



ANALYST BRIEFING

Q1-2021, October 27th



EXECUTIVE SUMMARY



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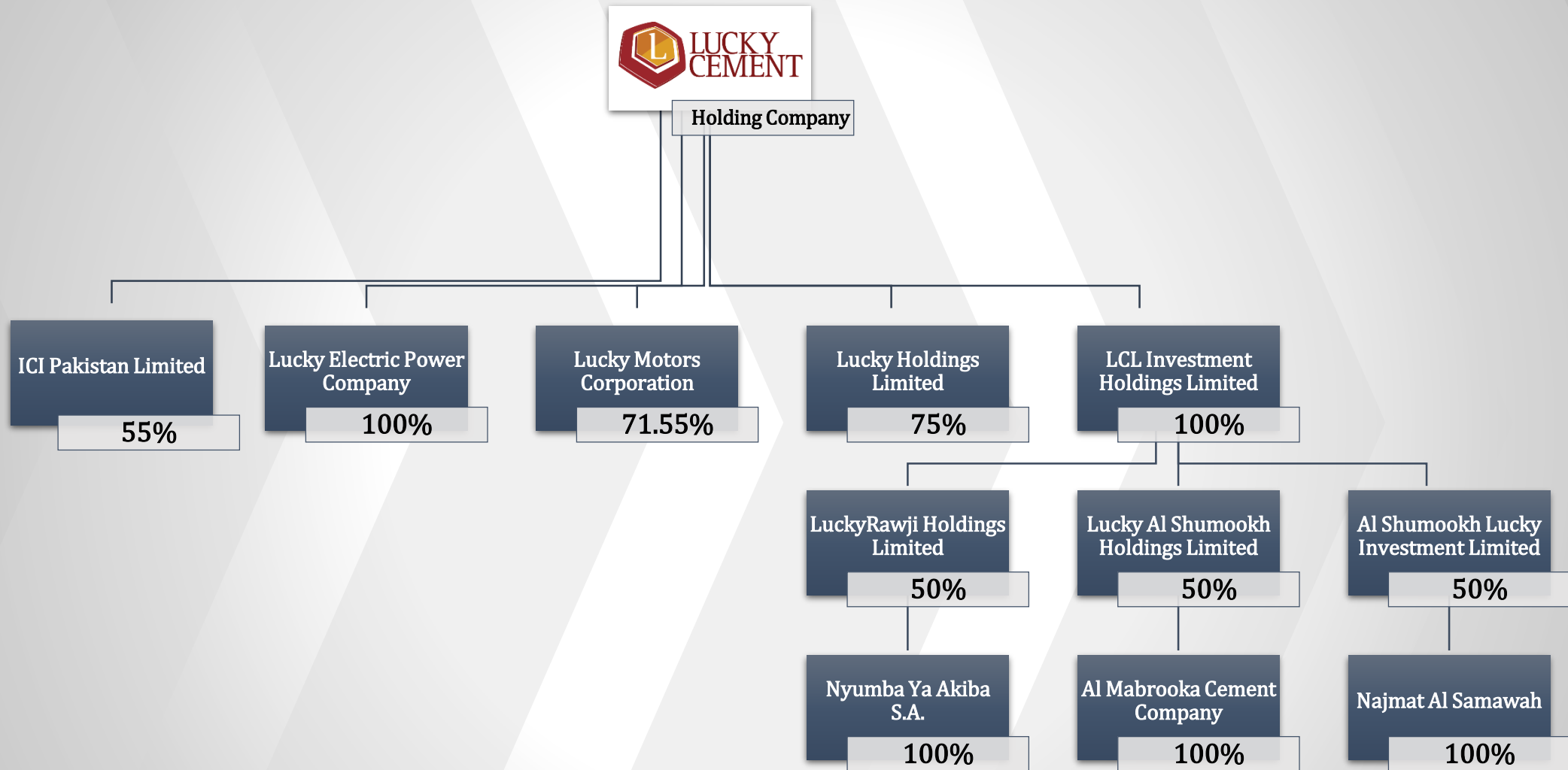
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LUCKY - (A Diversified Conglomerate)



