

LCK/CS/FR2019/2019-20/

July 27, 2019

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 year ended June 30, 2019

We have to inform you that the Board of Directors of our Company in their Meeting held on Saturday, July 27, 2019 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> | 65% |
| (ii) | <u>Bonus Shares</u> | Nil |
| (iii) | <u>Right Shares</u> | Nil |
| (iv) | <u>Any other Entitlement / Corporate Action</u> | Nil |
| (v) | <u>Any other Price-Sensitive Information</u> | Nil |



Contd...P/2

The financial results of the Company consisting of Statements of Financial Position, Statements of Profit and Loss and Other Comprehensive Income and Directors' Report (Condensed) are annexed.

The 26th Annual General Meeting (AGM) of the Company will be held on Friday, **September 27, 2019** at 11:30 a.m., at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pukhtunkhwa.

The Share Transfer Books of the Company will remain closed from Friday, September 13, 2019 to Friday, September 27, 2019 (both days inclusive). Transfers received at our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, September 12, 2019 will be treated in time for the purpose of above entitlement to the transferees.

We will be transmitting in electronic form of our Annual Report, 2019 according to Clause 5.6.4 of PSX Regulations as per your recently issued notice having # PSX/N-4207 dated July 13, 2018.

Yours truly,
For: LUCKY CEMENT LIMITED



IRFAN CHAWALA
Director Finance / CFO

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	2019	2018
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	57,276,184	40,913,168
Intangible assets	18,152	55,023
	<u>57,294,336</u>	<u>40,968,191</u>
Long-term investments	34,313,588	24,981,078
Long-term loans and advances	99,316	90,996
Long-term deposits	3,175	3,175
	<u>91,710,415</u>	<u>66,043,440</u>
CURRENT ASSETS		
Stores and spares	6,809,724	7,783,111
Stock-in-trade	4,253,020	2,796,658
Trade debts	2,058,719	2,424,470
Loans and advances	686,525	420,671
Trade deposits and short-term prepayments	74,223	67,577
Accrued return	113,869	142,881
Other receivables	2,130,907	1,311,180
Tax refunds due from the Government	538,812	538,812
Short term investments	1,055,754	34,956
Cash and bank balances	15,657,246	27,435,361
	<u>33,378,799</u>	<u>42,955,677</u>
TOTAL ASSETS	<u>125,089,214</u>	<u>108,999,117</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital	3,233,750	3,233,750
Reserves	91,084,667	83,133,072
	<u>94,318,417</u>	<u>86,366,822</u>
NON-CURRENT LIABILITIES		
Long-term deposits	90,264	94,394
Deferred liabilities	7,102,483	7,300,639
	<u>7,192,747</u>	<u>7,395,033</u>
CURRENT LIABILITIES		
Trade and other payables	19,195,617	13,121,005
Short term borrowing	2,900,000	-
Unclaimed dividend	53,953	47,945
Unpaid dividend	91,119	82,960
Taxation - net	1,337,361	1,985,352
	<u>23,578,050</u>	<u>15,237,262</u>
	<u>30,770,797</u>	<u>22,632,295</u>
TOTAL EQUITY AND LIABILITIES	<u>125,089,214</u>	<u>108,999,117</u>


