

LCK/CS/2021-22/

January 28, 2022

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 HALF YEAR ENDED DECEMBER 31, 2021

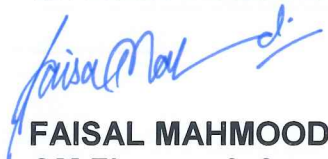
This is to inform you that the Board of Directors of our Company in their meeting held on Friday, January 28, 2022 at 3:30 p.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

(i)	<u>Cash Dividend</u>	Nil
(ii)	<u>Bonus Issue</u>	Nil
(iii)	<u>Right Issue</u>	Nil
(iv)	<u>Interim Dividend</u>	Nil

The financial results of the Company consisting of consolidated and unconsolidated condensed interim Statements of Financial Position, Profit or Loss and Other Comprehensive Income and Directors' Report are annexed.

The quarterly report of the Company for the period ended December 31, 2021 will be transmitted through PUCARS separately, within the specified time.

Yours truly,
for: **LUCKY CEMENT LIMITED**



FAISAL MAHMOOD
GM Finance & Company Secretary

LUCKY CEMENT LIMITED
Consolidated Condensed Interim Statement of Financial Position
As at December 31, 2021

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	Note	(Un-audited) December 31, 2021 (PKR in '000')	(Audited) June 30, 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	241,060,589	215,582,487
Intangible assets		11,652,789	7,024,057
Right-of-use assets	6	203,245	234,202
		<u>252,916,622</u>	<u>222,840,746</u>
Long-term investments	7	31,908,946	26,958,382
Long-term loans and advances		811,559	737,417
Long-term deposits and prepayments		69,912	53,297
		<u>285,707,039</u>	<u>250,589,842</u>
CURRENT ASSETS			
Stores, spares and consumables		27,486,101	12,406,105
Stock-in-trade		57,178,883	36,258,277
Trade debts		10,490,594	5,645,184
Loans and advances		3,673,849	2,189,186
Trade deposits and short-term prepayments		1,166,408	921,196
Other receivables		14,665,294	12,424,855
Tax refunds due from the Government		538,812	538,812
Taxation receivable		549,488	736,597
Accrued return		28,740	23,440
Short-term investments		12,660,952	26,286,983
Cash and bank balances		12,936,800	13,377,143
		<u>141,375,921</u>	<u>110,807,778</u>
TOTAL ASSETS		<u>427,082,960</u>	<u>361,397,620</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		3,233,750	3,233,750
Reserves		147,613,673	132,389,387
Attributable to the owners of the Holding Company		150,847,423	135,623,137
Non-controlling interest		25,661,986	21,403,155
Total equity		<u>176,509,409</u>	<u>157,026,292</u>
NON-CURRENT LIABILITIES			
Long-term loans		103,937,538	93,558,287
Long-term deposits and other liabilities		6,046,335	5,422,053
Leases liabilities		155,445	171,533
Deferred income - Government grant		2,691,940	1,948,977
Deferred liabilities			
- Staff Gratuity - unfunded		2,721,821	2,520,556
- Deferred tax liability	8	9,741,906	9,902,174
		<u>12,463,727</u>	<u>12,422,730</u>
		<u>125,294,985</u>	<u>113,523,580</u>
CURRENT LIABILITIES			
Current portion of long-term finances		5,346,444	5,309,741
Trade and other payables		88,841,766	70,917,677
Provision for taxation		2,786,325	2,275,047
Accrued return		420,291	248,689
Short-term borrowings and running finance		27,637,887	11,949,034
Current portion of lease liabilities		86,184	94,102
Unclaimed dividend		159,669	53,458
		<u>125,278,566</u>	<u>90,847,748</u>
		<u>250,573,551</u>	<u>204,371,328</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>427,082,960</u>	<u>361,397,620</u>

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial statements.


