	-20%
Taxation	683	839	-19%	1,414	-52%
Post-tax Profits	3,017	3,261	-7%	3,237	-7%
EPS	9.33	10.08	-7%	10.01	-7%
DPS	-	12.00	-	-	-
Key Ratios					
Gross Margin (%)	36.7	41.6		50.6	
Net Margin (%)	26.9	31.2		30.6	
Effective Tax Rate (%)	18.5	20.5		30.4	

Source: Company Accounts, IGI Research

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