

FINANCIAL HIGHLIGHTS

SIX YEARS AT A GLANCE

Financial Position (PKR in million)	2014	2015	2016	2017	2018	2019
Assets Employed						
Property, plant and equipment	31,937	35,019	33,887	37,488	40,913	57,276
Intangible Assets	28	42	127	80	55	18
Long term investments	8,158	10,925	12,422	13,314	24,981	34,314
Long term advance	72	79	76	85	91	99
Long term deposit & deferred cost	3	3	3	3	3	3
Current assets	19,672	27,018	39,395	46,368	42,956	33,379
Total Assets	59,870	73,086	85,909	97,337	108,999	125,089
Financed By						
Shareholders' Equity	49,792	59,259	69,323	79,785	86,367	94,318
Long-term liabilities						
Long term finance	-	-	-	-	-	-
Current portion of long term finance	127	-	-	-	-	-
	127	-	-	-	-	-
Long term deposits and deferred liabilities	5,521	6,396	6,969	7,209	7,395	7,193
Current liabilities	4,556	7,431	9,618	10,344	15,237	23,578
Current portion of long term finance	(127)	-	-	-	-	-
	4,428	7,431	9,618	10,344	15,237	23,578
Total Funds Invested	59,870	73,086	85,909	97,337	108,999	125,089
Turnover & Profit						
Turnover - Net	43,083	44,761	45,135	45,687	47,542	48,021
Gross Profit	18,690	20,183	21,746	21,298	16,952	13,984
Operating Profit	14,548	16,138	18,620	18,573	13,870	10,027
Profit before taxation	14,456	15,912	18,400	18,778	15,119	12,221
Profit after taxation	11,344	12,432	12,944	13,692	12,197	10,490
Total comprehensive income	11,344	12,377	12,974	13,696	12,079	10,539
Cash Dividends	2,587	2,910	2,910	3,234	5,497	2,587
General Reserve	7,871	8,433	9,467	9,741	8,199	9,492
Profit carried forward	11,344	12,377	12,974	13,696	12,079	10,539
Earning per share (Rupees)	35.08	38.44	40.03	42.34	37.72	32.44
Cash Flow Summary						
Net Cash from Operating Activities	13,566	19,003	16,603	16,864	17,080	17,084
Net Cash used in Investing Activities	(4,949)	(8,130)	(3,353)	(6,688)	(17,906)	(29,189)
Net Cash Outflow from Financing Activities (excluding balance held as lien)	(2,833)	(3,019)	(2,889)	(3,243)	(5,477)	(2,573)
(Decrease) /Increase in Cash and Bank Balance	5,785	7,854	10,361	6,933	(6,303)	(14,678)
Cash and Bank Balance at beginning of the Year	2,806	8,591	16,445	26,806	33,738	27,435
Cash and Bank Balance at end of the Year [including short term borrowing]	8,591	16,445	26,806	33,738	27,435	15,657

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PKR in '000	2014	2015	2016	2017	2018	2019
Share Capital & Reserves	49,792,183	59,258,770	69,322,838	79,784,981	86,366,822	94,318,417
Non Current Liabilities	5,521,483	6,396,392	6,968,744	7,208,757	7,395,033	7,192,747
Current Liabilities	4,555,965	7,430,703	9,617,734	10,343,627	15,237,262	23,578,050
Total Equity & Liabilities	59,869,631	73,085,865	85,909,316	97,337,365	108,999,117	125,089,214
Non Current Assets	40,198,033	46,067,916	46,514,689	50,969,440	66,043,440	91,710,415
Current Assets	19,671,598	27,017,949	39,394,627	46,367,925	42,955,677	33,378,799
Total Assets	59,869,631	73,085,865	85,909,316	97,337,365	108,999,117	125,089,214

Vertical Analysis - %	2014	2015	2016	2017	2018	2019
Share Capital & Reserves	83.17	81.08	80.69	81.97	79.24	75.40
Non Current Liabilities	9.22	8.75	8.11	7.41	6.78	5.75
Current Liabilities	7.61	10.17	11.20	10.62	13.98	18.85
Total Equity & Liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non Current Assets	67.14	63.03	54.14	52.36	60.59	73.32
Current Assets	32.86	36.97	45.86	47.64	39.41	26.68
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00

“Horizontal Analysis (i) Cumulative %”	2014	2015	2016	2017	2018	2019
Share Capital & Reserves	100.00	19.01	39.22	60.24	73.45	89.42
Non Current Liabilities	100.00	15.85	26.21	30.56	33.93	30.27
Current Liabilities	100.00	63.10	111.10	127.03	234.45	417.52
Total Equity & Liabilities	100.00	22.08	43.49	62.58	82.06	108.94
Non Current Assets	100.00	14.60	15.71	26.80	64.30	128.15
Current Assets	100.00	37.34	100.26	135.71	118.36	69.68
Total Assets	100.00	22.08	43.49	62.58	82.06	108.94

