

Flash Note

Wednesday, 28 April 2021

Cements

Lucky Cement Limited (LUCK)

Resumed demand, improved retentions and revival of non-operating income boost overall performance; 3QFY21 earnings jump by 7.15x to PKR 22.10/share

- Lucky Cement Limited (LUCK) announced its financial result for 3QFY21 wherein, on an unconsolidated basis, it reported earnings of PKR 7.14bn (EPS: PKR 22.10), up by a substantial 7.15x, as against earnings of PKR 0.99bn (EPS: PKR 3.09) in 3QFY20. The Company announced nil dividends along with the result.
- Net Sales of the Company during 3QFY21, on an unconsolidated basis, as against 3QFY20 improved by 52% y/y. This was largely driven by recovery in sales volumes (+22% y/y) following reopening of domestic economy post Covid-19 led lockdowns and higher retentions amid improved cements sales price, particularly in the North region, reduced FED and lower dealer discounts.
- Gross profit margin of the Company jacked up to 36%, as against 12% registered in the same period last year largely driven by improved retentions and reduced cost structure. Cost of Goods Sold per bag reduced to PKR 204/bag as against PKR 234/bag recorded in 3QFY20.
- Selling & Distribution Costs of the Company improved by 14% y/y ascribed to increased freight charges associated with higher export sales made during the quarter as compared to last year.
- Non-Operating Income of the Company increase by 3.4x y/y owed to substantial dividend income from associate investments and possibly higher electricity sales in peak season.

Exhibit: LUCK 3QFY21 Result Review								
Period end (Jun) - PKRmn	3QFY21	3QFY20	YoY	2QFY21	QoQ	9MFY21	9MFY20	YoY
Net Sales	17,027	11,237	52%	15,740	8%	47,103	32,448	45%
Gross Profit	6,119	1,302	4.70x	4,590	33%	14,704	4,526	3.25x
Sell. / Dist. & Admin	1,557	1,362	14%	1,630	-5%	4,830	3,854	25%
Other expense	542	96	5.62x	275	97%	1,017	291	3.50x
Other Income	4,349	1,280	3.4x	234	18.59x	5,185	2,989	73%
EBIT	8,369	1,124	7.45x	2,919	2.87x	14,041	3,371	4.17x
Financial Charges	91	44	104%	88	4%	246	92	2.66x
Pre-tax Profits	8,278	1,079	7.67x	2,832	2.92x	13,795	3,278	4.21x
Taxation	1,132	80	14.10x	517	2.19x	2,108	343	6.15x
Post-tax Profits	7,146	998.8	7.15x	2,315	3.09x	11,688	2,935	3.98x
EPS	22.10	3.09		7.16		36.14	9.08	
Key Ratios								
Gross Margin (%)	36%	12%		29%		31%	14%	
Net Margin (%)	42%	9%		15%		25%	9%	
Source: IGI Research, Company Accounts, PSX						No. of Shares: 323mn		

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