

FINANCIAL HIGHLIGHTS

SIX YEARS AT A GLANCE

Financial Position (PKR in million)	2015	2016	2017	2018	2019	2020
Assets Employed						
Property, plant and equipment	35,019	33,887	37,488	40,913	57,276	60,155
Intangible Assets	42	127	80	55	18	11
Long term investments	10,925	12,422	13,314	24,981	34,314	47,144
Long term advance	79	76	85	91	99	87
Long term deposit & deferred cost	3	3	3	3	3	3
Current assets	27,018	39,395	46,368	42,956	33,379	28,468
Total Assets	73,086	85,909	97,337	108,999	125,089	135,868
Financed By						
Shareholders' Equity	59,259	69,323	79,785	86,367	94,318	99,184
Long-term liabilities						
Long term finance	-	-	-	-	-	380
Current portion of long term finance	-	-	-	-	-	127
	-	-	-	-	-	507
Long term deposits and deferred liabilities	6,396	6,969	7,209	7,395	7,193	7,349
Current liabilities	7,431	9,618	10,344	15,237	23,578	28,955
Current portion of long term finance	-	-	-	-	-	(127)
	7,431	9,618	10,344	15,237	23,578	28,829
Total Funds Invested	73,086	85,909	97,337	108,999	125,089	135,868
Turnover & Profit						
Turnover - Net	44,761	45,135	45,687	47,542	48,021	41,871
Gross Profit	20,183	21,746	21,298	16,952	13,984	6,077
Operating Profit	16,138	18,620	18,573	13,870	10,052	1,188
Profit before taxation	15,912	18,400	18,778	15,119	12,221	3,820
Profit after taxation	12,432	12,944	13,692	12,197	10,490	3,344
Total comprehensive income	12,377	12,974	13,696	12,079	10,539	3,508
Cash Dividends	2,910	2,910	3,234	5,497	2,587	2,102
General Reserve	8,433	9,467	9,741	8,199	9,492	8,437
Profit carried forward	12,377	12,974	13,696	12,079	10,539	3,508
Earning per share (Rupees)	38.44	40.03	42.34	37.72	32.44	10.34
Cash Flow Summary						
Net Cash from Operating Activities	19,003	16,603	16,864	17,080	17,084	4,954
Net Cash used in Investing Activities	(8,130)	(3,353)	(6,688)	(17,906)	(29,189)	(10,224)
Net Cash Outflow from Financing Activities	(3,019)	(2,889)	(3,243)	(5,477)	(2,573)	(1,667)
(Decrease) /Increase in Cash and Bank Balance	7,854	10,361	6,933	(6,303)	(14,678)	(6,937)
Cash and Bank Balance at beginning of the Year	8,591	16,445	26,806	33,738	27,435	15,657
Cash and Bank Balance at end of the Year (including short term borrowing)	16,445	26,806	33,738	27,435	15,657	7,817

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PKR in '000	2015	2016	2017	2018	2019	2020
Share Capital & Reserves	59,258,770	69,322,838	79,784,981	86,366,822	94,318,417	99,183,861
Non Current Liabilities	6,396,392	6,968,744	7,208,757	7,395,033	7,192,747	7,729,261
Current Liabilities	7,430,703	9,617,734	10,343,627	15,237,262	23,578,050	28,955,352
Total Equity & Liabilities	73,085,865	85,909,316	97,337,365	108,999,117	125,089,214	135,868,474
Non Current Assets	46,067,916	46,514,689	50,969,440	66,043,440	91,710,415	107,400,641
Current Assets	27,017,949	39,394,627	46,367,925	42,955,677	33,378,799	28,467,833
Total Assets	73,085,865	85,909,316	97,337,365	108,999,117	125,089,214	135,868,474

Vertical Analysis - %	2015	2016	2017	2018	2019	2020
Share Capital & Reserves	81.08	80.69	81.97	79.24	75.40	73.00
Non Current Liabilities	8.75	8.11	7.41	6.78	5.75	5.69
Current Liabilities	10.17	11.20	10.62	13.98	18.85	21.31
Total Equity & Liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non Current Assets	63.03	54.14	52.36	60.59	73.32	79.05
Current Assets	36.97	45.86	47.64	39.41	26.68	20.95
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00

Horizontal Analysis (i) Cumulative %	2015	2016	2017	2018	2019	2020
Share Capital & Reserves	100.00	16.98	34.64	45.75	59.16	67.37
Non Current Liabilities	100.00	8.95	12.70	15.61	12.45	20.84
Current Liabilities	100.00	29.43	39.20	105.06	217.31	289.67
Total Equity & Liabilities	100.00	17.55	33.18	49.14	71.15	85.90
Non Current Assets	100.00	0.97	10.64	43.36	99.08	133.14
Current Assets	100.00	45.81	71.62	58.99	23.54	5.37
Total Assets	100.00	17.55	33.18	49.14	71.15	85.90