Horizontal Analysis (ii) Year on Year %	2014	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018
Share Capital & Reserves	100.00	19.01	16.98	15.09	8.25	9.21
Non Current Liabilities	100.00	15.85	8.95	3.44	2.58	(2.74)
Current Liabilities	100.00	63.10	29.43	7.55	47.31	54.74
Total Equity & Liabilities	100.00	22.08	17.55	13.30	11.98	14.76
Non Current Assets	100.00	14.60	0.97	9.58	29.57	38.86
Current Assets	100.00	37.34	45.81	17.70	(7.36)	(22.29)
Total Assets	100.00	22.08	17.55	13.30	11.98	14.76

ANALYSIS OF PROFIT AND LOSS ACCOUNTS

PKR in '000	2014	2015	2016	2017	2018	2019
Turnover	43,083,169	44,761,307	45,135,037	45,687,043	47,541,724	48,021,399
Cost of Sales	24,393,064	24,578,219	23,389,268	24,388,760	30,589,363	34,037,568
Gross Profit	18,690,105	20,183,088	21,745,769	21,298,283	16,952,361	13,983,831
Distribution Cost	3,382,156	3,127,018	2,018,376	1,703,785	1,992,454	2,728,809
Administrative Cost	760,269	943,385	1,107,527	1,021,694	1,089,446	1,227,872
Operating Profit	14,547,680	16,112,685	18,619,866	18,572,804	13,870,461	10,027,150
Finance Cost	34,225	-	-	-	-	-
(Other Income)/Charges	57,090	200,891	219,644	(205,449)	(1,248,194)	(2,194,065)
Profit before taxation	14,456,365	15,911,794	18,400,222	18,778,253	15,118,655	12,221,215
Taxation	3,111,962	3,480,196	5,456,037	5,086,004	2,921,565	1,730,986
Profit after taxation	11,344,403	12,431,598	12,944,185	13,692,249	12,197,090	10,490,229
Other Comprehensive Income	(663)	(54,636)	30,258	3,644	(117,874)	48,366
Total Comprehensive Income	11,343,740	12,376,962	12,974,443	13,695,893	12,079,216	10,538,595

Vertical Analysis - %	2014	2015	2016	2017	2018	2019
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	56.62	54.91	51.82	53.38	64.34	70.88
Gross Profit	43.38	45.09	48.18	46.62	35.66	29.12
Distribution Cost	7.85	6.99	4.47	3.73	4.19	5.68
Administrative Cost	1.76	2.11	2.45	2.24	2.29	2.56
Operating Profit	33.77	36.00	41.25	40.65	29.18	20.88
Finance Cost	0.08	-	-	-	-	-
(Other Income)/Charges	0.13	0.45	0.49	(0.45)	(2.63)	(4.57)
Profit before taxation	33.55	35.55	40.77	41.10	31.80	25.45
Taxation	7.22	7.78	12.09	11.13	6.15	3.60
Profit after taxation	26.33	27.77	28.68	29.97	25.66	21.84
Other Comprehensive Income	-	(0.12)	0.07	0.01	(0.25)	0.10
Total Comprehensive Income	26.33	27.65	28.75	29.98	25.41	21.95

Horizontal Analysis (i) Cumulative - %	2014	2015	2016	2017	2018	2019
Turnover	100.00	3.90	4.76	6.04	10.35	11.46
Cost of Sales	100.00	0.76	(4.12)	(0.02)	25.40	39.54
Gross Profit	100.00	7.99	16.35	13.95	(9.30)	(25.18)
Distribution Cost	100.00	(7.54)	(40.32)	(49.62)	(41.09)	(19.32)
Administrative Cost	100.00	24.09	45.68	34.39	43.30	61.50
Operating Profit	100.00	10.76	27.99	27.67	(4.66)	(31.07)
Finance Cost	100.00	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Other Income/Charges	100.00	251.88	284.73	(459.87)	(2,286.36)	(3,943.17)
Profit before taxation	100.00	10.07	27.28	29.90	4.58	(15.46)
Taxation	100.00	11.83	75.32	63.43	(6.12)	(44.38)
Profit after taxation	100.00	9.58	14.10	20.70	7.52	(7.53)
Other Comprehensive Income	100.00	8,140.72	(4,663.80)	(649.62)	17,678.85	(7,395.02)
Total Comprehensive Income	100.00	9.11	14.38	20.74	6.48	(7.10)

Horizontal Analysis (ii) Year vs Year - %	2014	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018
Turnover	100.00	3.90	0.83	1.22	4.06	1.01
Cost of Sales	100.00	0.76	(4.84)	4.27	25.42	11.27
Gross Profit	100.00	7.99	7.74	(2.06)	(20.41)	(17.51)
Distribution Cost	100.00	(7.54)	(35.45)	(15.59)	16.94	36.96
Administrative Cost	100.00	24.09	17.40	(7.75)	6.63	12.71
Operating Profit	100.00	10.76	15.56	(0.25)	(25.32)	(27.71)
Finance Cost	100.00	(100.00)	-	-	-	-
Other Income/Charges	100.00	251.88	9.33	(193.54)	507.54	75.78
Profit before taxation	100.00	10.07	15.64	2.05	(19.49)	(19.16)
Taxation	100.00	11.83	56.77	(6.78)	(42.56)	(40.75)
Profit after taxation	100.00	9.58	4.12	5.78	(10.92)	(13.99)
Other Comprehensive Income	100.00	8,140.72	(155.38)	(87.96)	(3,334.74)	(141.03)
Total Comprehensive Income	100.00	9.11	4.83	5.56	(11.80)	(12.75)

NOTES ON ANALYSIS

Comments on six year Statement of Comprehensive Income analysis

Turnover

Revenues grew from PKR 43.1 billion in 2014 to PKR 48.0 billion in 2019 with an increase of 11.5%. This is mainly due to increase in sales volumes.