Chairman / Director


Chief Executive


Chief Financial Officer

LUCKY CEMENT LIMITED
Consolidated Condensed Interim Statement of Profit or Loss
For the half year ended December 31, 2021 (Un-audited)

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	Note	Half Year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
		2021	2020	2021	2020
		(PKR in '000')		(PKR in '000')	
Gross revenue	10	154,502,628	123,717,385	85,233,472	65,866,542
Less: Sales tax and excise duty		25,216,229	22,555,576	13,837,128	14,669,091
Rebates, incentives and commission		5,906,646	5,346,520	2,998,124	495,929
		31,122,875	27,902,096	16,835,252	15,165,020
Net revenue		123,379,753	95,815,289	68,398,220	50,701,522
Cost of sales		(97,991,358)	(75,604,492)	(54,671,357)	(39,263,700)
Gross profit		25,388,395	20,210,797	13,726,863	11,437,822
Distribution cost		(5,180,555)	(4,658,432)	(2,969,470)	(2,380,328)
Administrative expenses		(3,426,343)	(3,016,924)	(1,794,988)	(1,820,430)
Finance cost		(913,650)	(761,823)	(573,967)	(336,204)
Other expenses		(1,642,868)	(774,808)	(868,011)	(290,864)
Other income	11	3,355,614	1,226,786	719,227	805,298
Share of profit - joint ventures and associates		2,936,473	2,082,654	1,682,564	996,208
Profit before taxation		20,517,067	14,308,250	9,922,219	8,411,502
Taxation					
- current		(3,570,969)	(2,025,343)	(1,738,825)	(1,130,560)
- deferred		207,915	161,858	111,546	31,588
		(3,363,054)	(1,863,485)	(1,627,279)	(1,098,972)
Profit after taxation		17,154,014	12,444,765	8,294,941	7,312,530
Attributable to:					
Owners of the Holding Company		13,146,700	10,365,155	6,496,009	6,015,664
Non-controlling interest		4,007,314	2,079,610	1,798,932	1,296,866
		17,154,014	12,444,765	8,294,941	7,312,530
		(PKR)		(PKR)	
Earnings per share - basic and diluted		40.66	32.05	20.09	18.60

The annexed notes from 1 to 15 form an integral part of these consolidated condensed interim financial statements.


Chairman / Director


Chief Executive


Chief Financial Officer

LUCKY CEMENT LIMITED
Unconsolidated Condensed Interim Statement of Financial Position
As at December 31, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	68,007,253	62,389,947
Intangible assets		112	670
		<u>68,007,365</u>	<u>62,390,617</u>
Long-term investments	6	55,394,485	53,194,485
Long-term loans and advances		198,782	98,655
Long-term deposits		7,937	7,937
		<u>123,608,569</u>	<u>115,691,694</u>
CURRENT ASSETS			
Stores and spares		17,033,150	10,526,573
Stock-in-trade		4,697,365	3,105,037
Trade debts		3,322,226	2,710,081
Loans and advances		1,895,680	944,987
Trade deposits and short-term prepayments		58,204	85,403
Accrued return		27,645	22,309
Other receivables		3,317,180	3,690,639
Tax refunds due from the Government		538,812	538,812
Short term investments	14.2	12,660,952	16,227,103
Cash and bank balances		1,770,611	2,825,424
		<u>45,321,825</u>	<u>40,676,368</u>
TOTAL ASSETS		<u><u>168,930,394</u></u>	<u><u>156,368,062</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital		3,233,750	3,233,750
Reserves		115,728,123	109,966,508
		<u>118,961,873</u>	<u>113,200,258</u>
NON-CURRENT LIABILITIES			
Long-term deposits		251,057	243,633
Long-term loans	7	4,769,958	2,934,044
Deferred Government grant		1,289,410	1,107,940
Deferred liabilities			
- Staff gratuity - unfunded		2,527,314	2,337,897
- Deferred tax liability	8	6,250,855	6,157,224
		<u>8,778,169</u>	<u>8,495,121</u>
		<u>15,088,594</u>	<u>12,780,738</u>
CURRENT LIABILITIES			
Trade and other payables		25,777,013	20,789,760
Current maturity of long-term loans		506,908	506,908
Short term borrowings		6,060,000	7,050,000
Unclaimed dividend		52,376	53,458
Accrued markup		83,388	70,868
Taxation - net		2,400,242	1,916,072
		<u>34,879,927</u>	<u>30,387,066</u>
		<u>49,968,521</u>	<u>43,167,804</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u><u>168,930,394</u></u>	<u><u>156,368,062</u></u>