CEMENT



AUTOMOBILE



POWER



CHEMICALS

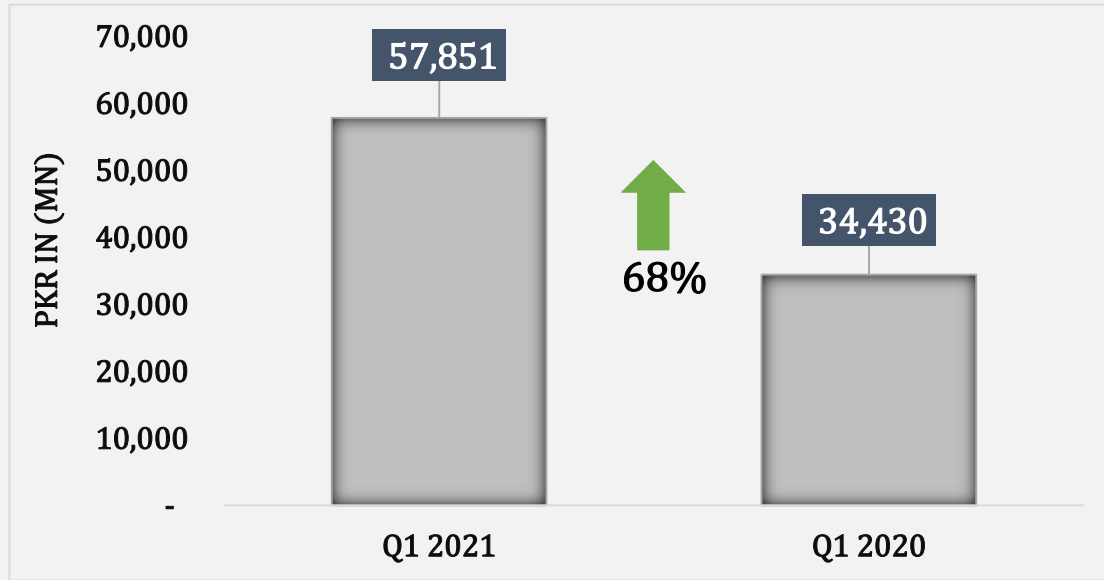


LIFE SCIENCES

Key Highlights

(PKR BN)	CONSOLIDATED		STANDALONE	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
REVENUE	57.9	34.4	19.7	13.9
EBITDA	7.5	3.4	3.4	1.1
PROFIT AFTER TAX	5.1	1.5	2.2	0.95
EARNING PER SHARE (Rs)	13.45	3.93	6.89	2.96

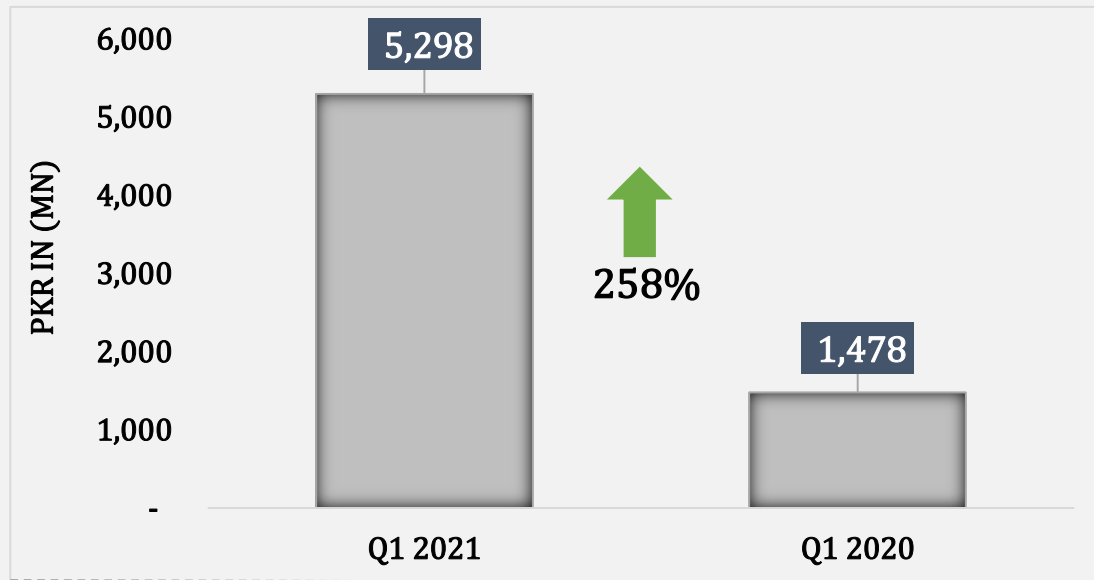
Consolidated Business Revenue Up by 68%



- There was a considerable growth in the demand for **Cement**, witnessed in both the **Local & Export** markets, coupled with favourable pricing specially locally due to market stability.
- After a successful first year for **KIA(LMC)**, it has reported strong growth in Revenues & Profitability.

