

LCK/CS/2018-19/

October 29, 2018

The General Manager
Pakistan Stock Exchange
Limited
Karachi

The Deputy Chief
Securities & Exchange
Commission of Pakistan
Islamabad

The London Stock Exchange
10 Paternoster
Square,
London

Dear Sir(s)

Financial Results for the 1st Quarter ended September 30, 2018

We have to inform you that the Board of Directors of our Company in their Meeting held on Monday, October 29, 2018 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

- | | | |
|-------|--|------------|
| (i) | <u>Cash Dividend</u> | Nil |
| (ii) | <u>Bonus Issue</u> | Nil |
| (iii) | <u>Right Issue</u> | Nil |
| (iv) | <u>Any other Entitlement / Corporate Action</u> | Nil |
| (v) | <u>Any other Price-Sensitive information</u> | Nil |

The financial results of the Company consisting of unconsolidated and consolidated condensed interim statements of financial position, profit or loss and other comprehensive income and directors' report are annexed.

The quarterly report of the Company for the period ended September 30, 2018 will also be transmitted through PUCARS separately, within specified time.

Yours truly,
for: **LUCKY CEMENT LIMITED**



IRFAN CHAWALA
Director Finance / CFO

**Unconsolidated Condensed Interim Statement of Financial Position
As at September 30, 2018**

	<u>(Un-audited)</u> September 30, 2018	<u>(Audited)</u> June 30, 2018
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	41,709,542	40,913,168
Intangible assets	50,891	55,023
	<u>41,760,433</u>	<u>40,968,191</u>
Long-term investments	28,614,700	24,981,078
Long-term advances	88,327	90,996
Long-term deposits	3,175	3,175
	<u>70,466,635</u>	<u>66,043,440</u>
CURRENT ASSETS		
Stores and spares	9,830,364	7,783,111
Stock-in-trade	3,065,971	2,796,658
Trade debts	2,249,068	2,424,470
Loans and advances	327,201	420,671
Trade deposits and short term prepayments	73,307	67,577
Accrued return	124,500	142,881
Other receivables	1,625,778	1,311,180
Tax refunds due from the Government	538,812	538,812
Short term investment	28,620	34,956
Cash and bank balances	22,641,971	27,435,361
	<u>40,505,592</u>	<u>42,955,677</u>
TOTAL ASSETS	<u><u>110,972,227</u></u>	<u><u>108,999,117</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	83,033,517	83,133,072
	<u>86,267,267</u>	<u>86,366,822</u>
NON-CURRENT LIABILITIES		
Long-term deposits	96,894	94,394
Deferred liabilities	7,220,317	7,300,639
	<u>7,317,211</u>	<u>7,395,033</u>
CURRENT LIABILITIES		
Trade and other payables	12,570,173	13,121,005
Unclaimed dividend	47,740	47,945
Unpaid dividend	2,669,960	82,960
Taxation - net	2,099,876	1,985,352
	<u>17,387,749</u>	<u>15,237,262</u>
	<u>24,704,960</u>	<u>22,632,295</u>
TOTAL EQUITY AND LIABILITIES	<u><u>110,972,227</u></u>	<u><u>108,999,117</u></u>



**Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
For the 1st quarter ended September 30, 2018 (Un-audited)**

	September 30, 2018	September 30, 2017
	(PKR in '000')	
Gross sales	16,011,063	15,695,183
Less: Sales tax and federal excise duty	4,390,612	4,292,591
Rebates and commission	215,383	198,811
	<u>4,605,995</u>	<u>4,491,402</u>
Net sales	11,405,068	11,203,781
Cost of sales	(7,980,649)	(7,090,537)
Gross profit	<u>3,424,419</u>	<u>4,113,244</u>
Distribution cost	(657,519)	(369,351)
Administrative expenses	(273,776)	(281,268)
Other expenses	(245,456)	(294,255)
Other income	644,329	532,396
Profit before taxation	<u>2,891,997</u>	<u>3,700,766</u>
Taxation		
-current	(550,355)	(933,105)
-deferred	151,189	249,622
	<u>(399,166)</u>	<u>(683,483)</u>
Profit after taxation	<u>2,492,831</u>	<u>3,017,283</u>
Other comprehensive income:		
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods		
Unrealized loss on remeasurement of equity investment at fair value through other comprehensive income	(6,336)	(5,115)
Deferred tax thereon	950	767
	<u>(5,386)</u>	<u>(4,348)</u>
Total comprehensive income for the period	<u>2,487,445</u>	<u>3,012,935</u>
	(PKR)	
Earnings per share - basic and diluted	<u>7.71</u>	<u>9.33</u>



**Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2018**

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	84,268,759	73,865,002
Intangible assets	7,865,414	7,943,988
	<u>92,134,173</u>	<u>81,808,990</u>
Long-term investments	14,163,070	13,642,987
Long-term loans and advances	562,883	534,786
Long-term deposits and prepayments	46,422	53,325
	<u>106,906,548</u>	<u>96,040,088</u>
CURRENT ASSETS		
Stores, spares and consumables	10,917,337	8,854,536
Stock-in-trade	13,967,112	12,088,621
Trade debts	4,776,008	5,142,591
Loans and advances	1,117,319	1,117,485
Trade deposits and short-term prepayments	1,293,833	1,108,185
Other receivables	4,134,539	3,431,926
Tax refunds due from the Government	538,812	538,812
Taxation receivable	1,864,915	2,221,851
Accrued return	127,487	161,742
Short term investments	28,620	34,956
Cash and bank balances	25,496,632	34,382,272
	<u>64,262,614</u>	<u>69,082,977</u>
TOTAL ASSETS	<u>171,169,162</u>	<u>165,123,065</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	94,465,135	93,913,157
Attributable to the owners of the Holding Company	97,698,885	97,146,907
Non-controlling interests	13,417,001	12,428,264
Total equity	<u>111,115,886</u>	<u>109,575,171</u>
NON-CURRENT LIABILITIES		
Long-term finances	8,321,749	8,789,887
Long-term deposits	96,894	94,394
Deferred liabilities	10,399,388	10,640,736
Other long term liabilities	3,695,810	3,431,948
	<u>22,513,841</u>	<u>22,956,965</u>
CURRENT LIABILITIES		
Trade and other payables	22,376,201	20,242,935
Unclaimed dividend	47,740	47,945
Unpaid dividend	2,669,960	82,960
Provision for taxation	2,099,876	1,992,278
Accrued return	306,032	272,146
Short-term borrowings and running finance	6,854,898	7,332,327
Current portion of liabilities against assets subject to finance lease	488	822
Current portion of long-term finances	3,184,240	2,619,516
	<u>37,539,435</u>	<u>32,590,929</u>
	<u>60,053,276</u>	<u>55,547,894</u>
TOTAL EQUITY AND LIABILITIES	<u>171,169,162</u>	<u>165,123,065</u>



Lucky Cement Limited

 6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.
 U.A.N: 111-786-555 T: (92-21) 34537390, 34530175, 34522554 & 34530450 F: 34534302 E: info@lucky-cement.com
 URL: www.lucky-cement.com

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 1st quarter ended September 30, 2018 (Un-audited)**

	September 30, 2018	September 30, 2017
	(PKR in '000')	
Gross sales	31,315,454	28,683,436
Less Sales tax and excise duty	5,242,966	4,962,359
Rebates and commission	1,227,866	1,138,222
	6,470,832	6,100,581
Net sales	24,844,622	22,582,855
Cost of sales	(19,256,664)	(16,493,943)
Gross profit	5,587,958	6,088,912
Distribution cost	(1,383,702)	(1,012,094)
Administrative expenses	(755,830)	(621,023)
Finance cost	(357,213)	(165,097)
Other expenses	(341,773)	(398,719)
Other income	1,152,742	1,223,738
Profit before taxation	3,902,182	5,115,717
Taxation		
- current	(1,063,608)	(1,261,929)
- deferred	323,216	313,943
	(740,392)	(947,987)
Profit after taxation	3,161,790	4,167,730
Attributable to:		
Owners of the Holding Company	2,955,800	3,847,169
Non-controlling interests	205,990	320,561
	3,161,790	4,167,730
Other comprehensive income for the period		
Other comprehensive income which may be reclassified to statement of profit or loss in subsequent periods		
Foreign exchange differences on translation of foreign operations	189,113	35,987
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods		
Unrealized loss on remeasurement of equity investment at fair value through other comprehensive income	(6,336)	(5,115)
Deferred tax thereon	950	767
	(5,386)	(4,348)
Total comprehensive income for the period	3,345,517	4,199,369
Attributable to:		
Owners of the Holding Company	3,139,527	3,878,808
Non-controlling interests	205,990	320,561
	3,345,517	4,199,369
	(PKR)	
Earnings per share - basic and diluted	9.14	11.90

Directors' Report (Condensed)

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, stand-alone and consolidated unaudited financial statements for the first quarter ended September 30, 2018.