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

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Chairman / Director

Chief Executive


Chief Financial Officer

LUCKY CEMENT LIMITED
Unconsolidated Condensed Interim Statement of Profit or Loss
For the half year ended December 31, 2021 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		(PKR in '000')		(PKR in '000')	
Gross sales	10	50,606,783	42,114,420	27,632,379	22,383,151
Less: Sales tax and federal excise duty		12,425,224	11,310,614	6,649,407	6,227,479
Rebates, incentive and commission		632,943	728,313	349,589	415,308
		13,058,167	12,038,927	6,998,996	6,642,787
Net sales		37,548,616	30,075,493	20,633,383	15,740,364
Cost of sales		(28,274,813)	(21,490,252)	(15,977,146)	(11,149,722)
Gross profit		9,273,803	8,585,241	4,656,237	4,590,642
Distribution cost		(2,335,463)	(2,670,911)	(1,328,967)	(1,313,976)
Administrative expenses		(709,653)	(602,756)	(369,337)	(316,280)
Finance cost		(185,019)	(155,624)	(91,730)	(87,520)
Other expenses		(672,571)	(474,968)	(325,395)	(274,858)
Other income	11	2,217,705	836,321	745,722	233,926
Profit before taxation		7,588,802	5,517,303	3,286,530	2,831,934
Taxation					
-current		(1,718,406)	(771,191)	(767,723)	(399,831)
-deferred		(95,904)	(204,940)	(28,175)	(117,379)
		(1,814,310)	(976,131)	(795,898)	(517,210)
Profit after taxation		5,774,492	4,541,172	2,490,632	2,314,724
		(PKR)		(PKR)	
Earnings per share - basic and diluted		17.86	14.04	7.71	7.16

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

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Chairman / Director


Chief Executive


Chief Financial Officer

Directors' Report

The Directors have the pleasure in presenting to you the financial results of your Company which include both, **consolidated unaudited and unconsolidated financial statements** (duly reviewed by the auditors) for the half year ended December 31, 2021.

Overview

Financial Performance – Consolidated

On a **consolidated** basis, your Company achieved a gross turnover of PKR 154.50 billion which is 24.9% higher as compared to the same period last year's turnover of PKR 123.72 billion.

Moreover, the consolidated Net Profit of the Company was PKR 17.15 billion of which PKR 4.01 billion is attributable to non-controlling interests. The consolidated net profit attributable to owners of the Holding Company translates into an EPS of PKR 40.66 during the current half year ended December 31, 2021 as compared to PKR 32.05 during the same period last year.

The consolidated financial performance of your Company for the half year ended December 31, 2021 as compared to last year is presented below:

Particulars	PKR in millions except EPS		
	HY 2021-22	HY 2020-21	Change (%)
Gross Revenue	154,503	123,717	24.9%
Net Revenue	123,380	95,815	28.8%
Gross Profit	25,388	20,211	25.6%
GP as a percentage of net revenue	20.58%	21.09%	(2.4%)
Operating Profit	16,781	12,535	33.9%
EBITDA	21,845	16,873	29.5%
Net Profit	17,154	12,445	37.8%
NP (Attributable to Owners' of the holding company)	13,147	10,365	26.8%
EPS	40.66	32.05	25.0%