Lucky Cement Limited

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**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	(PKR in '000')	
Gross sales	67,547,938	67,376,579
Less: Sales tax and federal excise duty	18,523,888	18,875,112
Rebates and commission	1,002,651	959,743
	19,526,539	19,834,855
Net sales	48,021,399	47,541,724
Cost of sales	(34,037,568)	(30,589,363)
Gross profit	13,983,831	16,952,361
Distribution cost	(2,728,809)	(1,992,454)
Administrative expenses	(1,227,872)	(1,089,446)
Other expenses	(1,047,617)	(1,346,369)
Other income	3,241,682	2,594,563
Profit before taxation	12,221,215	15,118,655
Taxation		
- current	(2,140,079)	(3,037,587)
- deferred	409,093	116,022
	(1,730,986)	(2,921,565)
Profit after taxation	10,490,229	12,197,090
Other comprehensive income:		
Other comprehensive income / (loss) which will not be reclassified to statement of profit or loss in subsequent periods		
Gain / (loss) on remeasurements of post retirement benefit obligation	80,166	(149,249)
Deferred tax thereon	(21,645)	40,297
	58,521	(108,952)
Unrealized loss on remeasurement of equity instrument at fair value through other comprehensive income	(11,947)	(10,496)
Deferred tax thereon	1,792	1,574
	(10,155)	(8,922)
	48,366	(117,874)
Total comprehensive income for the year	10,538,595	12,079,216
	(PKR)	
Earnings per share - basic and diluted	32.44	37.72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	2019 (PKR in '000)	2018
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	135,475,796	73,865,002
Intangible assets	7,653,720	7,943,988
	<u>143,129,516</u>	<u>81,808,990</u>
Long-term investments	18,554,210	13,642,987
Long-term loans and advances	551,354	534,786
Long-term deposits and prepayments	51,076	53,325
	<u>162,286,156</u>	<u>96,040,088</u>
CURRENT ASSETS		
Stores, spares and consumables	8,193,401	8,854,536
Stock-in-trade	18,299,229	12,088,621
Trade debts	4,508,468	5,142,591
Loans and advances	1,997,339	1,117,485
Trade deposits and short-term prepayments	2,092,112	1,108,185
Other receivables	6,935,242	3,431,926
Tax refunds due from the Government	538,812	538,812
Taxation receivable	2,687,513	2,221,851
Accrued return	156,948	161,742
Short term investments	1,055,754	34,956
Cash and bank balances	18,270,313	34,382,272
	<u>64,735,131</u>	<u>69,082,977</u>
TOTAL ASSETS	<u>227,021,287</u>	<u>165,123,065</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	105,787,478	93,913,157
Attributable to the owners of the Holding Company	109,021,228	97,146,907
Non-controlling interest	16,249,228	12,428,264
Total equity	<u>125,270,456</u>	<u>109,575,171</u>
NON-CURRENT LIABILITIES		
Long-term finance	32,771,993	8,789,887
Long-term deposits	90,264	94,394
Deferred liabilities	11,431,338	10,640,736
Other long term liabilities	5,078,003	3,431,948
	<u>49,371,598</u>	<u>22,956,965</u>
CURRENT LIABILITIES		
Current portion of long-term finance	1,694,503	2,619,516
Trade and other payables	36,059,184	20,242,935
Provision for taxation	1,699,742	1,992,278
Accrued return	619,500	272,146
Short-term borrowings and running finance	12,161,232	7,332,327
Current portion of liabilities against assets subject to finance lease	-	822
Unclaimed dividend	53,953	47,945
Unpaid dividend	91,119	82,960
	<u>52,379,233</u>	<u>32,590,929</u>
TOTAL EQUITY AND LIABILITIES	<u>101,750,831</u>	<u>55,547,894</u>
	<u>227,021,287</u>	<u>165,123,065</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	(PKR in '000)	
Revenue	136,591,742	124,681,831
Less: Sales tax and excise duty	22,304,398	21,958,757
Rebates and commission	5,991,699	5,181,190
	28,296,097	27,139,947
	108,295,645	97,541,884
Cost of sales	(84,506,680)	(71,943,557)
Gross profit	23,788,965	25,598,327
Distribution cost	(5,855,390)	(4,736,174)
Administrative expenses	(3,274,843)	(2,586,556)
Finance cost	(1,609,882)	(829,919)
Other expenses	(1,903,511)	(2,204,275)
Other income	2,999,637	2,766,520
	14,144,976	18,007,923
Share of profit - joint ventures and associates	1,012,870	1,865,477
Profit before taxation	15,157,846	19,873,400
Taxation		
- current	(2,234,744)	(3,160,980)
- deferred	(576,147)	(538,867)
	(2,810,891)	(3,699,847)
Profit after taxation	12,346,955	16,173,553
Attributable to:		
Owners of the Holding Company	11,327,770	14,819,911
Non-controlling interest	1,019,185	1,353,642
	12,346,955	16,173,553
Other comprehensive income:		
Other comprehensive income / (loss) which will not be reclassified to profit or loss in subsequent periods:		
Gain / (loss) on remeasurements of post retirement benefit obligations	112,965	(467,082)
Deferred tax thereon	(29,405)	114,961
	83,560	(352,121)
Unrealised loss on remeasurement of equity instrument at fair value through other comprehensive income	(11,947)	(10,496)
Deferred tax thereon	1,792	1,574
	(10,155)	(8,922)
	73,405	(361,043)
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:		
Foreign exchange differences on translation of foreign operations	2,677,878	1,106,162
Other comprehensive income	2,751,283	745,119
Total comprehensive income for the year	15,098,238	16,918,672
Attributable to:		
Owners of the Holding Company	14,067,979	15,672,949
Non-controlling interest	1,030,259	1,245,723
	15,098,238	16,918,672
	(PKR)	
Earnings per share - basic and diluted	35.03	45.83



