

ANALYST BRIEFING

Q3 2021

April 28, 2021

SPECTRUM OF DIVERSITY



AUTOMOBILE

CONSTRUCTION

CHEMICALS & LIFE SCIENCES

POWER



ICI PAKISTAN

NUTRICO MORINAGA



Lucky Electric
Power Company



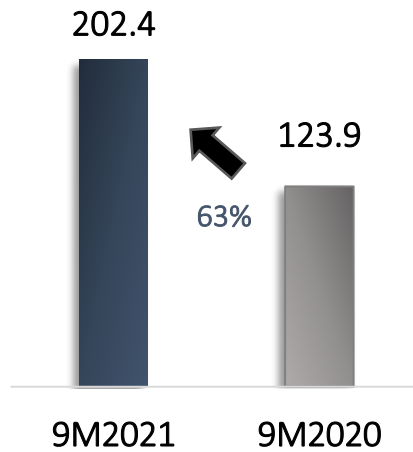
Key Messages

- Demand based growth across all sectors
- Incentives & Schemes working out to be in favor of the **Construction Sector**
- North Expansion completion target, **December 2022**
- First Dividend by **Lucky Motor Corp**
- COD of **Samawah**, Iraq declared (**1.2MTPA**)
- Tightening fiscal environment
- Spike in **Covid** can change dynamics

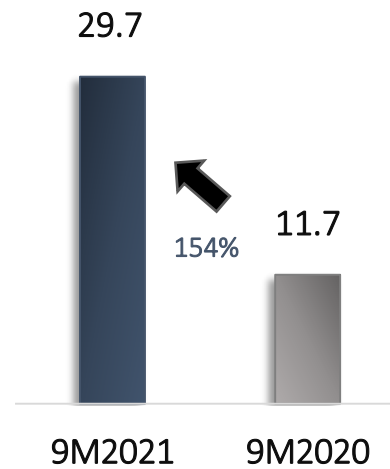
KEY FIGURES 9M 2021 — (PKR Billion)

CONSOLIDATED

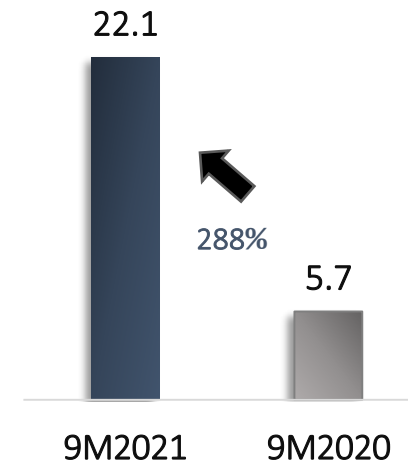
REVENUE



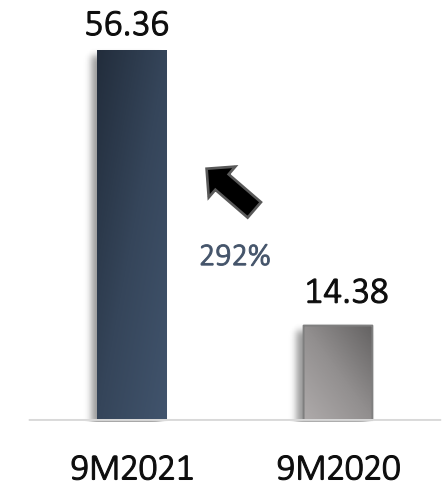
EBITDA



PAT

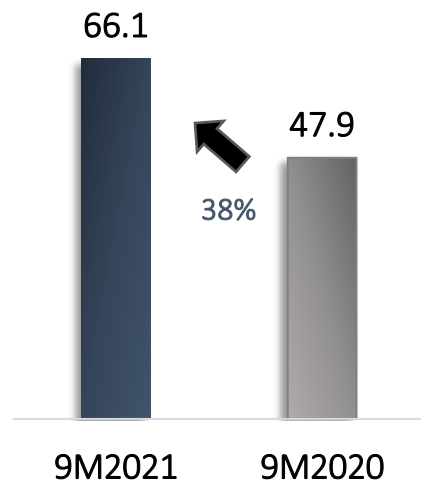


EPS (Rs)