Cost of Sales

Cost increased from PKR 24.4 billion in 2014 to PKR 34.0 in 2019 billion with an increase of 39.5%. This is mainly due to increase in sales volume, prices of coal, gas, other fuels and packing material.

Gross Profit

GP decreased from PKR 18.7 billion in 2014 to PKR 14.0 billion in 2019 with a decrease of 25.2%. This is mainly attributed to change in sales mix from cement to clinker that resulted in lower net retentions. Moreover, higher fuel and other costs also contributed in the decrease of gross profit.

Net Profit

Net Profit decreased from PKR 11.3 billion in 2014 to 10.5 billion in 2019 with a decrease of 7.5%. This is mainly attributable to decreased net retentions and higher fuel and other costs.

Comments on six year Statement of Financial Position analysis

Share Capital & Reserves

The share capital remained the same however, reserves increased due to increase in undistributed profits for financing new projects & investments.

Non Current Liabilities

There is an increase of 30.3% in NCL from 2014 to 2019 mainly because of deferred tax liability.

Non Current Assets

There is an increase of 128.1% in NCA from 2014 to 2019 mainly due to capital expenditure on Capacity expansion & enhancement, alternative energy, WHR, Ventometric Packing Plant, Vertical Grinding Mill, Vertical Cement Mills and equity investments in Kia Lucky Motors, Lucky Electric Power and other offshore projects in Iraq & Congo.

Comments on six year Statement of Cash Flows analysis

Lucky has a persuasive cash flow system. The liquidity of the Company in previous year improved due to improved margins, cost reductions and reliance on equity financing thus reducing finance cost over the years. The company has no Long Term borrowings as of 30th June 2019 and all the Company's projects and investments are primarily financed by internally generated cash flows.

FINANCIAL PERFORMANCE

Financial Ratios	UoM	2014	2015	2016	2017	2018	2019
Profitability Ratios							
Gross profit to sales	percent	43.38%	45.09%	48.18%	46.62%	35.66%	29.12%
Operating Cost to sales	percent	66.23%	64.00%	58.75%	59.35%	70.82%	79.12%
Profit before tax to sales	percent	33.55%	35.55%	40.77%	41.10%	31.80%	25.45%
Net profit after tax to sales	percent	26.33%	27.77%	28.68%	29.97%	25.66%	21.84%
EBITDA to sales	percent	38.58%	41.17%	46.95%	46.41%	35.52%	27.80%
Operating Leverage	percent	123.39%	280.73%	1,841.56%	(20.67%)	(623.68%)	(2,746.27%)
Return on Equity after tax	percent	22.78%	20.89%	18.72%	17.17%	13.99%	11.17%
Return on Capital Employed	percent	24.94%	22.70%	20.18%	18.37%	14.54%	11.67%

Liquidity Ratios							
Current ratio	times	4.32 : 1	3.64 : 1	4.10 : 1	4.48 : 1	2.82 : 1	1.42 : 1
Quick/Acid test ratio	times	2.62 : 1	2.75 : 1	3.31 : 1	3.67 : 1	2.12 : 1	0.95 : 1
Cash to Current Liabilities	times	1.89 : 1	2.21 : 1	2.79 : 1	3.26 : 1	1.80 : 1	0.66 : 1
Cash flow from Operations to Sales	times	0.31 : 1	0.42 : 1	0.37 : 1	0.37 : 1	0.36 : 1	0.36 : 1

Activity / Turnover Ratios							
Inventory turnover	times	3.40	3.44	3.30	3.05	3.22	3.15
No. of days in Inventory	days	107.35	106.10	110.61	119.67	113.35	115.87
Debtor turnover	times	23.00	21.73	21.37	24.27	23.73	21.42
No. of days in Receivables	days	15.87	16.80	17.08	15.04	15.38	17.04
Creditor turnover	times	6.36	4.69	3.13	2.74	2.73	2.11
No. of days in Payables	days	57.39	77.83	116.61	133.21	133.70	172.99
Operating Cycle	days	65.83	45.07	11.08	1.50	(4.97)	(40.08)
Total assets turnover	times	0.72	0.61	0.53	0.47	0.44	0.38
Fixed assets turnover	times	1.35	1.28	1.33	1.22	1.16	0.84

Investment Valuation Ratios							
Earnings per share (after tax)	rupees	35.08	38.44	40.03	42.34	37.72	32.44
Price / Earning ratio (after tax)	times	11.70	13.52	16.20	19.75	13.47	11.73
Dividend Yield	percent	2.19%	1.73%	1.54%	1.43%	2.56%	1.71%
Dividend Payout ratio	percent	25.65%	23.41%	24.98%	28.34%	34.47%	20.04%
Cash Dividend per share	rupees	9.00	9.00	10.00	12.00	13.00	6.50
Break up value per share	rupees	153.98	183.25	214.37	246.73	267.08	291.67
Market Value Per Share as on 30th June	rupees	410.30	519.62	648.51	836.26	507.93	380.47
Year High Close	Rupees	410.30	540.69	663.19	994.65	723.19	583.66
Year Low Close	Rupees	208.66	330.09	448.88	644.71	445.80	344.27
Price to Book Ratio	percent	2.66	2.84	3.03	3.39	1.90	1.30

