

Result announcement 1QFY23

Cements

Lucky Cement Company Limited

Earnings: Lucky Cement Company Limited (LUCK) announced its financial result for the first quarter FY23, whereby company reported earnings of PKR 3,852mn or PKR 11.91/share compared to last year PKR 3,284mn or PKR 10.15/share, up by +17%/y/y. On quarterly basis, company's profitability is down by 3%/q/q.

Payout: The Company did not announce any payout along with the result.

Operating performance: For the 1QFY23, Company's sales recorded a +17%/y/y growth to PKR 19.7bn backed by better retention prices, compensating industry wide volumetric slowdown (LUCK sales down by 30.2%/y/y to 1.576mton), higher energy and coal prices. On sequential basis, sales are down by 11%/q/q. Company's gross margins improved to 31% during the quarter compared to last year same quarter 1QFY22: 27%, but on sequential basis declined significantly 4QFY22: 39%. Selling marketing costs increased by +35%/y/y to PKR 1.36bn but was more compensated by dividend received during the year of PKR 1.5bn (Lucky Motors: PKR 0.7bn and ICI: PKR 0.8bn) which pushed overall other income by +37%/y/y to PKR 2.0bn. Interest costs during the quarter clocked in at PKR253mn, almost doubled from previous quarter. Effective tax rate for the period came at 28% (additional tax measures announced in budget 2023) compared to 45% in 4QFY23, and 24% during last year same period.

Expansion: Brownfield expansion of 3.15mnt at Pezu Plant, North is in progress with estimated completion date of Dec-22. This will take total capacity of the company to 15.3mnt. 34Mw solar power project at Pezu will be operational from 2QFY23 while, letter of credit has been secured for 25.3Mw at Karachi plant.

Exhibit: Lucky Cement Company Limited (LUCK) Financial highlights							
For period ending: 1q/23a							
PKRmn=Jun(end)	1q/23a	FY22a	4q/22a	3q/22a	2q/22a	1q/22a	FY21
Net Sales	19,743	81,094	22,204	21,341	20,633	16,915	62,941
Gross Profits	6,032	22,552	8,566	4,712	4,656	4,618	18,956
EBIT	5,617	21,816	7,380	6,662	3,378	4,396	17,325
Finance cost	253	395	124	86	92	93	333
Profit before tax	5,364	21,421	7,256	6,576	3,287	4,302	16,992
Taxation	1,512	6,123	3,267	1,042	796	1,018	2,922
Profit after Tax	3,852	15,299	3,990	5,535	2,491	3,284	14,070
EPS	11.91	47.31	12.34	17.12	7.70	10.15	43.51
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales Gr. y/y	17%	29%	-65%	25%	31%	18%	50%
Gross Margins	31%	28%	39%	22%	23%	27%	30%
EBIT Margins	28%	27%	33%	31%	16%	26%	28%
Effective tax	28%	29%	45%	16%	24%	24%	17%
Net Margins	20%	19%	18%	26%	12%	19%	22%

Source: Company Accounts, IGI Research

Number of Shares (mn): 323.4

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