Flash Note

Thursday, October 29, 2026

Cement

Lucky Cement Limited (LUCK)

Earnings: Lucky Cement Limited (LUCK) announced its 1QFY27 result. The Company reported unconsolidated earnings of PKR 17.1bn (EPS PKR 11.69 @ 1,465mn shares), compared to PKR 9.98bn (EPS PKR 3.92 @ 1,465mn shares) up by 17%y/y during the same period last year. This increase in earnings is majorly attributable to higher net sales and other income which were above our expectations.

Dividend/Payout: The Company didn't announced any cash dividend.

Operating Performance: Net sales rose +21%y/y to PKR 41.1bn likely due to higher dispatches and retention prices. Together these more than offset a marginal 1.9%y/y decline in exports. The mix shifted toward the higher-margin domestic market as domestic volumes have been picked-up. Gross margin contracted to 36.8%y/y likely due to higher raw material/packaging costs and elevated energy prices. Other income rose +19%y/y to PKR 10.8bn. The main driver was dividend income from subsidiaries and the associate, which reached PKR 9.0bn versus PKR 7.6bn in the same quarter last year. Other income was up +3.5%q/q, which is the main reason earnings jumped 73%q/q. The effective tax rate stood at 23.1% in 1QFY27compared to 24.2% in the same period last year.

Material Information: Lucky has announced a 3.2 MTPA brownfield expansion at its Karachi plant, which lifts total cement capacity to 18.8 MTPA, the highest in the industry. The timing makes sense, because southern utilization is already near 98% and exports are a strong outlet for the added tons. Brownfield additions also carry lower capex per ton and a shorter build time than greenfield projects.

Recommendation: We have a "BUY'' stance on LUCK with our Dec-26 Target Price of PKR 590/share offering 48% upside from last close. The Company is currently trading at FY27 P/E of 10.2x.

Exhibit: Lucky Cement Company Limited (LUCK) Financial highlights

For period ending: 1q/27

PKRbn	1q/27	1q/26	y/y	4q/26	q/q
Net Sales	41.1	33.9	21%	35.6	16%
Gross Profits	15.1	13.3	14%	13.4	13%
Admin	0.8	0.6	34%	0.7	18%
EBIT	22.5	19.5	15%	13.9	62%
Finance cost	0.2	0.3	-7%	0.2	9%
Profit before tax	22.3	19.3	16%	12.9	73%
Taxation	5.2	4.7	11%	3.0	72%
Profit after Tax	17.1	14.6	17%	9.9	73%
EPS*	**11.69**	**9.98**		**6.76**	
DPS	**0.00**	**0.00**		**0.00**	
Gross Margins	37%	39%		38%	
Effective tax	23%	24%		23%	
Net Margins	42%	43%		28%	

Source: Company Accounts, IGI Research, *Number of Shares (mn): 1465

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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)

Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- Discounted Cash Flow (DCF)
- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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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.

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