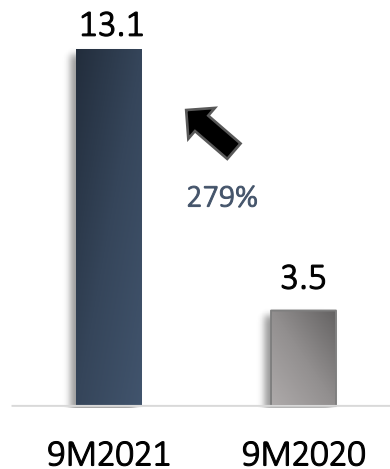


STANDALONE

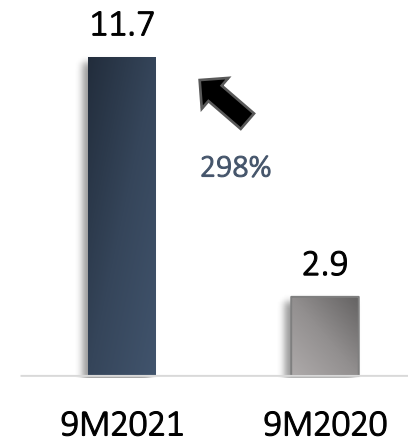
REVENUE



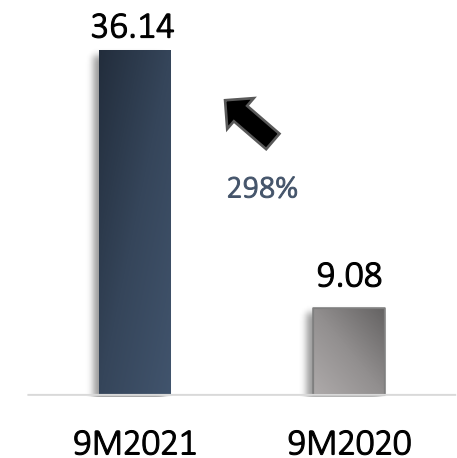
EBITDA



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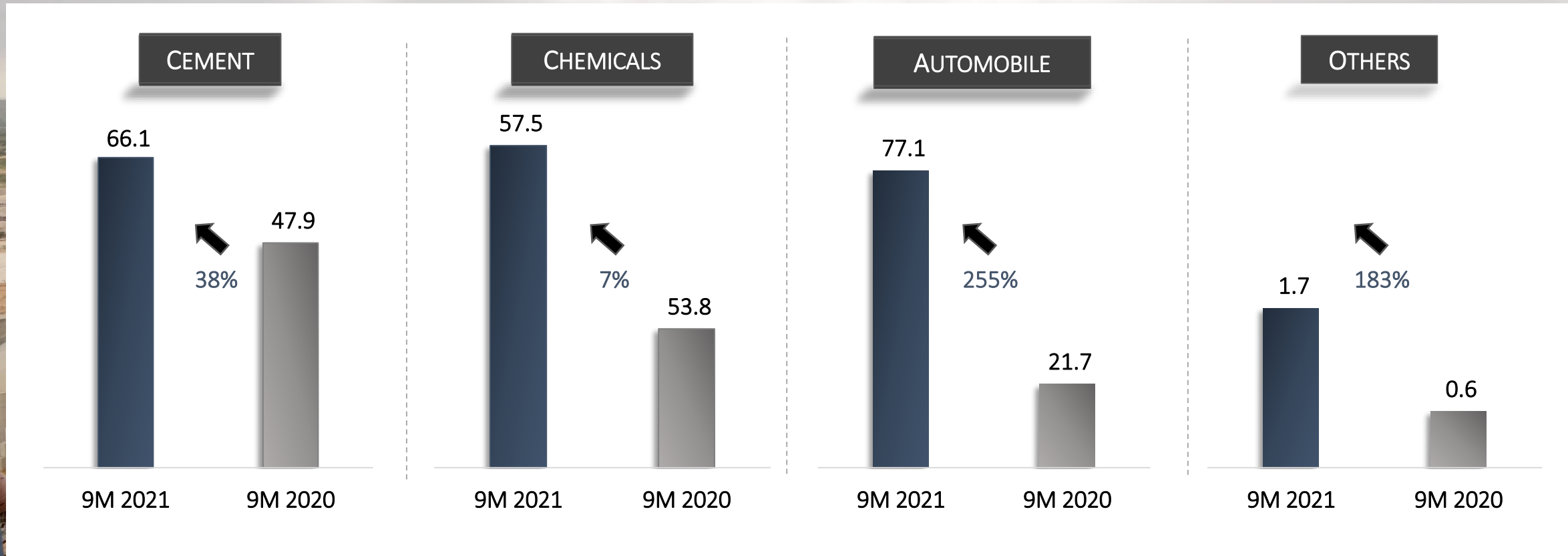
EPS (Rs)