Lucky Cement Limited

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Directors' Report (Condensed)

The Directors have the pleasure in presenting to you the audited financial results of your Company which include both, **stand-alone** and **consolidated financial statements** for the fiscal year ended June 30, 2019.

Overview

The export performance of the **Cement Industry** has been exceptional during the the current financial year, which supported the overall Industry volumes to increase by 1.9% at 46.76 million tons for the fiscal year ended June 30, 2019 in comparison to 45.90 million tons last year. Export sales volumes registered an increase of 37.4% to reach 6.52 million tons as compared to 4.75 million tons last year and the local sales volume registered a decline of 2.2% to 40.24 million tons during the fiscal year ended June 30, 2019 in comparison to 41.15 million tons last year.

In comparison to the Cement Industry, your **Company's** overall sales volume declined by 1.8% to reach 7.67 million tons during the current fiscal year. The local cement sales volume registered a decline of 11.7% and were 5.85 million tons in comparison to 6.63 million tons last year, however the export sales volumes of the Company improved by 60.9% to 1.82 million tons as compared to 1.13 million tons last year.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 136.59 billion which is 9.6% higher as compared to last year's turnover of PKR 124.68 billion.

Moreover, **consolidated** Net Profit of the Company was PKR 12.35 billion of which PKR 1.02 billion is attributable to non-controlling interests which translates into an EPS of PKR 35.03 during the fiscal year ended June 30, 2019 as compared to PKR 45.83 during last year.

Business Performance

a. Production & Sales Volume Performance - Standalone

The **standalone** production and sales statistics of your Company for the current fiscal year ended June 30, 2019 compared to last year are as follows:

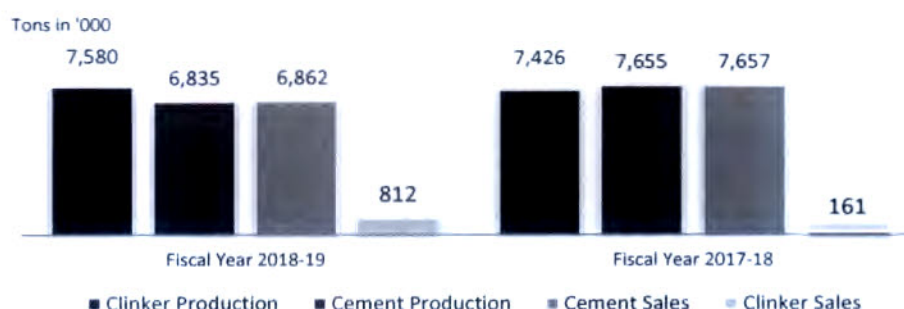
Particulars	FY 2018-19 Tons in '000'	FY 2017-18	Growth/ (Decline) %
Clinker Production	7,580	7,426	2.1%
Cement Production	6,835	7,655	(10.7%)
Cement Sales	6,862	7,657	(10.4%)
Clinker Sales	812	161	404.3%



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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 fiscal year ended 2018-19 in comparison with last year is presented below:

Particulars	FY 2018-19 (Tons in '000')	FY 2017-18 (Tons in '000')	Growth / (Decline) %
-------------	----------------------------------	----------------------------------	----------------------

Cement Industry

Local Sales	40,235	41,147	(912)	(2.2%)
Export Sales				
- Bagged	4,150	4,260	(110)	(2.6%)
- Loose	117	181	(64)	(35.4%)
- Clinker	2,255	305	1,950	639.3%
Total Exports	6,522	4,746	1,776	37.4%
Grand Total	46,757	45,893	864	1.9%

Lucky Cement

Local Sales				
- Cement	5,854	6,627	(773)	(11.7%)
- Clinker	-	59	(59)	(100.0%)
Total Local Sales	5,854	6,686	(832)	(12.4%)
Export Sales				
- Bagged	891	849	42	4.9%
- Loose	117	181	(64)	(35.4%)
- Clinker	812	101	711	704.0%
Total Exports	1,820	1,131	689	60.9%
Grand Total	7,674	7,817	(143)	(1.8%)

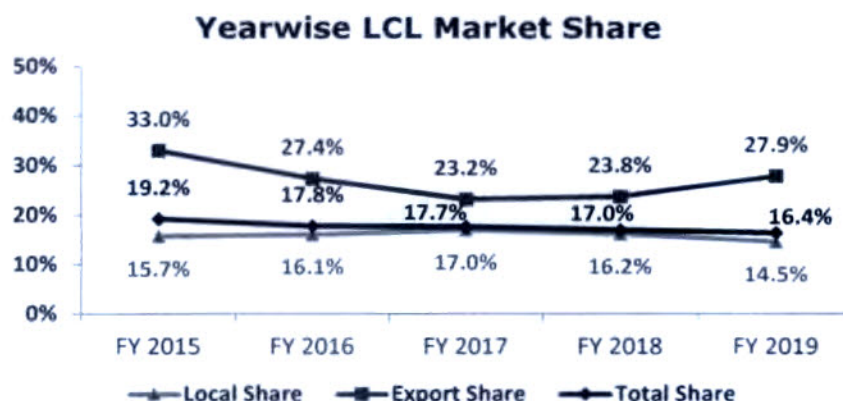
Market Share	FY 2018-19	FY 2017-18	Growth / (Decline) %
Local Sales	14.5%	16.2%	(10.5%)
Export Sales			
- Bagged	21.5%	19.9%	8.0%
- Loose	100.0%	100.0%	0.0%
- Clinker	36.0%	33.1%	8.8%
Total Export	27.9%	23.8%	17.2%
Grand Total	16.4%	17.0%	(3.5%)

* Industry data is based on best available market estimates

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A comparative year-wise analysis of market share of your Company is as under:



b. Financial Performance - Standalone

The **standalone** financial performance of your Company for the fiscal year ended June 30, 2019 as compared to last year is presented below:

Particulars	PKR in millions except EPS		
	FY 2018-19	FY 2017-18	% Change
Gross Revenue	67,548	67,377	0.3%
Net Revenue	48,021	47,542	1.0%
GP	13,984	16,952	(17.5%)
OP	10,027	13,870	(27.7%)
EBITDA	13,345	16,887	(21.0%)
NP	10,490	12,197	(14.0%)
EPS	32.44 / Share	37.72 / Share	(14.0%)