Overview

Cement industry in Pakistan grew by 4.5% to 10.81 million tons during the first quarter ended September 30, 2018 in comparison to 10.35 million tons during the same period last year. While local sales volume registered a decline of 0.4% to 9.02 million tons during the first quarter in comparison to 9.06 million tons during the same period last year; export sales volume registered an increase of 39.2% to 1.79 million tons during the quarter under review as compared to 1.29 million tons in the same period last year.

Your Company achieved an overall growth of 4.9% with total sales volume of 1.90 million tons during the first quarter as compared to 1.80 million tons sold in the same period last year.

While local cement sales volume registered a decline of 5.9% (North 9.1% and South 2.2%) in the first quarter to reach 1.40 million tons as compared to 1.48 million tons in the same period last year. Whereas, due to no clinker sales during the quarter under review, overall local sales volumes declined by 9.1% to reach 1.40 million tons as compared to 1.54 million tons in the same period last year. On the other hand, export sales volume increased by 85.1% to reach 0.50 million tons during the current quarter as compared to 0.27 million tons during the same period last year.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 31.32 billion which is 9.2% higher as compared to the same period last year's turnover of PKR 28.68 billion.

Moreover, consolidated Net Profit of the Company was PKR 3.16 billion of which PKR 0.21 billion is attributable to non-controlling interests which translates into an EPS of PKR 9.14 during the first quarter of the fiscal year 2018-19 as compared to PKR 11.90 during the same period last year.

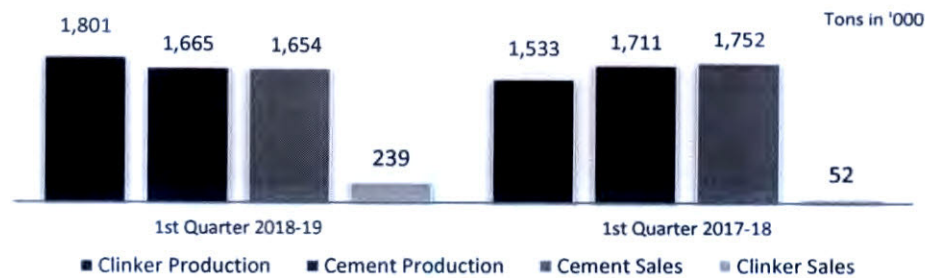
Business Performance

a. Production & Sales Volume Performance - Standalone

The standalone production and sales statistics of your Company for the first quarter of the financial year 2018-19 compared to the same period last year are as follows:

Particulars	1 st Quarter 2018-19	1 st Quarter 2017-18	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	1,801	1,533	17.5%
Cement Production	1,665	1,711	(2.7%)
Cement Sales	1,654	1,752	(5.6%)
Clinker Sales	239	52	359.6%

The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the industry and your Company's standalone business for the first quarter of the financial year 2018-19 with the same period last year is presented below:

Particulars	1 st Quarter 2018-19 (Tons in '000')	1 st Quarter 2017-18	Growth / (Decline) %	
Cement Industry				
Local Sales	9,022	9,061	(39)	(0.4%)
Export Sales				
- Bagged	1,146	1,225	(79)	(6.4%)
- Loose	21	62	(41)	(66.1%)
- Clinker	624	-	624	100.0%
Total Exports	1,791	1,287	504	39.2%
Grand Total	10,813	10,348	465	4.5%
Lucky Cement				
Local Sales				
- Cement	1,395	1,483	(88)	(5.9%)
- Clinker	-	52	(52)	(100.0%)
Total Local Sales	1,395	1,535	(140)	(9.1%)
Export Sales				
- Bagged	238	207	31	15.0%
- Loose	21	62	(41)	(66.1%)
- Clinker	239	-	239	100.0%
Total Exports	498	269	229	85.1%
Grand Total	1,893	1,804	89	4.9%
Market Share				
Local Sales	15.5%	16.9%	(8.3%)	
Export Sales				
- Bagged	20.8%	16.9%	23.7%	
- Loose	100.0%	100.0%	-	
- Clinker	38.3%	-	100.0%	
Total Export	27.8%	20.9%	33.0%	
Grand Total	17.5%	17.4%	0.6%	

b. Financial Performance

The **standalone financial performance** of your Company for the first quarter of the fiscal year ended 2018-19 as compared to the same period last year is presented below:

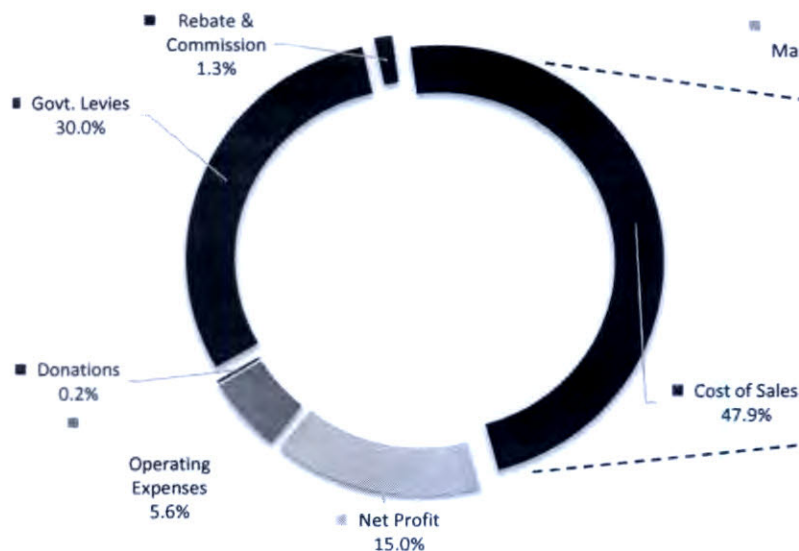
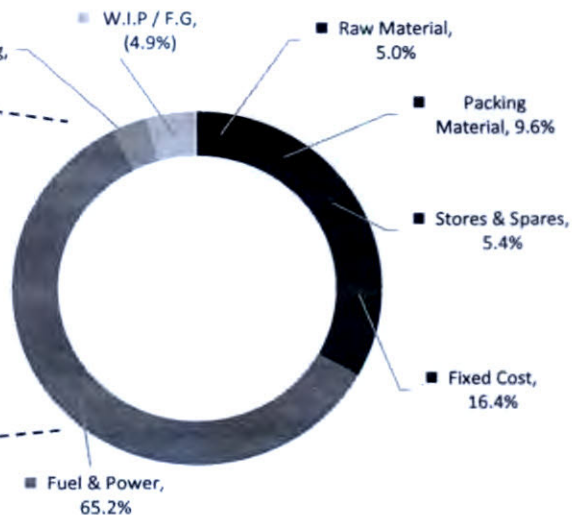
Particulars	PKR in millions except EPS		
	1 st Quarter 2018-19	1 st Quarter 2017-18	% Change
Gross Revenue	16,011	15,695	2.0%
Net Revenue	11,405	11,204	1.8%
GP	3,424	4,113	(16.8%)
OP	2,493	3,463	(28.0%)
EBITDA	3,325	4,143	(19.7%)
NP	2,493	3,017	(17.4%)
EPS	7.71 /Share	9.33 /Share	(17.4%)

Revenue

During the first quarter of 2018-19 under review, your Company achieved an overall gross sales revenue growth of 2.0% as compared to the same period last year. This was mainly due to the impact of higher Volumes and increase in Federal Excise Duty and Sales Tax.

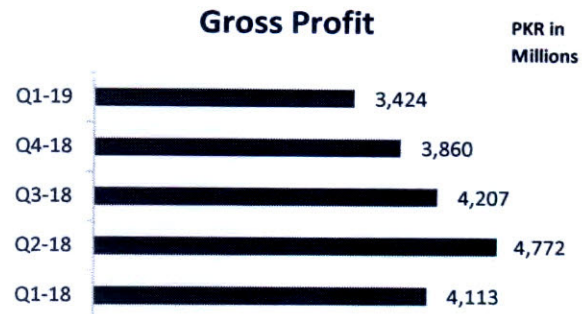
Cost of Sales

During the first quarter under review, per ton cost of sales of your Company increased by 7.3% as compared to the same period last year. The increase was mainly attributable to increase in coal, packing material and other fuel prices.

