

Flash Note

Monday, 09 August 2021

Cements

Lucky Cement Limited (LUCK)

Earnings of PKR 7.37/share reported in 4QFY21

- Lucky Cement Limited announced its financial result for 4QFY21 wherein, it reported an unconsolidated profit of PKR 2,383mn (EPS: PKR 7.37), as against net profitability of PKR 409mn (EPS: PKR 1.26) in 4QFY20. However, on sequential basis earnings plummeted by 67%q/q due to rising coal prices and 10%q/q lower dispatches. This takes FY21 earnings to PKR 14,070mn (EPS: PKR 43.51), up by 4.21x/y. In conjunction with the result the company did not announce any cash dividend.
- Net Sales of the Company during 4QFY21, as against 4QFY20 increased by massive 68%y/y. However, on sequential basis it declined by 7%q/q due to 10%q/q decline in dispatches. The y/y rise in net sales is due to notable turnaround in retention prices and 28%y/y rise in dispatches. Likewise, during FY21 revenue portrayed an increase of 50% due to aforesaid reason.
- Gross margins of the company jacked up to 27% y/y as against 16% registered in last year. This was largely driven by better absorption of fixed cost amid higher volumetric sales. Similarly, FY21 gross margins clocked in at 30% as opposed to 15% registered in last year due to reduced cost structure. The COGS per bag during FY21 declined by 6% to 220.4/bag as compared to 234.71/bag in last year.
- Other income underwent a significant jump of 3.37x during 4QFY21 amid improved cash balance. However, on sequential basis it declined by massive 85%q/q due to absence of dividend income from its subsidiary.

Exhibit: LUCK Financial Highlights

PKRmn	4QFY21	4QFY20	YoY	3QFY21	QoQ	FY21	FY20	YoY
Net Sales	15,838	9,423	68%	17,027	-7%	62,941	41,871	50%
Gross Profit	4,252	1,551	2.74x	6,119	-31%	18,956	6,077	3.12x
S/M/D	1,286	1,035	24%	1556.813	-17%	6,116	4,889	25%
Other expenses	344	87	3.97	541.859	-36%	1,361	378	3.61x
Other Income	661	197	3.37	4,349	-85%	5,846	3,186	84%
EBIT	3,284	626	5.25	8,369	-61%	17,325	3,996	4.34x
Finance Cost	87	84	3%	90.589	-4%	332.905	176	89%
PBT	3,197	542	5.9x	8,278	-61%	16,992	3,820	4.45x
PAT	2,383	409	5.83	7,146	-67%	14,070	3,344	4.21x
EPS (PKR)	7.37	1.26		22.10		43.51	10.34	
DPS (PKR)	-	-		-		-	-	

Source: IGI Research and Company Financials

No of Shares: 323mn

Analyst

M Shumail Rauf

shumail.rauf@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 957

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to subject company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation	Rating System
Buy	If target price on aforementioned security(ies) is more than 10%, from its last closing price(s)
Hold	If target price on aforementioned security(ies) is in between -10% and 10%, from its last closing price(s)
Sell	If target price on aforementioned security(ies) is less than -10%, from its last closing price(s)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2021 IGI Finex Securities Limited

Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Areesha Ishrat	Trainee Analyst	Tel: (+92-21) 111-234-234 Ext: 810	areesha.ishrat@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Irfan Ali	Equity Sales (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mahtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of
Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

<p>Lahore Office Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559</p>	<p>Islamabad Office Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861</p>
<p>Faisalabad Office Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road Tel: (+92-41) 2540843-45 Fax: (+92-41) 2540815</p>	<p>Rahim Yar Khan Office Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651</p>
<p>Multan Office Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183</p>	

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2021 IGI Finex Securities Limited