Horizontal Analysis (ii) Year on Year %	2015	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019
Share Capital & Reserves	100.00	16.98	15.09	8.25	9.21	5.16
Non Current Liabilities	100.00	8.95	3.44	2.58	(2.74)	7.46
Current Liabilities	100.00	29.43	7.55	47.31	54.74	22.81
Total Equity & Liabilities	100.00	17.55	13.30	11.98	14.76	8.62
Non Current Assets	100.00	0.97	9.58	29.57	38.86	17.11
Current Assets	100.00	45.81	17.70	(7.36)	(22.29)	(14.71)
Total Assets	100.00	17.55	13.30	11.98	14.76	8.62

ANALYSIS OF PROFIT AND LOSS ACCOUNTS

PKR in '000	2015	2016	2017	2018	2019	2020
Turnover	44,761,307	45,135,037	45,687,043	47,541,724	48,021,399	41,870,796
Cost of Sales	24,578,219	23,389,268	24,388,760	30,589,363	34,037,568	35,794,031
Gross Profit	20,183,088	21,745,769	21,298,283	16,952,361	13,983,831	6,076,765
Distribution Cost	3,127,018	2,018,376	1,703,785	1,992,454	2,728,809	3,699,154
Administrative Cost	943,385	1,107,527	1,021,694	1,089,446	1,202,939	1,189,638
Operating Profit	16,112,685	18,619,866	18,572,804	13,870,461	10,052,083	1,187,973
Finance Cost	-	-	-	-	24,933	176,378
(Other Income)/Charges	200,891	219,644	(205,449)	(1,248,194)	(2,194,065)	(2,808,333)
Profit before taxation	15,911,794	18,400,222	18,778,253	15,118,655	12,221,215	3,819,928
Taxation	3,480,196	5,456,037	5,086,004	2,921,565	1,730,986	475,995
Profit after taxation	12,431,598	12,944,185	13,692,249	12,197,090	10,490,229	3,343,933
Other Comprehensive Income	(54,636)	30,258	3,644	(117,874)	48,366	164,550
Total Comprehensive Income	12,376,962	12,974,443	13,695,893	12,079,216	10,538,595	3,508,483

Vertical Analysis - %	2015	2016	2017	2018	2019	2020
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	54.91	51.82	53.38	64.34	70.88	85.49
Gross Profit	45.09	48.18	46.62	35.66	29.12	14.51
Distribution Cost	6.99	4.47	3.73	4.19	5.68	8.83
Administrative Cost	2.11	2.45	2.24	2.29	2.51	2.84
Operating Profit	36.00	41.25	40.65	29.18	20.93	2.84
Finance Cost	-	-	-	-	0.05	0.42
(Other Income)/Charges	0.45	0.49	(0.45)	(2.63)	(4.57)	(6.71)
Profit before taxation	35.55	40.77	41.10	31.80	25.45	9.12
Taxation	7.78	12.09	11.13	6.15	3.60	1.14
Profit after taxation	27.77	28.68	29.97	25.66	21.84	7.99
Other Comprehensive Income	(0.12)	0.07	0.01	(0.25)	0.10	0.39
Total Comprehensive Income	27.65	28.75	29.98	25.41	21.95	8.38

Horizontal Analysis (i) Cumulative - %	2015	2016	2017	2018	2019	2020
Turnover	100.00	0.83	2.07	6.21	7.28	(6.46)
Cost of Sales	100.00	(4.84)	(0.77)	24.46	38.49	45.63
Gross Profit	100.00	7.74	5.53	(16.01)	(30.72)	(69.89)
Distribution Cost	100.00	(35.45)	(45.51)	(36.28)	(12.73)	18.30
Administrative Cost	100.00	17.40	8.30	15.48	27.51	26.10
Operating Profit	100.00	15.56	15.27	(13.92)	(37.61)	(92.63)
Finance Cost	100.00	-	-	-	-	100.00
Other Income/Charges	100.00	9.33	(202.27)	(721.33)	(1,192.17)	(1,497.94)
Profit before taxation	100.00	15.64	18.01	(4.98)	(23.19)	(75.99)
Taxation	100.00	56.77	46.14	(16.05)	(50.26)	(86.32)
Profit after taxation	100.00	4.12	10.14	(1.89)	(15.62)	(73.10)
Other Comprehensive Income	100.00	(155.38)	(106.67)	115.74	(188.52)	(401.17)
Total Comprehensive Income	100.00	4.83	10.66	(2.41)	(14.85)	(71.65)