Distribution of Gross Revenue

Distribution of Cost of Sales


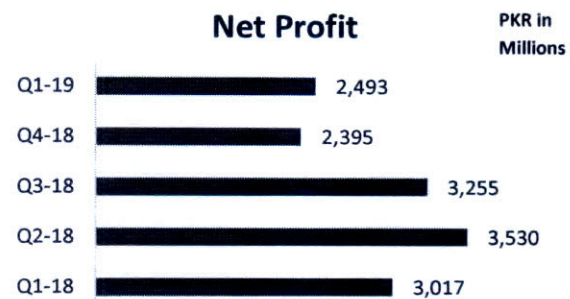

Gross Profit

Your Company achieved a gross profit margin of 30.0% for the quarter under review as compared to 36.7% reported during the same period last year.



Net Profit

Your Company achieved a profit before tax of PKR 2,892.0 million during the quarter under review as compared to PKR 3,700.8 million reported during the same period last year. Similarly, after tax profit of PKR 2,492.8 million was achieved during the quarter under review as compared to PKR 3,017.3 million reported during the same period last year.



Earnings per share

The earnings per share of your Company for the quarter ended September 30, 2018 was PKR 7.71 in comparison to PKR 9.33 reported during the same period last year.



Projects – New and Ongoing

Brownfield cement plant expansion in KPK Province of Pakistan – 2.6 million tons per annum

Civil works at the site are currently in progress and the project remains on target to achieve commercial operations in the last quarter of calendar year 2019.



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Investments

Investment in 1 x 660 MW, supercritical, coal based power project

Your Company had achieved financial close of the project on 25th June, 2018 after fulfilling all the necessary conditions and accordingly, PPIB also issued the necessary guarantee from the Government of Pakistan under the Implementation Agreement. Construction work at project site is running satisfactorily to achieve the target date for Commercial Operations of 1st March, 2021.

Investment in automotive manufacturing plant – Kia Lucky Motors Pakistan Limited [KLM]

KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with the Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.

On 1st June 2018, KLM started its Complete Built Up (CBU) operations. It has opened up several, company owned / third party operated dealerships in some of the metro cities of Pakistan. The Project aims to start commercial production in second quarter of calendar year 2019.

Greenfield clinker production facility in Samawah, Iraq – 1.2 million tons per annum

The company is currently in negotiation with the potential suppliers of plant and machinery and financial institutions. Target to achieve financial close is last quarter of calendar year 2018.

Corporate Social Responsibility

Your Company remains committed to value creation in the society and the communities in which it operates, with primary focus of its CSR initiatives in Education, Women empowerment, Health initiatives and Environment conservation.

Education / Scholarships

Continuing on the agenda to support the deserving students of the society, during the quarter under review your Company extended a number of scholarships to various students of LUMS, IBA and other leading universities of Pakistan.

Women Empowerment

Prioritizing its emphasis on women empowerment, Lucky Cement continued its support for two leading Government girls' schools in Karachi in collaboration with Zindagi Trust. With the primary objective of social intervention in the development of women's education in the Country, your Company has transformed these schools into model educational institutions for girls of Pakistan.

Health Initiatives

Provision of quality healthcare continues to remain your Company's priority, especially through financial support of Aziz Tabba Foundation; a prominent philanthropic institution that is running Tabba Heart and Tabba Kidney institutes, which provide vital support in bridging the gap of specialized and modern medical care in the Country.

Environment Conservation

Your Company always takes responsibility towards the environment seriously and in an effort to highlight the importance of environment conservation; during the quarter under review, a tree plantation drive was launched and free tree saplings were distributed amongst the employees to contribute towards making Pakistan greener and environment friendly.

Outlook

The future outlook for the Cement industry remains positive and domestic sales are expected to improve on the back of new Government's initiatives to build both small and mega-capacity / multipurpose water reservoirs/ dams and '5 million housing scheme' to construct affordable houses for public at large; whereas, export sales are anticipated to remain strong in view of favorable market dynamics and increasing demand for Clinker in the regional export markets.

Your Company's strong and debt-free financial position and free cash flow generating ability would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Acknowledgement

Directors of your Company take this opportunity to express sincere gratitude and appreciation for unrelenting commitment and contribution of its people and the trust and confidence placed in the Company by all the stakeholders.

On behalf of the Board



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD ALI TABBA
Chief Executive / Director

Karachi: October 29, 2018