Segment Wise Revenue (PKR Mn)			
Business	Q1 2021	Q1 2020	Growth
Cement	19,722	13,922	▲ 42%
Chemicals	17,148	16,733	▲ 2%
Automobiles	20,391	3,774	▲ 440%
Others	589	-	-
Consolidated	57,851	34,430	▲ 68%

Consolidated Operating Profits Grew by 258%



- **Cement's** rising volumes remains the key reason for the increasing Operating Profits.
- Significant volumetric growth by **KIA(LMC)** due to increase in its operational activities this term compared with **SPLY**.
- The operating results for the **Chemical** segment has seen a decline in the numbers of **Soda Ash** and **Chemicals & Agri**, being offset by a rise in profits for **Polyester & Pharma**

Segment Wise Operating Profits (PKR Mn)			
Business	Q1 2021	Q1 2020	Growth
Cement	2,351	216	▲ 988%
Chemicals	1,614	1,640	▼ 2%
Automobiles	1,542	(332)	▲ 564%
Others	(209)	(46)	▼ 354
Consolidated	5,298	1,478	▲ 258%



Q1 2021

LUCKY CEMENT

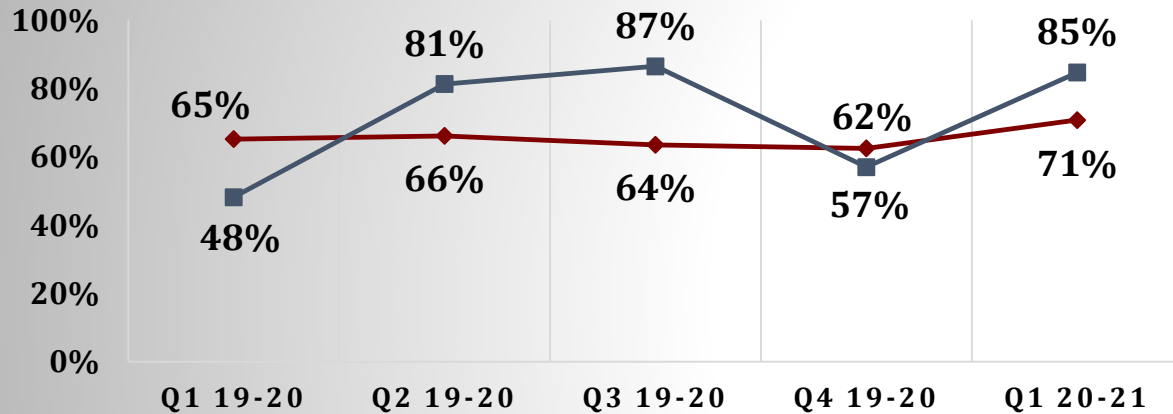
Lucky's Sales & Market Share



CAPACITY UTILIZATION – Cement & Clinker

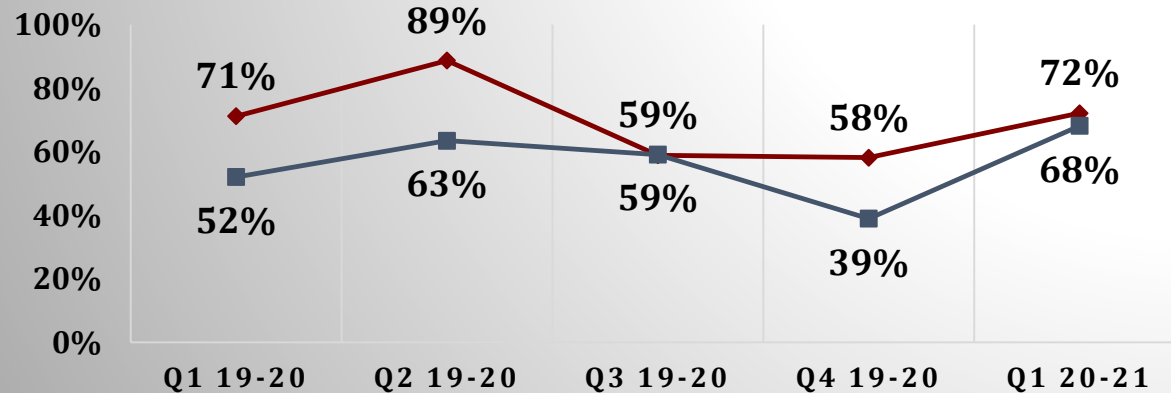
CLINKER

—●— Pezu —■— Karachi

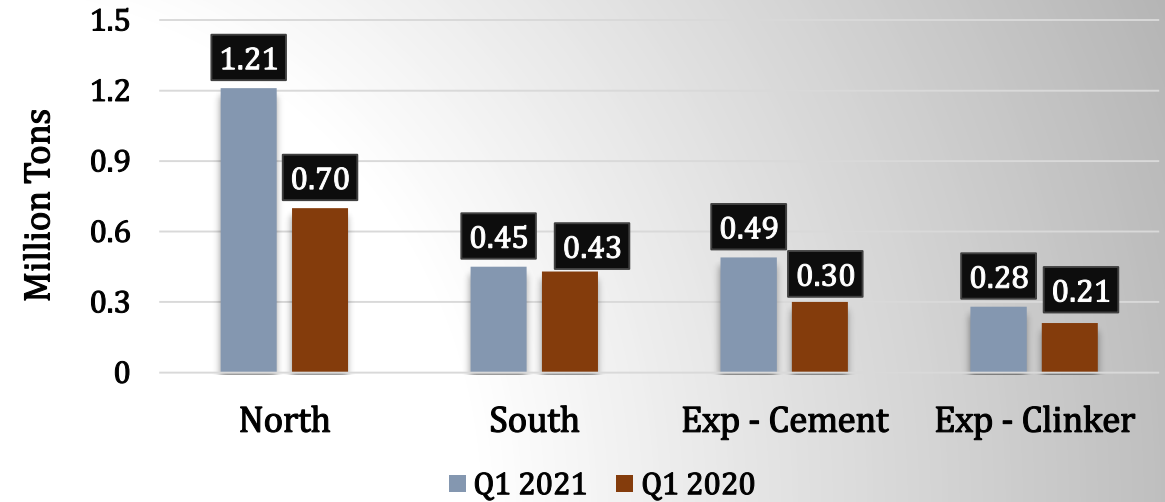


CEMENT

—●— Pezu —■— Karachi

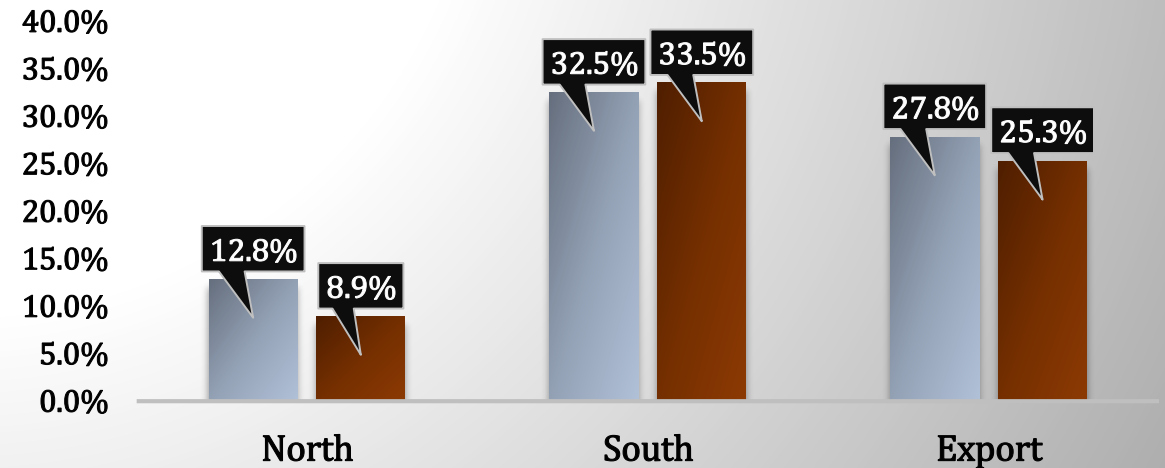


SALES – Million Tons

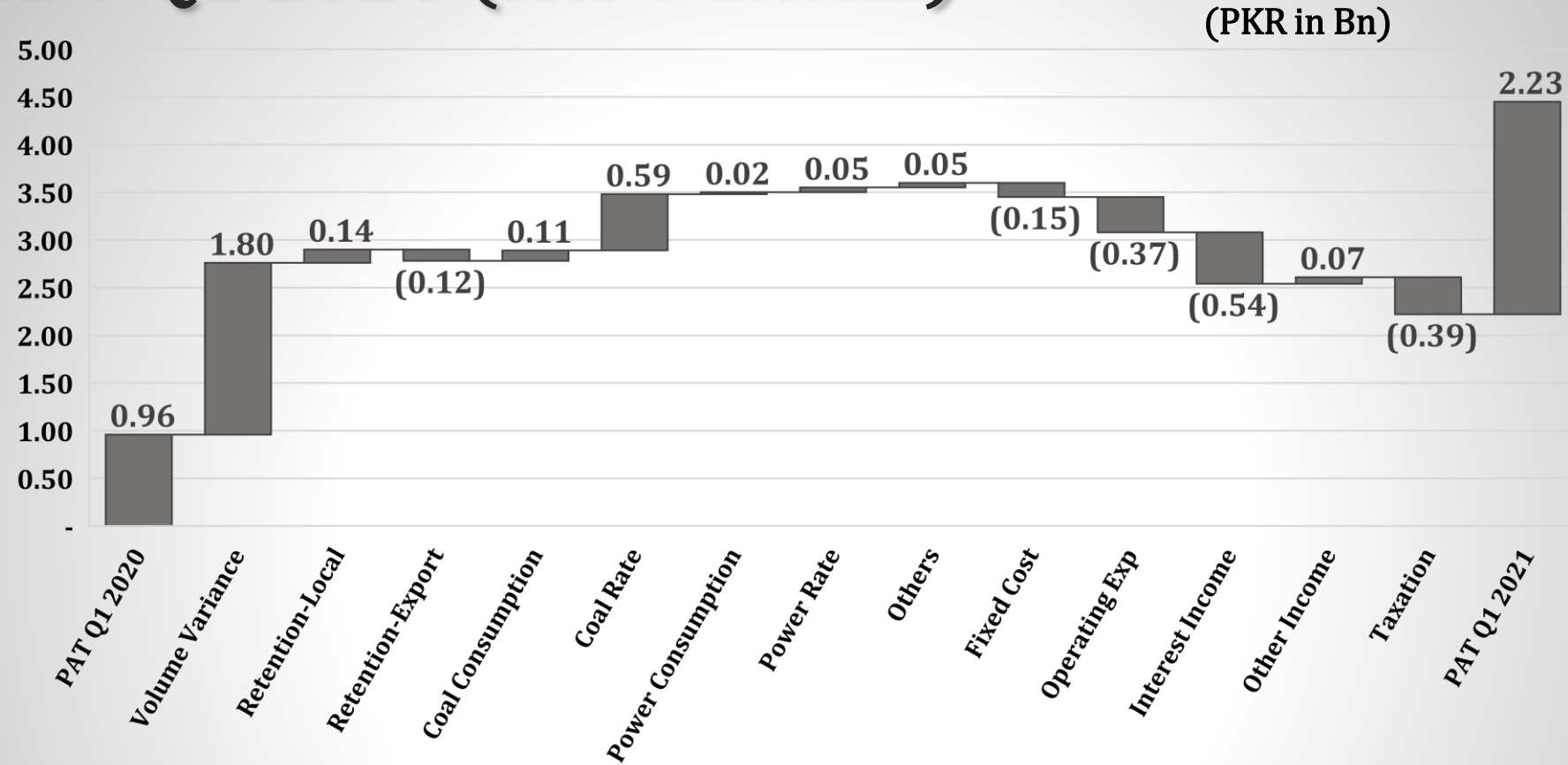


LUCKY'S MARKET SHARE

■ Q1 2021 ■ Q1 2020



Q1 2021 V Q1 2020 (PAT Waterfall)