Horizontal Analysis (ii) Year vs Year - %	2015	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019
Turnover	100.00	0.83	1.22	4.06	1.01	(12.81)
Cost of Sales	100.00	(4.84)	4.27	25.42	11.27	5.16
Gross Profit	100.00	7.74	(2.06)	(20.41)	(17.51)	(56.54)
Distribution Cost	100.00	(35.45)	(15.59)	16.94	36.96	35.56
Administrative Cost	100.00	17.40	(7.75)	6.63	10.42	(1.11)
Operating Profit	100.00	15.56	(0.25)	(25.32)	(27.53)	(88.18)
Finance Cost	100.00	-	-	-	-	607.41
Other Income/Charges	100.00	9.33	(193.54)	507.54	75.78	28.00
Profit before taxation	100.00	15.64	2.05	(19.49)	(19.16)	(68.74)
Taxation	100.00	56.77	(6.78)	(42.56)	(40.75)	(72.50)
Profit after taxation	100.00	4.12	5.78	(10.92)	(13.99)	(68.12)
Other Comprehensive Income	100.00	(155.38)	(87.96)	(3,334.74)	(141.03)	240.22
Total Comprehensive Income	100.00	4.83	5.56	(11.80)	(12.75)	(66.71)

NOTES ON ANALYSIS

Comments on six year Statement of Comprehensive Income analysis

Turnover

Revenues decline from PKR 44.8 billion in 2015 to PKR 41.9 billion in 2020 with a decrease of 6.5%. Both local & export sales were adversely effected due to Covid 19 locally and internationally. Further increase in capacity coming online locally, has put a downward pressure on margins.

Cost of Sales

Cost increased from PKR 24.6 billion in 2015 to PKR 35.8 in 2020 billion with an increase of 45.6%. This is mainly due to increase in gas prices, higher transportation cost on input material, increased packing material prices and adverse rupee exchange parity.

Gross Profit

GP decreased from PKR 20.2 billion in 2015 to PKR 6.1 billion in 2020 with a decrease of 69.9%. This is mainly attributed to change in sales mix from cement to clinker that resulted in lower net retentions. Moreover, higher prices of bought-in materials and other costs also contributed in the decrease of gross profit.

Finance Cost

Currently there is minimal finance cost as Company's capital structure is significantly based on equity finance.

Comprehensive Income

Comprehensive Income decreased from PKR 12.4 billion in 2015 to 3.5 billion in 2020 with a decrease of 71.6%.

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 20.8% in NCL from 2015 to 2020 mainly because of long term deposits and loan.

Non Current Assets

There is an increase of 133.1% in NCA from 2015 to 2020 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 company has minimum borrowing as of 30th June 2020 and all the Company's projects and investments are primarily financed by internally generated cash flows.

FINANCIAL PERFORMANCE

Financial Ratios	UoM	2015	2016	2017	2018	2019	2020
Profitability Ratios							
Gross profit to sales	percent	45.09%	48.18%	46.62%	35.66%	29.12%	14.51%
Operating Cost to sales	percent	64.00%	58.75%	59.35%	70.82%	79.07%	97.16%
Profit before tax to sales	percent	35.55%	40.77%	41.10%	31.80%	25.45%	9.12%
Net profit after tax to sales	percent	27.77%	28.68%	29.97%	25.66%	21.84%	7.99%
EBITDA to sales	percent	41.17%	46.95%	46.41%	35.52%	27.80%	12.03%
Operating Leverage	percent	280.73%	1,841.56%	(20.67%)	(623.68%)	(2,728.45%)	688.49%
Return on Equity after tax	percent	20.89%	18.72%	17.17%	13.99%	11.17%	3.54%
Return on Capital Employed	percent	22.70%	20.18%	18.37%	14.54%	11.67%	3.62%
Liquidity Ratios							
Current ratio	times	3.64 : 1	4.10 : 1	4.48 : 1	2.82 : 1	1.42 : 1	0.98 : 1
Quick/Acid test ratio	times	2.75 : 1	3.31 : 1	3.67 : 1	2.12 : 1	0.95 : 1	0.65 : 1
Cash to Current Liabilities	times	2.21 : 1	2.79 : 1	3.26 : 1	1.80 : 1	0.66 : 1	0.27 : 1
Cash flow from Operations to Sales	times	0.42 : 1	0.37 : 1	0.37 : 1	0.36 : 1	0.36 : 1	0.12 : 1
Activity / Turnover Ratios							
Inventory turnover	times	3.44	3.30	3.05	3.22	3.15	3.48
No. of days in Inventory	days	106.10	110.61	119.67	113.35	115.87	104.89
Debtor turnover	times	21.73	21.37	24.27	23.73	21.42	15.28
No. of days in Receivables	days	16.80	17.08	15.04	15.38	17.04	23.89
Creditor turnover	times	4.69	3.13	2.74	2.73	2.11	1.86
No. of days in Payables	days	77.83	116.61	133.21	133.70	172.99	196.24
Operating Cycle	days	45.07	11.08	1.50	(4.97)	(40.08)	(67.46)
Total assets turnover	times	0.61	0.53	0.47	0.44	0.38	0.31
Fixed assets turnover	times	1.28	1.33	1.22	1.16	0.84	0.70
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	38.44	40.03	42.34	37.72	32.44	10.34
Price / Earning ratio (after tax)	times	13.52	16.20	19.75	13.47	11.73	44.64
Dividend Yield	percent	1.73%	1.54%	1.43%	2.56%	1.71%	0.00%
Dividend Payout ratio	percent	23.41%	24.98%	28.34%	34.47%	20.04%	0.00%
Cash Dividend per share	rupees	9.00	10.00	12.00	13.00	6.50	-
Break up value per share	rupees	183.25	214.37	246.73	267.08	291.67	306.71
Market Value Per Share as on 30th June	rupees	519.62	648.51	836.26	507.93	380.47	461.58
Year High Close	Rupees	540.69	663.19	994.65	723.19	583.66	566.47
Year Low Close	Rupees	330.09	448.88	644.71	445.80	344.27	310.30
Price to Book Ratio	percent	2.84	3.03	3.39	1.90	1.30	1.50
Capital Structure Ratios							
Financial leverage ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.03 : 1	0.09 : 1
Weighted Average Cost of Debt	percent	0.00%	0.00%	0.00%	0.00%	1.72%	3.11%
Debt to Equity ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.01 : 1
Interest Coverage ratio	times	-	-	-	-	403.16	6.74