CONSOLIDATED BUSINESS REVENUE UP BY 63%

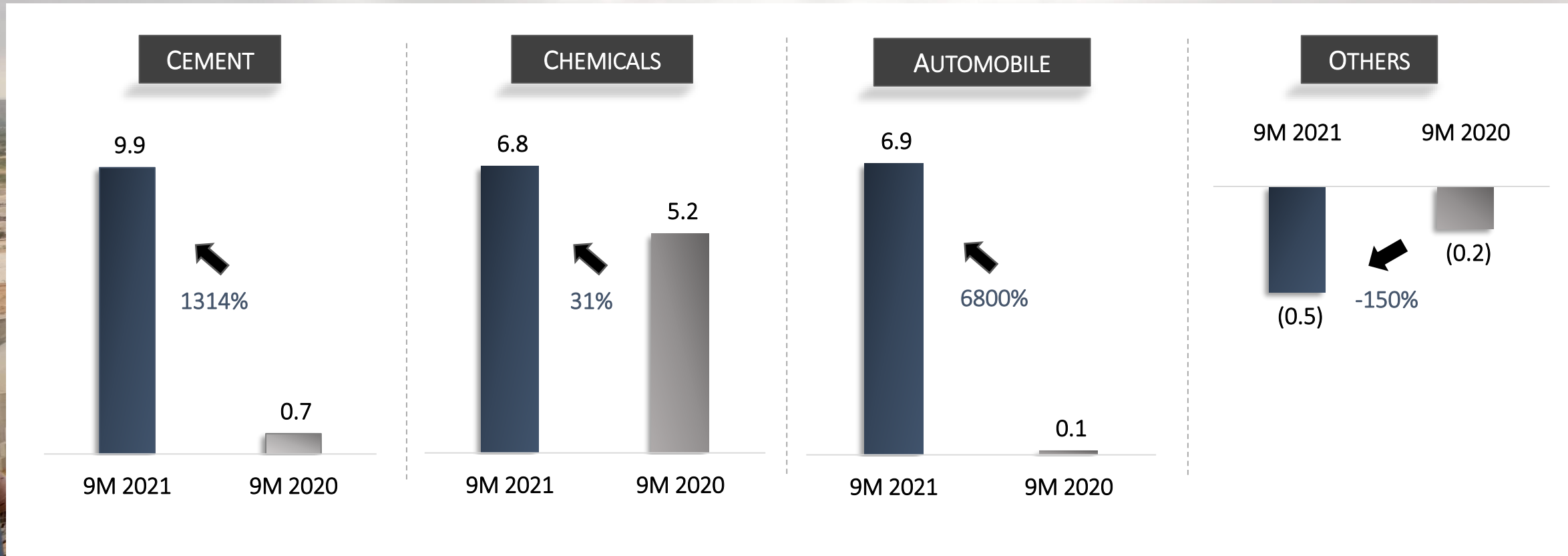
9M 2021	9M 2020	CHANGE %
202.4	123.9	63% 

(PKR Billion)



CONSOLIDATED OPERATING PROFIT GREW BY 298%

9M 2021	9M 2020	CHANGE %
23.1	5.8	298%↑
(PKR Billion)		