The increase in Net Profit was mainly attributable to the stellar performance of Company's Chemicals business. Apart from the one-off unrealized accounting gain recognized on acquisition of controlling shares in NutriCo Pakistan amounting to PKR 1.847 billion, the Chemical business achieved considerable improvement in net profitability on account of impressive growth in its Polyester, Pharma and Animal Health business segments. In the automobile business, Lucky Motor Corporation introduced Kia Stonic in its lineup as well as started commercial production of Samsung branded mobile phones during the half year under review, which supported the growth in sales revenue. Whereas, profitability of Company's overseas operations increased mainly due to improvement in sales volume and operations of Company's Joint Venture Greenfield cement plant in Samawah, Iraq, which achieved its COD in March 2021.

Lucky Cement Limited

6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabbra Street, Karachi-75350.
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URL: www.lucky-cement.com

Cement Industry and Company's Performance – Unconsolidated

The industry-wide local sales volume registered a growth of 1.9% to reach 24.07 million tons during the first half under review versus 23.62 million tons during the same period last year. Export sales volumes showed a large decline of 32.5% to reach 3.39 million tons during 1HY 2021-22 compared to 5.02 million tons during the same period last year. As a result the total cement sales of the industry declined by 4.1% to 27.46 million tons during the first half ended December 31, 2021 in comparison to 28.64 million tons during the same period last year.

The decline in overall dispatches is mainly attributed to decline in export volumes on the back of volatility in coal prices and freight costs internationally, which have adversely impacted the viability of cement exports from Pakistan.

Your Company's local sales volumes remained almost in line with the corresponding period last year i.e. 3.63 million tons in 1HY 2021-22 versus 3.66 million tons in 1HY 2020-21. This trend for the Company versus marginal growth of the industry was mainly attributable to certain cement plants being non-operational in the comparable period last year. Moreover, the export sales volumes of the Company decreased by 19.7% to 1.07 million tons as compared to 1.34 million tons during the same period last year, resulting in overall sales volumes declining by 5.9% to reach 4.70 million tons during 1HY 2021-22. This was due to reasons explained above which impacted the whole cement industry.

Cement Production & Sales Volume Performance – Unconsolidated

The unconsolidated production and sales statistics of your Company for the first half ended December 31, 2021 compared to the same period last year are as follows:

Particulars	Half Year 2021-22	Half Year 2020-21	Increase/ (Decrease)
	Tons in '000'		%
Clinker Production	4,517	4,387	3.0%
Cement Production	4,288	4,576	(6.3%)
Cement / Clinker Sales	4,704	4,997	(5.9%)

A comparison of the dispatches of the industry and your Company's unconsolidated business for the first half ended December 30, 2021 in comparison with the same period last year is presented below:

Particulars (Tons in '000')	Half Year 2021-22	Half Year 2020-21	Growth / (Decline) %	
Cement Industry*				
Local Sales	24,068	23,615	453	1.9%
Export Sales				
- Bagged	1,237	2,182	(945)	(43.3%)
- Loose	299	226	73	32.3%
- Clinker	1,852	2,614	(762)	(29.2%)
Total Exports	3,388	5,022	(1,634)	(32.5%)
Grand Total	27,455	28,637	(1,182)	(4.1%)
Lucky Cement				
Local Sales				
- Cement	3,633	3,662	(29)	(0.8%)
Export Sales				
- Bagged	363	660	(297)	(45.1%)
- Loose	299	226	73	32.3%
- Clinker	410	449	(39)	(8.6%)
Total Exports	1,072	1,335	(263)	(19.7%)
Grand Total	4,704	4,997	(293)	(5.9%)
Market Share				
	Half Year 2021-22	Half Year 2020-21	Growth/ (Decline) %	
Local Sales	15.1%	15.5%	(2.6%)	
Export Sales				
- Bagged	29.3%	30.2%	(3.0%)	
- Loose	100.0%	100.0%	0.0%	
- Clinker	22.2%	17.2%	29.1%	
Total Export	31.6%	26.6%	18.8%	
Grand Total	17.1%	17.4%	(1.7%)	

* Industry data is based on best available market estimates

Financial Performance - Unconsolidated

The unconsolidated financial performance of your Company for the first half ended December 31, 2021 as compared to the same period last year is presented below:

Lucky Cement Limited

6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.