ANALYSES OF VARIATION IN INTERIM PERIOD

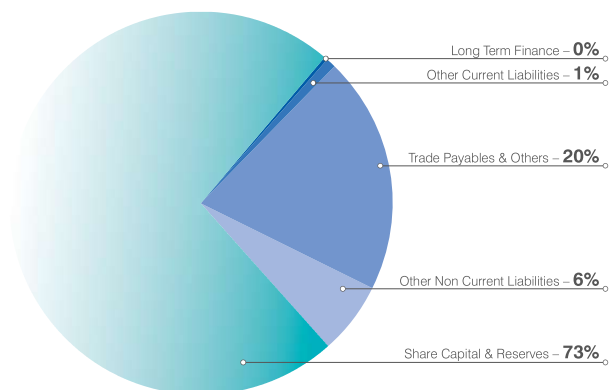
Particulars	Qtr-1	Qtr-2	Qtr-3	Qtr-4	FY 2019-20
Sales Volume (in '000 Tons)	1,635	2,042	2,126	1,822	7,625
Sales Revenue	9,629	11,582	11,237	9,423	41,871
Cost of Good Sold	8,137	9,850	9,935	7,872	35,794
Gross Profit	1,492	1,732	1,302	1,551	6,077
Gross Profit Margin	15%	15%	12%	16%	15%
Operating Profit	216	516	(60)	516	1,188
Operating Profit Margin	2%	4%	-1%	5%	3%
EBITDA	1,084	1,387	986	1,582	5,039
EBITDA Margin	11%	12%	9%	17%	12%
Net Profit Before Tax	1,022	1,177	1,079	542	3,820
Taxation	66	197	80	133	476
Net Profit After Tax	956	980	999	409	3,344
Net Profit After Tax Margin	10%	8%	9%	4%	8%
EPS in PKR	2.96	3.03	3.09	1.26	10.34

During the FY 19-20, 4th Quarter's performance was the best in terms of the Gross Profit Margin of 16%, Operating Profit (OP) Margin of 5% while EBITDA Margin of 17% higher than Q1, Q2 & Q3 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 3rd Quarter outperformed other quarters in terms of bottom-line profitability and Earnings Per Share (EPS). 3rd Quarter contributed sales volumes of 2.13 Million Tons and bottom-line profitability of PKR 0.99 Billion in values and 9% in terms of Net Profit after tax margin.