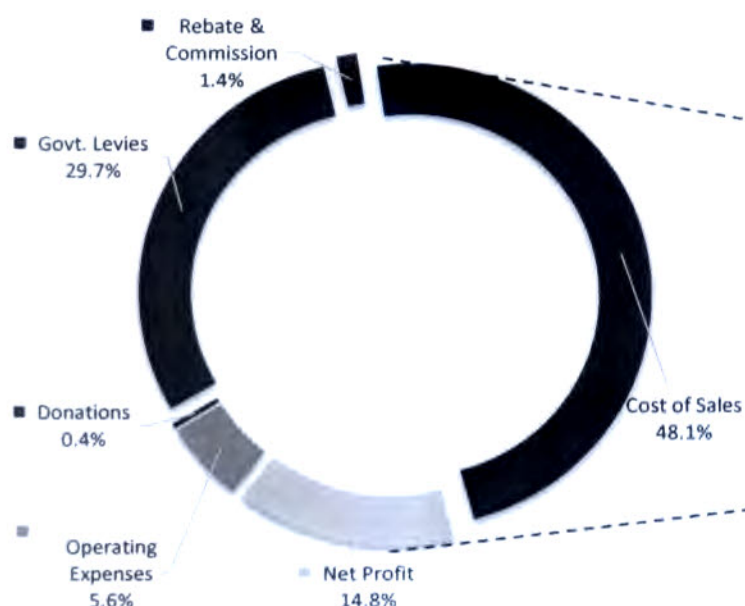
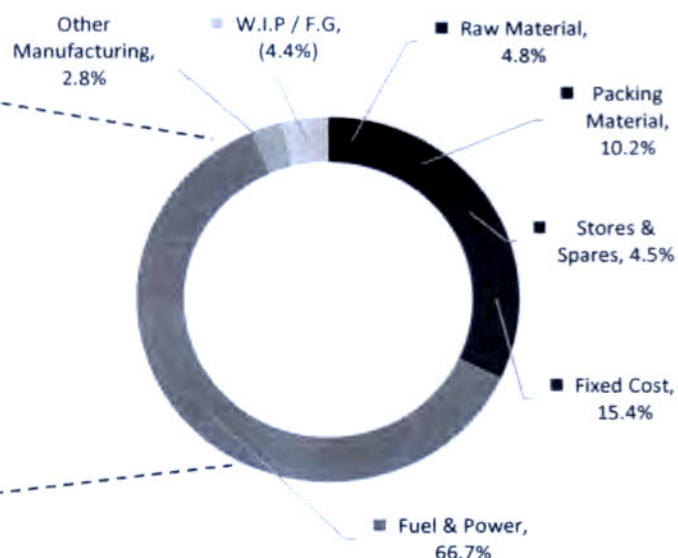
Revenue

During the fiscal year 2018-19 under review, your Company achieved an overall gross sales revenue growth of 0.3% as compared to last year. This was mainly attributable to higher export sales volumes for clinker.



Cost of Sales

During the fiscal year 2018-19 under review, per ton cost of sales of your Company increased by 13.3% as compared to last year. This increase was mainly on account of adverse PKR exchange rate parity and market driven increases 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 29.1% for the fiscal year under review as compared to 35.7% reported last year.

Gross Profit

PKR in Millions

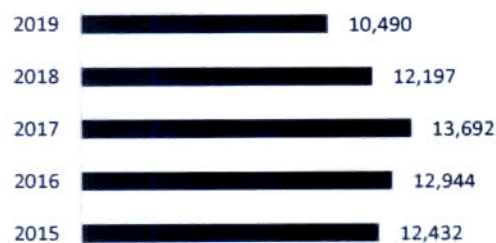


Net Profit

Your Company achieved a profit before tax of PKR 12,221.2 million during the current fiscal year under review as compared to PKR 15,118.7 million reported last year. Similarly, after tax profit of PKR 10,490.2 million was achieved during the current fiscal year under review as compared to PKR 12,197.1 million reported last year.

Net Profit

PKR in Millions




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Earnings per share

The earnings per share of your Company for the fiscal year ended June 30, 2019 was PKR 32.44 in comparison to PKR 37.72 reported last year.



Projects – New and Ongoing

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

With the arrival of over 90% of plant and machinery shipments; the civil, erection and fabrication work at project site is in full swing and remains on target to achieve commercial operations in the second quarter of the financial year 2019-20.

Investments

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

The construction activity for setting up 660 MW super critical, lignite coal-based power plant is progressing as per project implementation schedule. Target to achieve commercial operations is 1st March 2021.