Capital Structure Ratios							
Financial leverage ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Weighted Average Cost of Debt	percent	13.15%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt to Equity ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Interest Coverage ratio	times	425.06	-	-	-	-	-

ANALYSES OF VARIATION IN INTERIM PERIOD

Particulars	Qtr-1	Qtr-2	Qtr-3	Qtr-4	FY 2018-19
Sales Volume (in '000 Tons)	1,893	2,121	1,941	1,720	7,674
Sales Revenue	11,405	13,550	12,566	10,500	48,021
Cost of Good Sold	7,981	9,550	8,730	7,776	34,038
Gross Profit	3,424	4,000	3,836	2,724	13,984
Gross Profit Margin	30%	30%	31%	26%	29%
Operating Profit	2,493	2,997	2,787	1,750	10,027
Operating Profit Margin	22%	22%	22%	17%	21%
EBITDA	3,325	3,832	3,604	2,584	13,345
EBITDA Margin	29%	28%	29%	25%	28%
Net Profit Before Tax	2,892	3,634	3,225	2,471	12,221
Taxation	399	626	431	275	1,731
Net Profit After Tax	2,493	3,008	2,793	2,196	10,490
Net Profit After Tax Margin	22%	22%	22%	21%	22%
EPS in PKR	7.71	9.30	8.64	6.79	32.44

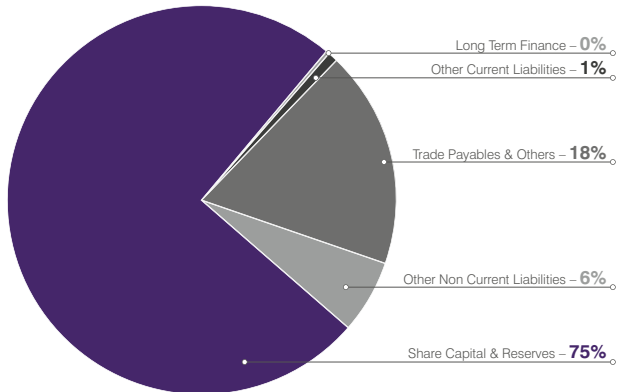
During the Financial Year 18-19, 3rd Quarter's performance was the best in terms of the Gross Profit Margin of 31%, Operating Profit (OP) Margin of 22% is consistent with Q1 and Q2 while EBITDA Margin of 29% is consistent with Q1 and higher than Q2 & Q4 mainly on account of lower input costs. Furthermore operational costs also decreased owing to cost saving and other performance improvement initiatives undertaken by the company. The 2nd Quarter outperformed other quarters in terms of bottom-line profitability and Earnings Per Share (EPS). 2nd Quarter contributed cement sales volumes of 2.12 Million Tons and bottom-line profitability of PKR 3.0 Billion in values and 22% in terms of Net Profit after tax margin.

COMPOSITION OF BALANCE SHEET

Equity and Liabilities

Percentage

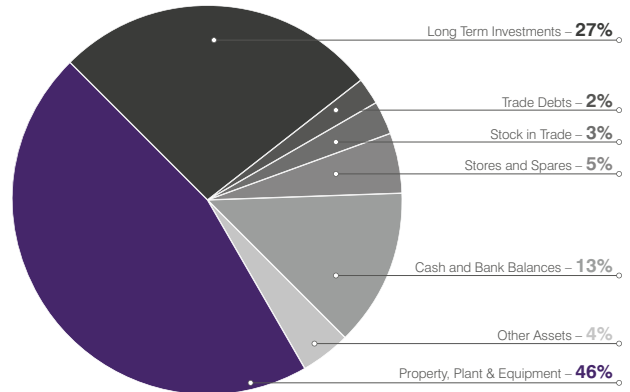
FY 2019



Assets

Percentage

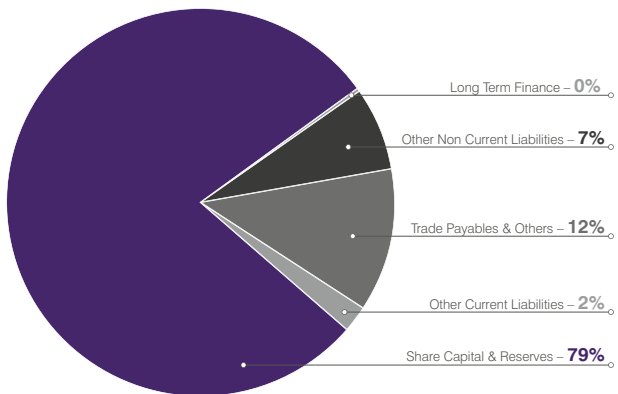
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Equity and Liabilities