HIGHLIGHTS

CEMENT

- ❑ Lucky had an advantage during the outgoing Quarter as a result of **cheaper coal** inventory
- ❑ **Pezu Plant** continues to operate on Furnace Oil due to supply side issues
- ❑ Significant growth in the Cement Sector seen in both **volume** and **prices** due to rising demand, specially in the **North Region**.
- ❑ **Lucky's** dispatch was at a record high in **March'21** with a figure of **1.03MT**
- ❑ **TERF & LTFF** facilities secured to finance multiple projects & North expansion partially (**Line 2**)

AUTOMOBILE

- ❑ It is proving to be a stellar year for **Lucky Motor Corp** as it continues to report rising Revenues with a growth of **255%**
- ❑ Also introducing its new model **Sorento** (a 7 seater SUV), in **Feb'21**, which received an overwhelming response

CHEMICALS

- ❑ The operating results for **Chemicals** grew by **31%**, mainly due to its **Polyester Segment** which rose on the back of sheer demand persistent for the Textile Industry

CEMENT OPERATIONS

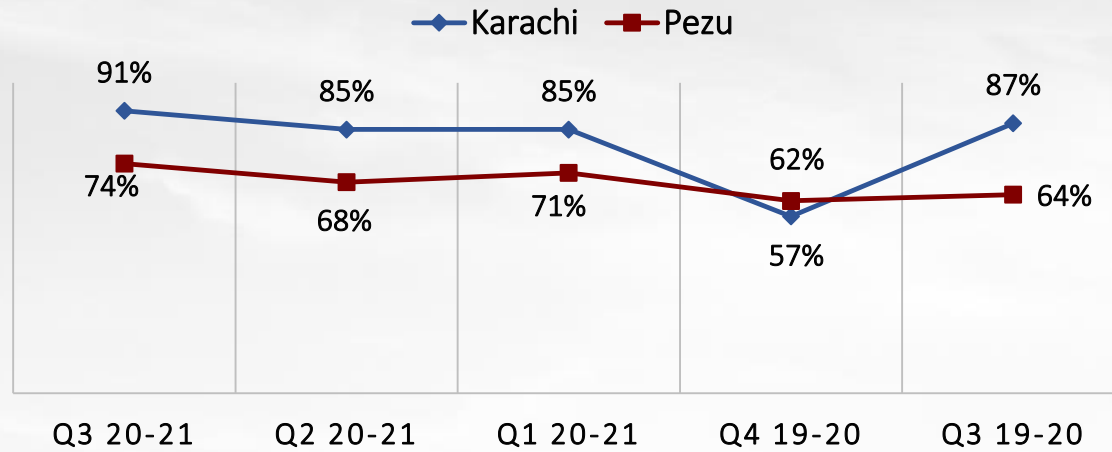
9M 2021



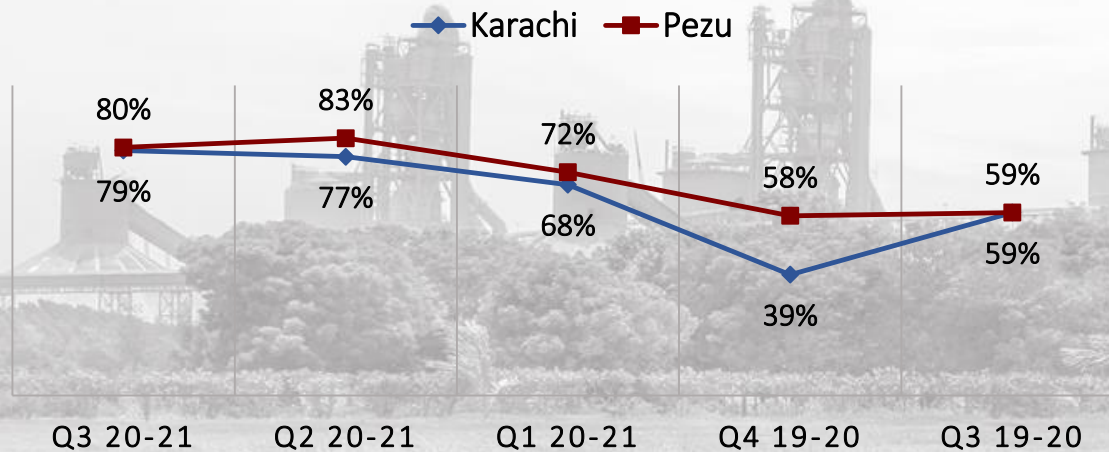
LUCKY'S SALES & MARKET SHARE