COMPOSITION OF BALANCE SHEET

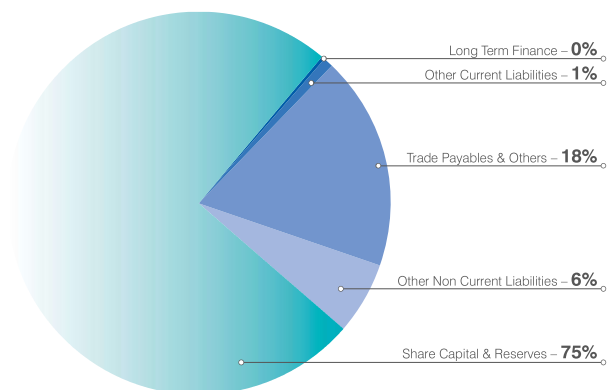
Equity and Liabilities - FY 2020

Percentage



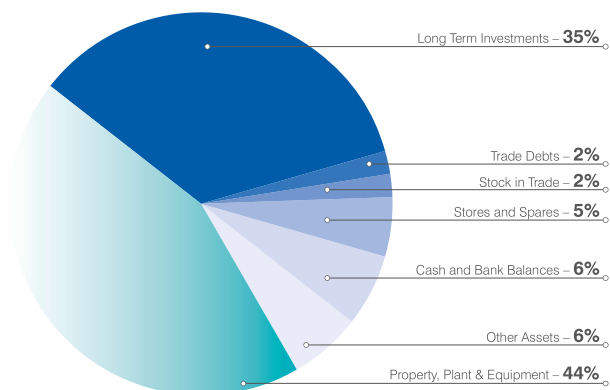
Equity and Liabilities - FY 2019

Percentage



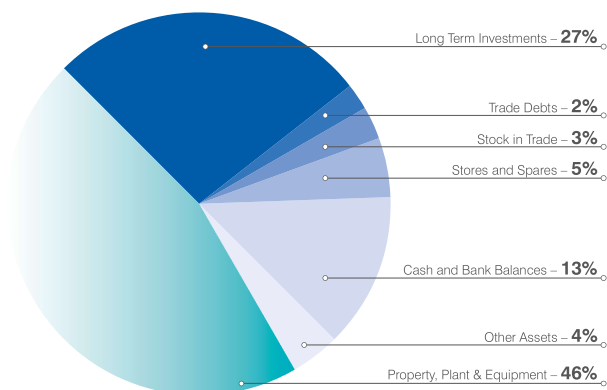
Assets - FY 2020

Percentage



Assets - FY 2019

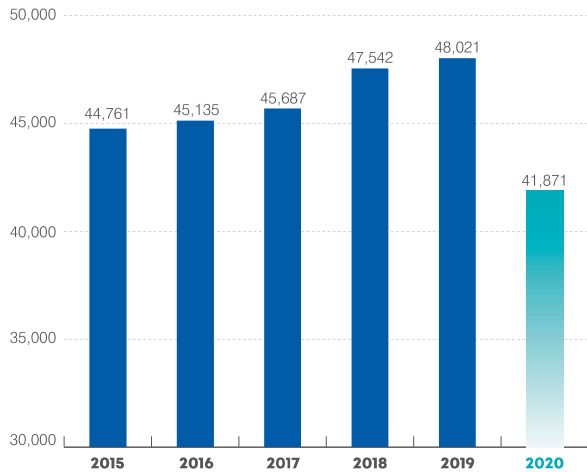
Percentage



FINANCIAL AT A GLANCE

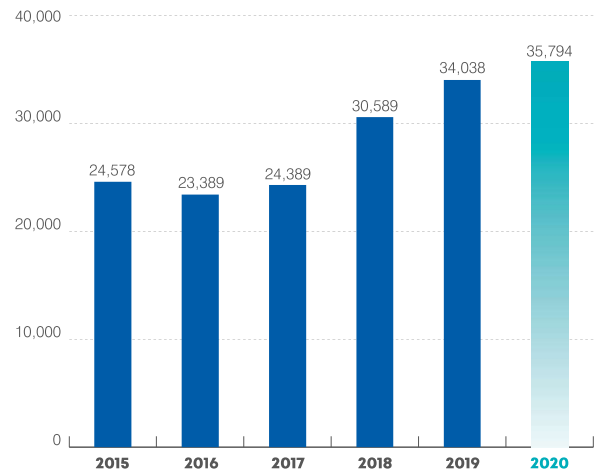
Sales Revenue

(PKR in Million)



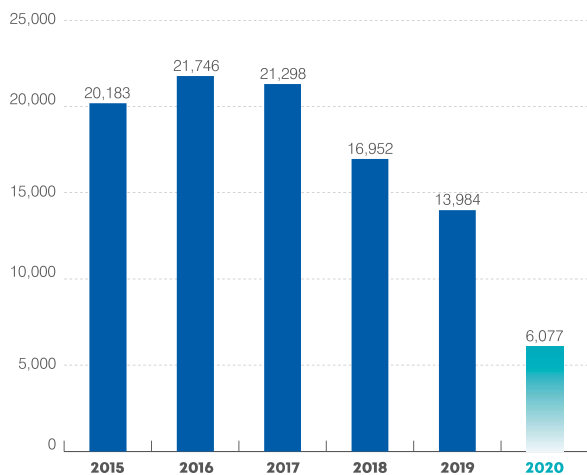
Cost of Sales

(PKR in Million)