U.A.N: 111-786-555 F: 34534302 E: info@lucky-cement.com

URL: www.lucky-cement.com

PKR in millions except EPS

Particulars	Half Year 2021-22	Half Year 2020-21	Change (%)
Gross Revenue	50,607	42,114	20.2%
Net Revenue	37,549	30,075	24.8%
Gross Profit	9,274	8,585	8.0%
GP as % of Net Revenue	24.7%	28.5%	(13.5%)
Operating Profit	6,229	5,312	17.3%
EBITDA	8,468	7,463	13.5%
Net Profit	5,774	4,541	27.2%
EPS	17.86	14.04	27.2%

Revenue

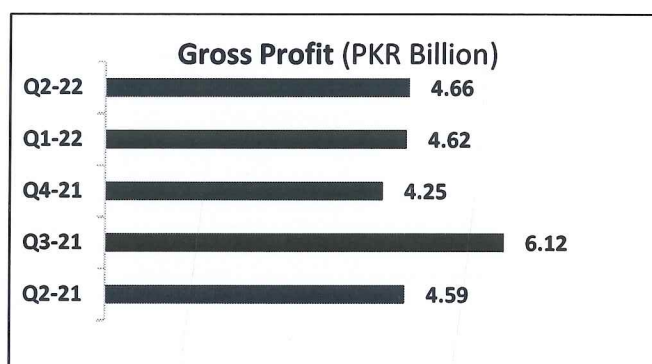
During the first half of 2021-22 under review, your Company's overall gross sales revenue increased by 20.2% as compared to the same period last year. Where local sales revenue showed an increase of 27.6% (PKR 43.68 billion vs PKR 34.24 billion), the export sales revenue declined by 12.01% (PKR 6.93 billion vs PKR 7.87 billion) respectively.

Gross Profit

The gross profit margin of the company for the half under review was 24.7% as compared to 28.5% reported during the same period last year. This was due to increase in input costs, which was partially offset, by increase in prices.

Cost of Sales

During the first half of 2021-22 under review, per ton cost of sales of your Company increased by 39.8% as compared to the same period last year. This was mainly due to an increase in coal prices along with other input costs.



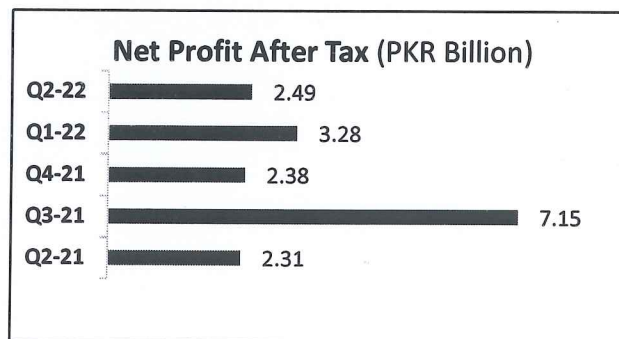
Dividends

During the first half of 2021-22 under review, the dividend income received by your Company from its subsidiaries and associate was PKR 1.31 billion.

Dividends PKR in Billion	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
ICI	-	1.016	-	1.016	-
LHL	0.186	-	0.095	-	-
YEL	0.107	-	-	0.061	-
LMC	-	-	-	2.852	-
Total	0.293	1.016	0.095	3.929	-

Net Profit

Your Company achieved a profit before tax of PKR 7.59 billion during the first half under review as compared to PKR 5.52 billion reported during the same period last year. This was primarily on account of the increase in sales revenue and dividend income during the first half under review.