Percentage

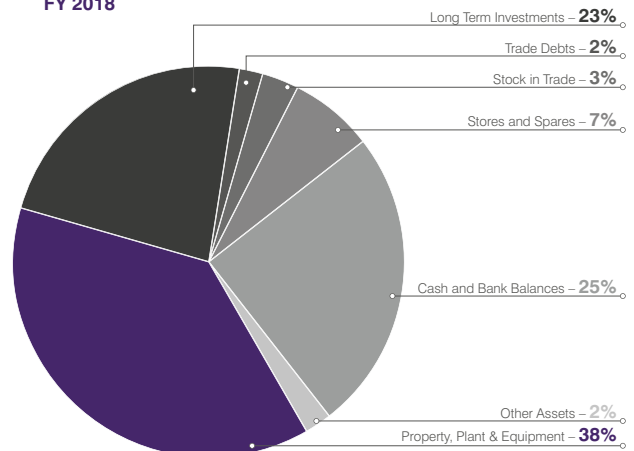
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Assets

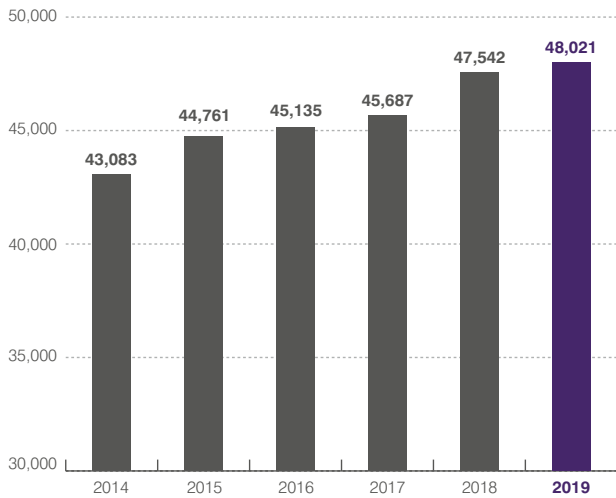
Percentage

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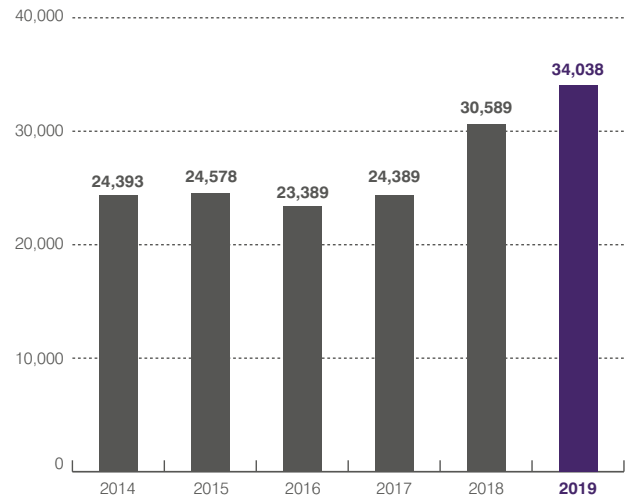