Volume Variance: Local ↑0.5MT; Export ↑0.25MT

Retention Prices – Local: From PKR 5792/t to PKR 5926 ↑PKR 134/t

Retention Prices – Export: From PKR 6120/t to PKR 5843 ↓PKR 277/t

Coal Consumption: Saving due to new efficient line

Coal Rate: Lower cost of Coal VS comparative quarter

Power Consumption: Benefit arising from new line efficiencies

Power Rate: F.O Usage at Pezu due to Gas shortage [from 17% to 85%], netted off by Gas efficiencies due to our new line.

Fixed Cost: Impact of new line Depn

Operating Exp: Impact of increasing volumes

Interest Income: Lower cash balance due to equity investment in LEPCL

Other Income & Charges: Positive impact from supply of HESCO as supply resumed from Jan 2020 and Increase in WWF & WPPF charge due to increased profitability

Taxation: Impact of increase in profitability










FOREIGN OPERATIONS

Rising Overseas Returns

Joint Venture	A 50:50 JV with Al Shumookh Construction Materials Trading, a local partner			A 50:50 JV with Rawsons Investments Limited, a local partner			A 50:50 JV with Al Shumookh Construction Materials Trading, a local partner		
Project Company	Al Mabrooka Cement Manufacturing Company, Basra (Iraq)			Nyumba Ya Akiba, SA, Democratic Republic of Congo			Najmat al Samawah, Iraq		
Category	Cement Grinding Unit			Fully integrated cement manufacturing facility			Fully integrated cement manufacturing facility		
Capacity in MTPA	1.742			1.188			1.2		
Status	Started commercial operations in 2014, capacity doubled in 2018.			Started Commercial operations in 2017.			Project completion targeted for 2nd quarter of current FY.		
	Q1 2021	Q1 2020	▲%	Q1 2021	Q1 2020	▲%			
Sales Volume	0.29 MT	0.29 MT	-	0.21 MT	0.17 MT	24%↑			
EBITDA (USD '000)	5,870	5,110	15%↑	12,782	9,000	42%↑			

Consolidated Profit & Loss

PARTICULAR	Q1 2021 (PKR Mn)	Q1 2020 (PKR Mn)	CHANGE (%)	REASONING
<u>GROSS PROFIT</u>	8,773	4,344	102% 	Lucky marked an increase in its GP of about 2.5Bn due to better margins, along with KIA growing their operations significantly
<u>DISTRIBUTION COST</u>	2,278	1,847	23% 	A hike in Distribution expenses of 380Mn for Lucky on account of rising Local & Export Sales, coupled with Nutrigo Morinaga registering an increase due to their operation commencement
<u>ADMIN COST</u>	1,196	1,019	17% 	This mainly comes from KIA(LMC)
<u>FINANCE COST</u>	426	625	32% 	The decline in finance costs are contributed by ICI and KIA , both reducing their short term financing
<u>OTHER INCOME</u>	1,508	1,386	9% 	Increasing profits from Joint Ventures ~ 120Mn
<u>TAXATION</u>	765	520	47% 	Contributed by a higher tax charge for Lucky
<u>PROFIT AFTER TAX</u>	5,132	1,527	236% 	Due to the reasons mentioned above we saw a considerable rise in PAT

Outlook

- While the initial outbreak of **Covid-19** in Pakistan has receded significantly, a second wave of infections cannot be ruled out at present. Barring this, in the short to medium term the Outlook of the **Cement Industry** looks positive.
- Due to an increase in the Economic activity, we expect the Local demand to remain strong, both in the **North** and **South** region, with the price stability to be more pronounced in the **North** Region.
- **Export Sales** are anticipated to remain stable.
- Moreover, we also expect that the package announced for the construction industry by the **Federal Government** will continue to have a positive impact on the cement demand of the country.
- **Cement industry's** outlook remains promising on account of the **Government's key initiatives** to build both small and mega-capacity / multipurpose water reservoirs / dams, construction of **Special Economic Zones** as part of **CPEC** projects, and low-cost affordable houses for the public at large.
- **LEPCL's** target **COD** remains **June 2021**, with **PKR 21.3Bn** invested.

Thank you
Q & A