Capacity Utilization Levels

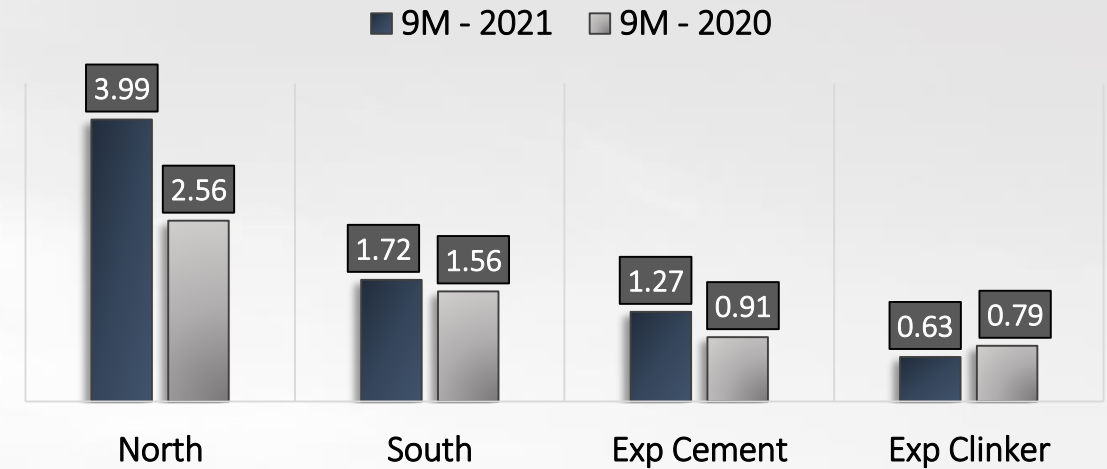
CLINKER



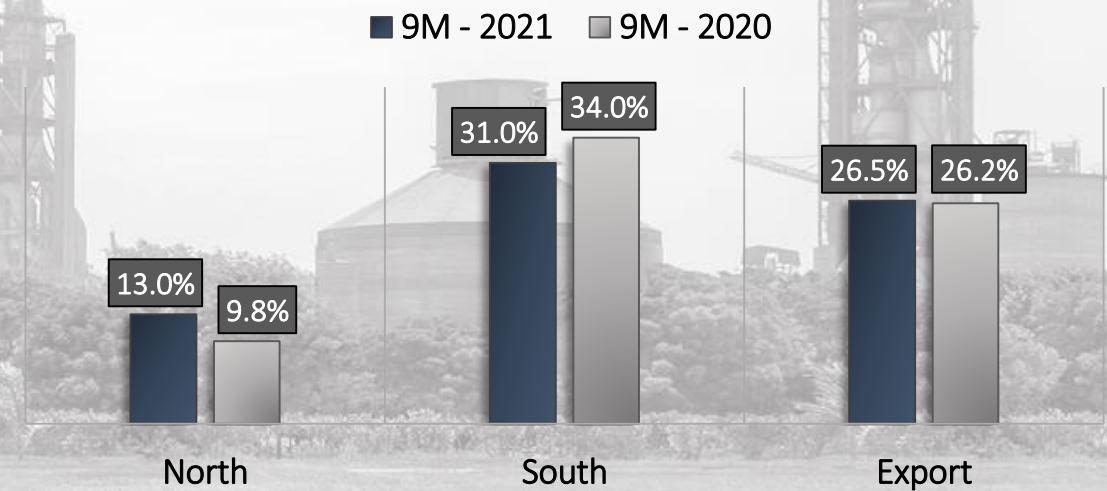
CEMENT



SALES – MILLION TONS

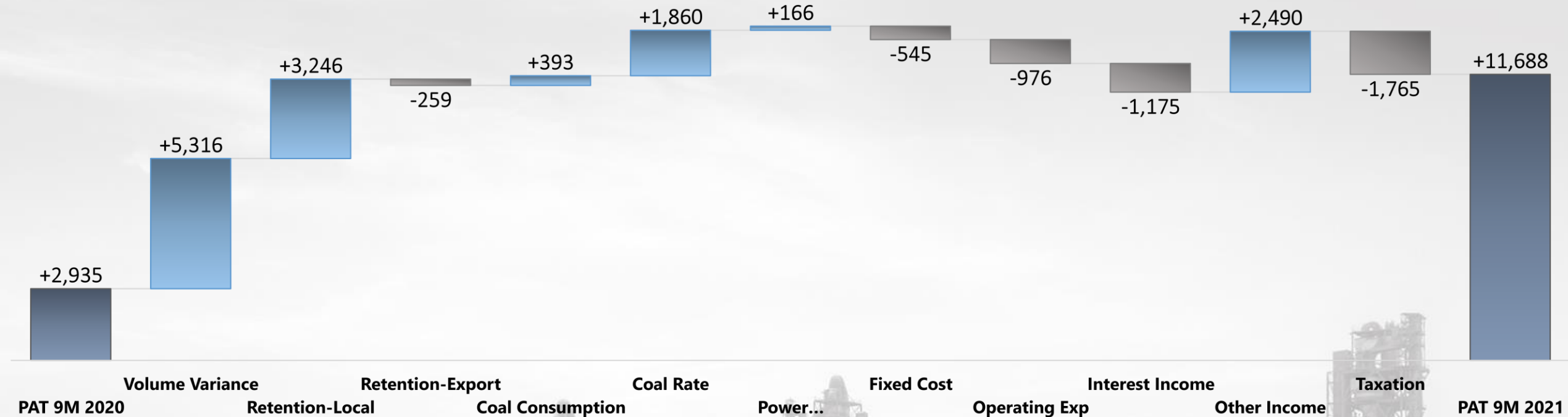


MARKET SHARE



9M 2021 vs 9M 2020 (PAT WATERFALL)

(PKR in Million)



- **Volume Variance:** Local (7.6 to 5.8)MT↑1.8MT; Export (1.9 to 1.7)MT↑0.20MT
- **Coal Consumption:** Saving of 5kg/ton from comparative 9M
- **Coal Rate:** Saving of PKR 2,620/ton from comparative 9M
- **Power Consumption:** Benefit arising from Line 1 efficiencies.

- **Fixed Cost:** Mainly due to Line 1 Depreciation
- **Operating Exp:** Impact of increase in Sales volumes
- **Interest Income:** Lower cash balance due to equity investment in LEPCL
- **Other Income & Charges:** Increase in Dividend income of 3Bn.
- **Taxation:** Impact of increase in profitability.

FOREIGN OPERATIONS

9M 2021



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 COD was in March		
	9M 2021	9M 2020	▲%	9M 2021	9M 2020	▲%	9M 2021		
Sales Volume	1.11 MT	0.85 MT	31% ↑	0.55 MT	0.41 MT	34% ↑	41,539		
EBITDA (USD '000)	22,827	17,144	33% ↑	35,199	26,844	31% ↑	1,030		

OUTLOOK

- ❑ After the moderation of first and second wave of **Covid-19** in recent past, the third wave of this pandemic has started to pose challenges. The **Government** is countering the third wave of **Covid-19** infections through smart lockdowns. In the medium term, the outlook of the **Cement Industry** remains positive.
- ❑ **Local demand** could become subdued as a result of increased lockdowns
- ❑ **Export demand** is expected to remain **steady** in the near future barring impact of any international lockdowns
- ❑ As far as cost of production is concerned, there will be a pressure on margins due to **rising coal** and **furnace oil prices**.
- ❑ Along with the package announced by the **Federal Government** for the construction industry, initiatives taken by the **State Bank of Pakistan** to support the **Housing Sector** coupled with the commencement of new housing projects under Naya Pakistan Housing (**NPHP**) scheme will continue to have a positive impact on the **local demand**.
- ❑ LEPCL's target **COD** is **August - 2021**, with **PKR 24.3Bn** invested.



Thank you Q & A

APPENDIX

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