FINANCIAL AT A GLANCE

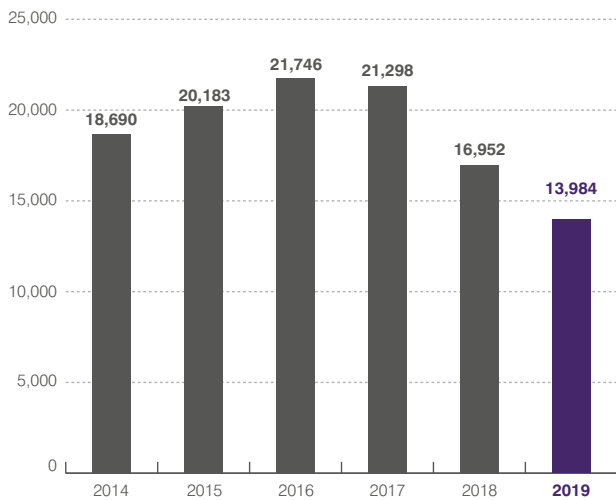
Sales Revenue | PKR in Million



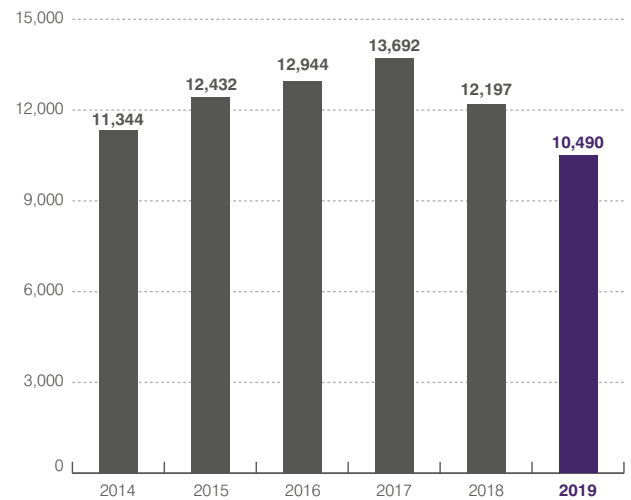
Cost of Sales | PKR in Million



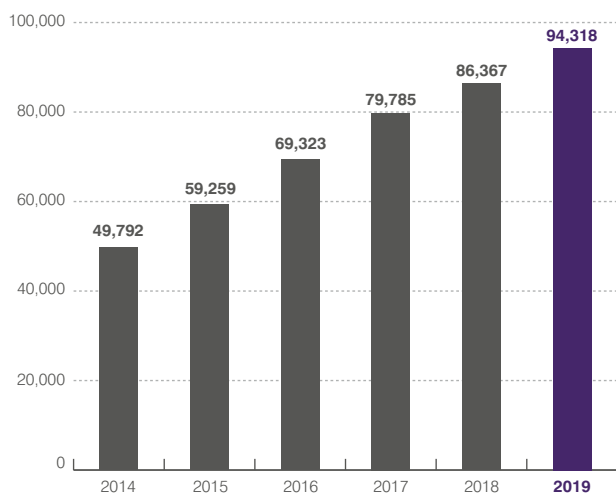
Gross Profit | PKR in Million



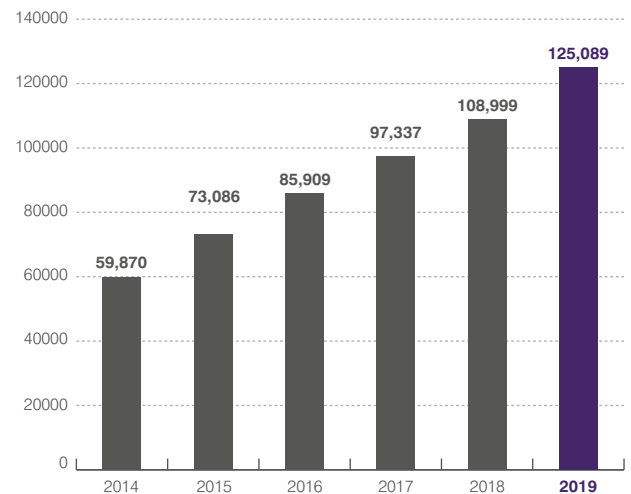
Net Profit | PKR in Million



Shareholder's Equity | PKR in Million



Total Assets | PKR in Million



STATEMENT OF VALUE ADDITION AND WEALTH DISTRIBUTION

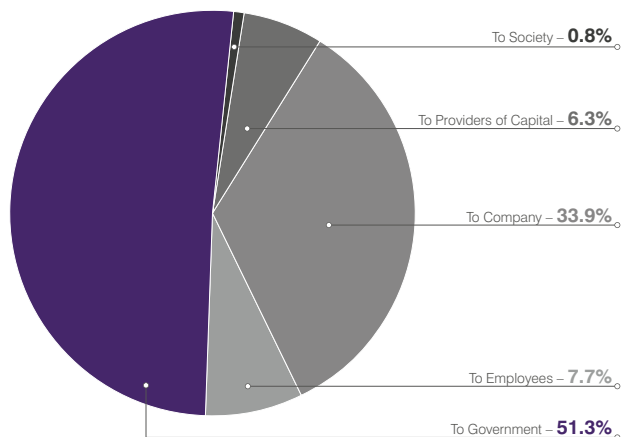
	2019 PKR in '000'	%	2018 PKR in '000'	%
WEALTH GENERATED				
Gross Sales/ Revenues	67,547,938		67,376,579	
Bought-in-material and services	(26,668,619)		(20,716,078)	
	40,879,319	100.0%	46,660,501	100.0%

WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	3,133,470	7.7%	2,924,724	6.3%
To Government				
Income tax, sales tax, excise duty and others	20,989,243	51.3%	22,856,717	48.9%
To Society				
Donation towards education, health and environment	313,247	0.8%	286,329	0.6%
To Providers of Capital				
Dividend to shareholders	2,587,000	6.3%	5,497,375	11.8%
To Company				
Depreciation, amortization & retained profit	13,856,359	33.9%	15,095,356	32.4%
	40,879,319	100.0%	46,660,501	100.0%

Wealth Distribution

Percentage

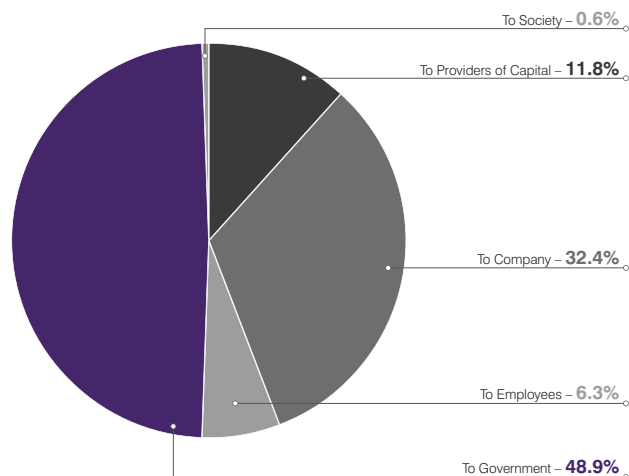
2019



Wealth Distribution

Percentage

2018



ECONOMIC VALUE ADDED (EVA)