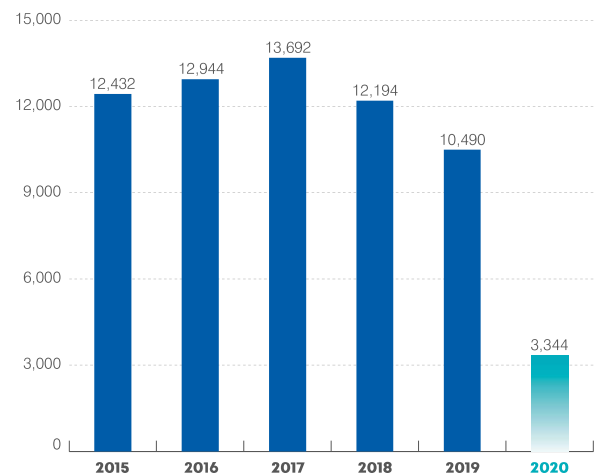
Gross Profit

(PKR in Million)



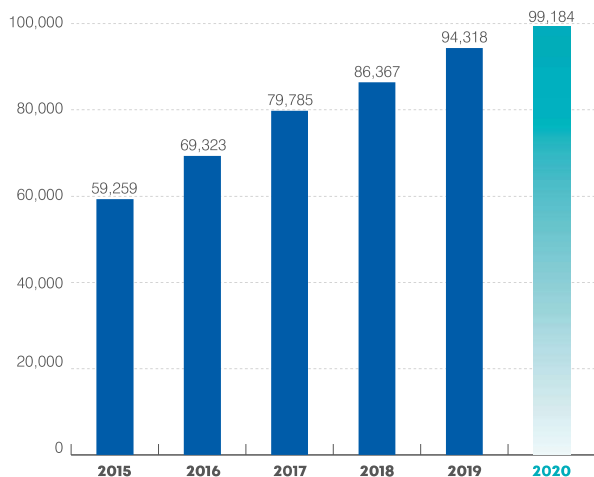
Net Profit

(PKR in Million)



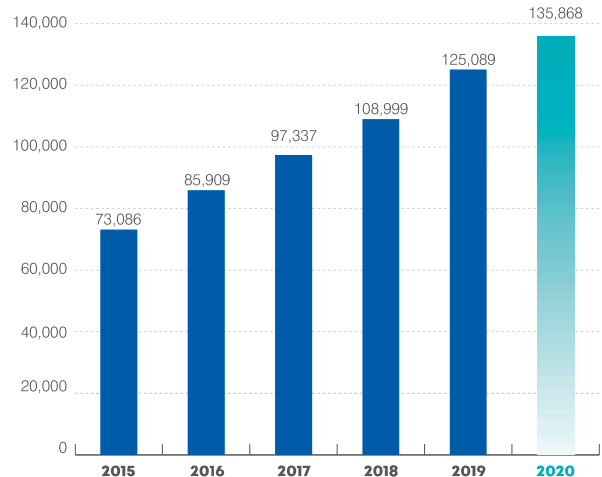
Shareholders' Equity

(PKR in Million)



Total Assets

(PKR in Million)

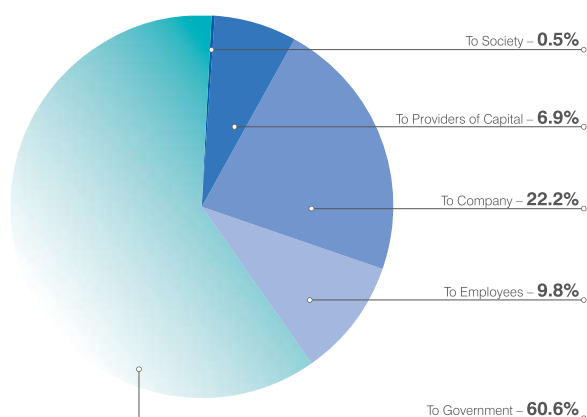


STATEMENT OF VALUE ADDITION AND WEALTH DISTRIBUTION

	2020 PKR in '000'	%	2019 PKR in '000'	%
WEALTH GENERATED				
Gross Sales/ Revenues	62,302,086		67,547,938	
Bought-in-material and services	(29,226,320)		(26,643,686)	
	33,075,766	100.0%	40,904,252	100.0%
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	3,234,962	9.8%	3,133,470	7.7%
To Government				
Income tax, sales tax, excise duty and others	20,028,443	60.6%	20,989,243	51.3%
To Society				
Donation towards education, health and environment	174,748	0.5%	313,247	0.8%
To Providers of Capital				
Dividend to shareholders	2,101,938	6.4%	2,587,000	6.2%
Markup / Interest expenses on borrowed funds	176,378	0.5%	24,933	0.1%
To Company				
Depreciation, amortization & retained profit	7,359,297	22.2%	13,856,359	33.9%
	33,075,766	100.0%	40,904,252	100.0%