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

KLM commenced CKD operations within the originally envisaged project timelines. Its state-of-the-art facility has the capacity to produce 50,000 vehicles per annum on a double shift basis. The booking of “SPORTAGE” an SUV being KLM’s first model started on 30th June 2019 and delivery thereof will start from the end of July 2019. The booking of “PICANTO” hatchback being KLM’s second model is expected to start in August 2019 and delivery thereof from October 2019.

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

The first shipment of Plant and Machinery from Sinoma is expected to start from the month of October 2019. The letter of credit for Power Plant has been established and shipment from

Wartsila is expected in the month of December 2019. Civil team has been mobilized and contract of mechanical work will be finalized in August 2019 and team will be mobilized accordingly. Target to achieve commercial production is by the end of first quarter of financial year 2020-21.

Corporate Social Responsibility

Your Company has a proven history and track record of its strong commitment for the improvement of society and the communities in which it operates. The primary focus of CSR initiatives of your Company remains in the education sector, women empowerment, health, environment conservation and community development.

Education / Scholarships

Continuing with its long-term vision to provide merit-based support for the deserving and less privileged segments of the society, your Company continued to extend a number of scholarships to various students of leading universities in Pakistan and abroad.

Women Empowerment

Your Company's focus on women empowerment through education has strengthened its collaboration with Zindagi Trust by supporting the two leading Government girls' schools in Karachi. These schools have been transformed into model girls' educational institutions in Pakistan.

Health Initiatives

The provision of quality healthcare for the society at large, has always remained your Company's priority, especially through the 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. Tabba Heart has achieved a trend-setting image in the field of cardiac healthcare by setting-up one of a kind preventive cardiology and rehabilitation department. Tabba Kidney, on the other hand has grown into the largest hemodialysis centre of Pakistan, providing complete medical care and surgical support in pediatric and adult urology.



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Moreover, in the current financial year, your Company also provided financial support to Shaukat Khanum Memorial Cancer Hospital, Pakistan Welfare Association of the Blind and World Memon Organization.

Environment Conservation

Your Company always takes serious responsibility towards the conservation of Environment in every sphere of its operations. With an effort to further highlight the importance of environment preservation, your Company continued with its tree plantation drive in and around its manufacturing sites. Furthermore, in an effort to highlight the importance of sustainability amongst the employees, your Company also extended the tree plantation drive by distributing free saplings to its employees to further encourage and promote the importance of green environment for the employees and their families.

Community Development Programs

Your company believes in the importance of giving back to the community and therefore, continues to make efforts to uplift the underprivileged communities and for this cause your Company recently installed five solar energy based tube wells at various targeted locations near its Cement plant in the north at Jhang Khel, Wazir Kala, Shehbaz Khel, Tabi Murad and Azghar Khel, where earlier, only limited facilities for drinking water were available.

Outlook

With the current economic challenges and the post IMF (fund facility arrangements' signing) macro-economic situation, your Company believes that in short to medium-term, the Outlook of the Cement industry will continue to remain challenging for the domestic sales. Export sales are anticipated to remain stable, however, prices will come under pressure due to regional competition.

In the long-term, Cement industry's outlook remains promising on account of Government's key initiatives to build both small and mega-capacity / multipurpose water reservoirs / dams and construction of low-cost affordable houses for public at large.

Your Company's strong financial position and free cash flow generating ability is anticipated to further support its Vision to improve operational efficiencies as well as make new investments, which can bring in further improvement in efficiencies and enhance shareholders' value.

Dividend & Appropriation

Taking into consideration the current capital and equity investment plans; the board has proposed the **final cash dividend of PKR 6.50 per share** subject to the approval of shareholders in the upcoming Annual General Meeting scheduled to be held on September 27, 2019.

This approach remains in line with your Company's commitment to consistently provide sustainable returns to the shareholders. Movement in un-appropriated profit is as follows:

	PKR in '000
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	-
Profit available for appropriation	10,538,595
	10,538,595
Appropriations	
Proposed final cash dividend @ PKR 6.50 per share	2,101,938
Proposed transfer to General Reserves	8,436,657
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share – PKR	32.44

Acknowledgement

Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for outstanding commitment and contribution of all the employees and continued trust and reliance 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: July 27, 2019

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