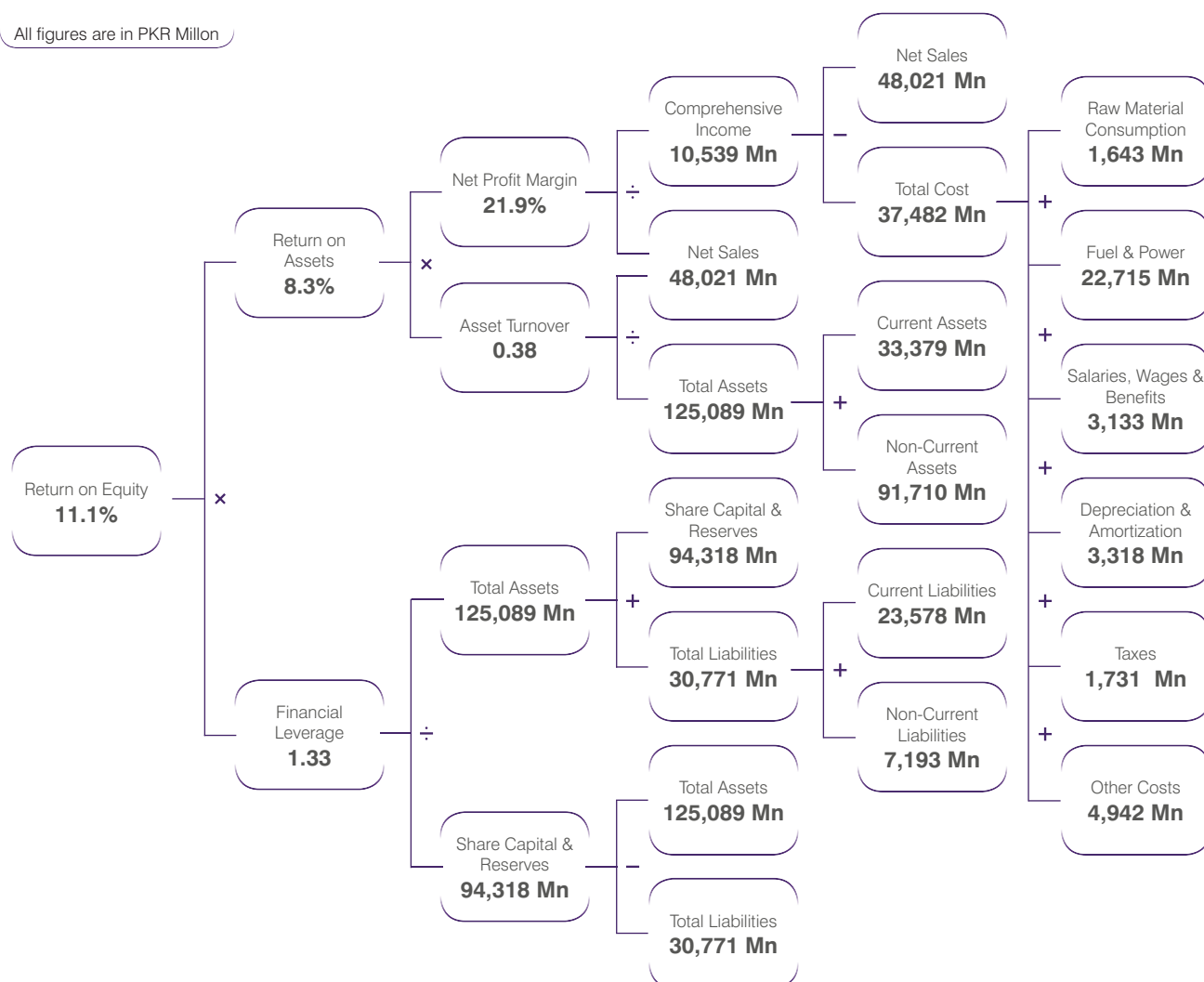
		2016-17	2017-18	2018-19
Cost of capital				
Cost of Equity	%	10.25%	12.53%	19.34%
Weighted average cost of capital (WACC)	%	10.25%	12.53%	19.34%
Average capital employed		74,553,910	83,075,902	90,342,620
Economic Value Added				
NOPAT		13,692,249	12,197,090	10,490,229
Less: Cost of capital		7,641,776	10,409,410	17,472,263
Economic Value added		6,050,473	1,787,680	(6,982,034)
Enterprise Value				
Market Value of Equity		270,425,578	164,251,864	123,034,487
Add: Debt		-	-	-
Less: Cash & Bank balance		33,738,377	27,435,361	15,657,246
Enterprise Value		236,687,201	136,816,503	107,377,241
Return ratios				
NOPAT / Average capital employed	%	18%	15%	12%
EVA / Average capital employed	%	8%	2%	-8%
Enterprise value / Average capital employed	X	3.17	1.65	1.19

FREE CASH FLOW (FCF)

	2016-17	2017-18	2018-19
Net cash provided by operating activities	16,863,928	17,079,928	17,083,851
Less: Capital Additions & Investments	(7,094,837)	(18,112,389)	(29,015,835)
Add: Net Debt Issued	-	-	-
FCF - Total	9,769,091	(1,032,461)	(11,931,984)

DUPONT ANALYSIS

All figures are in PKR Million



DuPont Analysis				
Year	Profit Margin	Assets Turnover	Financial Leverage	ROE
	(Net Profit/Turnover)	(Turnover/Total Assets)	(Total Assets/Total Equity)	
	A	B	C	A x B x C
2019	21.95%	0.38	1.33	11.1%
2018	25.41%	0.44	1.26	14.0%
2017	30.00%	0.47	1.22	17.2%
2016	28.70%	0.53	1.24	18.7%
2015	27.80%	0.61	1.23	20.9%
2014	26.30%	0.72	1.20	22.8%