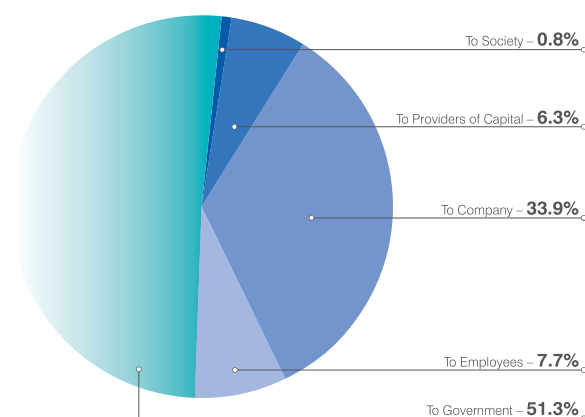
Wealth Distribution - 2020

Percentage



Wealth Distribution - 2019

Percentage



ECONOMIC VALUE ADDED (EVA)

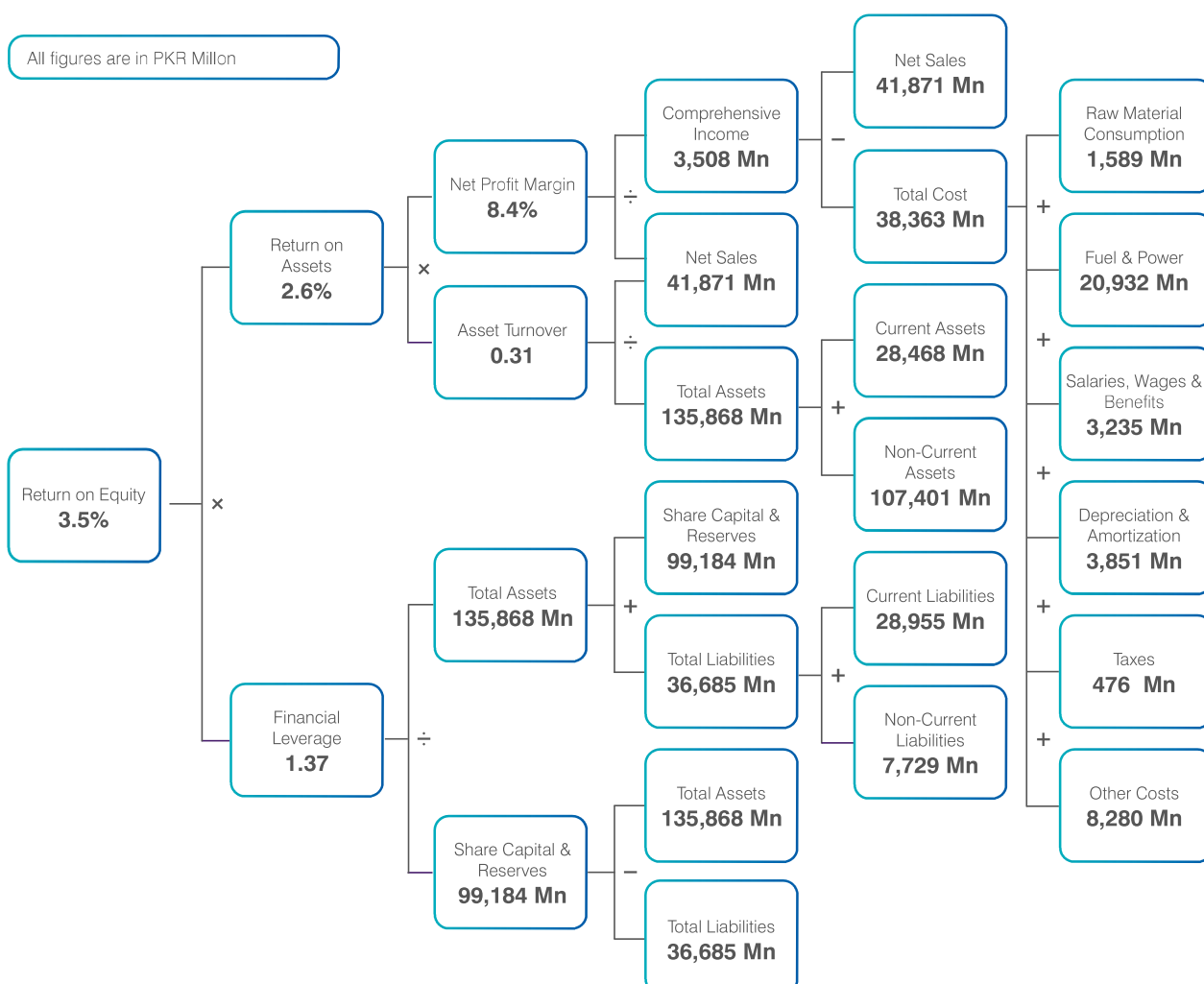
EVA is the relevant yardstick for measuring economic profits. EVA is the company's net operating profit after tax, after deducting the cost of capital. Companies, which return higher than the cost of capital, create wealth for the shareholders and on the other hand companies earning returns lower than the cost of capital, destroy shareholders wealth.