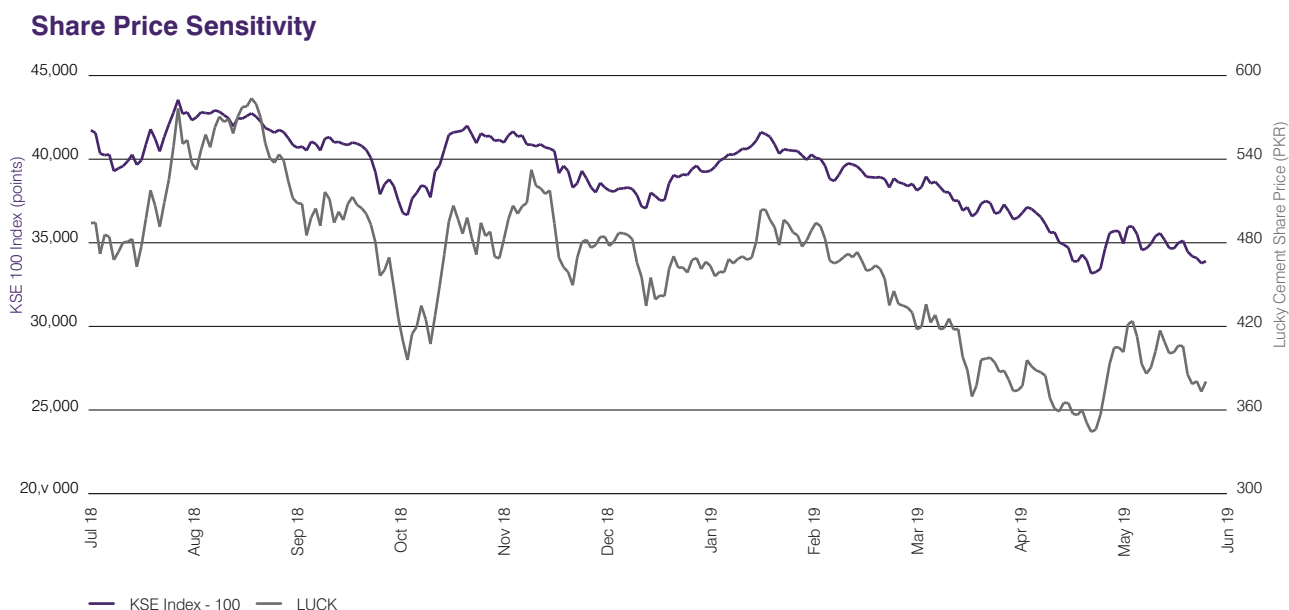
The main highlights of DuPont analysis are as follows:

1. The profit margins for the company declined during current year on account of higher costs mainly due to increase in prices of coal and other fuel prices.
2. The Asset base of the company has improved during the current year mainly on account of expansions and investment projects.
3. The Financial Leverage ratio for the Company has improved due to incremental Assets base and Equity strength of the balance sheet as the Company is mainly financed by Equity. The Equity has further strengthened due to additional profitability which has in turn strengthened the retained earnings account.

Conclusion

Overall, the operational & assets efficiency and Equity Multiplier are monitored on a regular basis to remain aware of the financial health of the Company. The DuPont analysis for the last 6 years depicts a positive Return on Equity (ROE) for the Company. The ROE from 2014 has gradually declined due to investments in capital intensive projects which are expected to generate returns in the coming years.

SHARE PRICE SENSITIVITY ANALYSIS



Lucky Cement Shares (LUCK) are traded on Pakistan and London Stock Exchanges. Our free float is 35.96% and market capitalization at the end of day of fiscal year was PKR 123 Billion. There are many factors which might affect the share price of our Company, few of which are listed below.

Profitability

Reduced margins on account of increasing production costs can contribute towards lower profitability and EPS which may decrease the market share price.

Commodity Prices

Increase in major input price (coal, power and raw material tariffs) can negatively affect the margins and decrease the EPS which in turn can drive the market share price downwards.

Regulations and Government Policies

The share price is also sensitive to any changes in policies by the government and regulatory authorities', both specific to the cement sector and overall business activities may affect the market share prices; either positively or negatively, depending on whether the policy is in favor of or against the industry.

Currency Risk

The volatility in currency exchange rates can also affect the market share prices as the Company is involved in both export and import (exports of cement and import of input fuels) so the margins can be affected positively or adversely.

Market Risk

Apart from systematic risk, the market share price is also exposed to all the risks of the stock exchanges it is trading on. The Beta of LCL with respect to market is 1.60.

Diversification

The Company has diversified both in terms of geographical location and nature of business. Our international footprint also opens us to the benefits and risks of the markets we are operating in and our business diversification affects our consolidated earnings, which in turn also affects our EPS and therefore can drive our share price positively or negatively.

Goodwill

The market share price can also vary with the investor sentiments towards the company which changes very quickly in response to the news and events and also because of investors' following of the general market trend.