		2017-18	2018-19	2019-20
Cost of capital				
Cost of Equity	%	12.53%	19.34%	11.20%
Weighted average cost of capital (WACC)	%	12.53%	21.06%	14.31%
Average capital employed		83,075,902	90,342,620	96,751,139
Economic Value Added				
NOPAT		12,197,090	10,515,162	3,520,311
Less: Cost of capital		10,409,410	19,025,720	13,846,217
Economic Value added		1,787,680	(8,510,558)	(10,325,907)
Enterprise Value				
Market Value of Equity		164,251,864	123,034,487	149,263,433
Add: Debt		-	-	506,908
Less: Cash & Bank balance		27,435,361	15,657,246	7,816,606
Enterprise Value		136,816,503	107,377,241	140,939,919
Return ratios				
NOPAT / Average capital employed	%	15%	12%	4%
EVA / Average capital employed	%	2%	-9%	-11%
Enterprise value / Average capital employed	X	1.65	1.19	1.46

FREE CASH FLOW (FCF)

	2017-18	2018-19	2019-20
Net cash provided by operating activities	17,079,928	17,083,851	4,953,941
Less: Capital Additions & Investments	(18,112,389)	(29,015,835)	(15,807,497)
Add: Net Debt Issued	-	-	506,908
FCF - Total	(1,032,461)	(11,931,984)	(10,346,648)

DUPONT ANALYSIS



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
2020	8.38%	0.31	1.37	3.5%
2019	21.84%	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%

The main highlights of DuPont analysis are as follows:

1. The profit margins of the company declined during current year due to lower selling prices relative to higher input costs.
2. The Asset base of the company has improved during the current year mainly due to investment in subsidiary companies and fixed assets (new production line).
3. The Financial Leverage ratio for the Company has improved due to incremental Assets base and Equity

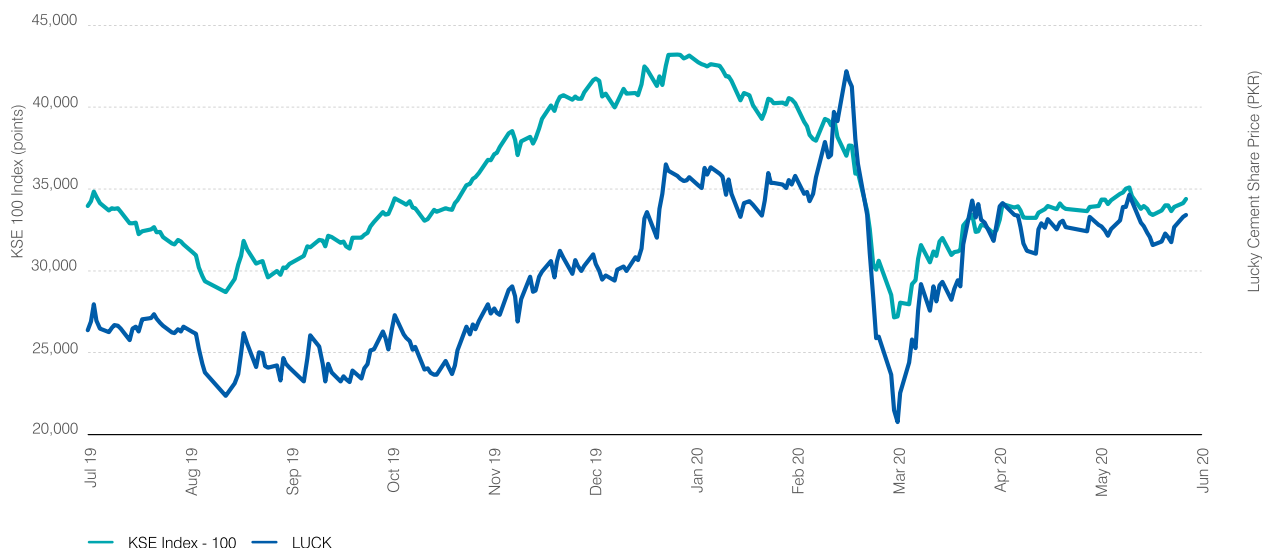
strength of the balance sheet. The Equity has further strengthened due to additional profitability, which has in turn strengthened the retained earnings account.

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 trend in Return on Equity (ROE) of the Company.

SHARE PRICE SENSITIVITY ANALYSIS

Share Price Sensitivity



Lucky Cement Shares (LUCK) are traded on Pakistan and London Stock Exchanges. Our free float is 36.28% and market capitalization at the end of day of fiscal year was PKR 149 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 1.24.

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.