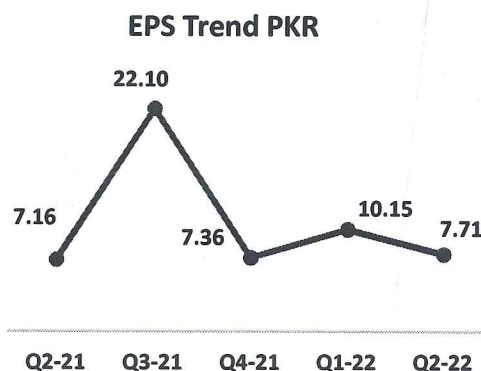


Note: The Net Profit in Q3-21 was higher than other quarters mainly on account of higher volumes, lower input costs and higher dividends from Subsidiaries/ associated companies

Accordingly, after-tax profit of PKR 5.77 billion was achieved during the first half under review as compared to PKR 4.54 billion reported during the same period last year.

Earnings per share

The earnings per share of your Company for the first half ended December 31, 2021 was PKR 17.86 in comparison to PKR 14.04 reported during the same period last year.



Investment Projects – New and Ongoing

Brownfield cement plant expansion in KPK Province of Pakistan – 3.15 million tons per annum

Keeping pace with the increasing demand in the domestic cement industry, on the back of revival of economic activity and uptick in construction projects including both retail level projects as well as mega infrastructure development projects, your Company decided to enhance its cement production capacity at its Pezu Plant by 3.15 million tons per annum.

Project activities commenced in Q4 of FY 2021 and the project completion is targeted for December 2022.

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

The construction activity for setting up a 660 MW super critical, lignite coal-based power plant is near to completion and it has been synchronized with the national grid in November 2021. The Project is currently under testing phase and it is targeted to achieve COD in February 2022.

Corporate Social Responsibility

In continuation, the prime focus of your Company's CSR initiatives remains in the education sector, women empowerment, health, environment conservation, and community development.

Education / Scholarships

In continuation of its long-term objective to provide merit-based support for the deserving and less privileged segments of the society, your Company continued to extend scholarships to various students of leading universities in Pakistan. Your Company continued its patronage with Shahid Afridi Foundation (SAF) to support a primary school at remote area of Karachi.

Your Company also launched dedicated scholarships and vocational training programs for deserving students of the rural areas of District Lakki Marwat with an aim to empower the youth of deprived communities. Your Company is also in collaboration with The Citizens Foundation to build and operate Primary & Secondary school at PEZU, District Lakki Marwat near our plant operations.

Women Empowerment

To empower women through education has been an ongoing process with the collaboration of Zindagi Trust in which your Company has been supporting two leading Government girls' schools in Karachi. These schools have been transformed into model girls' educational institutions in Pakistan.

Health Initiatives

Provision of quality healthcare for the society at large continues to remain your Company's priority, especially through financial support of Aziz Tabba Foundation; a prominent philanthropic institution that is running Tabba Heart and Tabba Kidney institutes, which provides vital support in bridging the gap of specialized and modern medical care available in the Country.

Environment Conservation

Your Company always takes responsibility towards the environment seriously and in an effort to highlight the importance of environment conservation, your Company continued with its pro-environment initiatives including tree-plantation drives.

Outlook

While the previous waves of Covid-19 receded in the past, the pandemic continues to resurge with different variants of the virus. Even with the persistent drive of the Government on compliance of SOPs and getting the masses vaccinated, prudent expectation is that volatile infection rates will continue for the time being. We, however expect that the economy will continue to show resilience against the adverse impacts of such pandemic.

Cement Segment

On the other hand, the ongoing inflationary trend in commodities globally has resulted in an increase in cost of inputs, such as coal, diesel, furnace oil and freight charges, which are a major cost component of cement. Currency devaluation has further impacted and increased these costs. Due to increase in costs of other construction materials, the local demand will remain flat. At the same time, cement prices have only partially offset the increase in input costs faced by the manufacturers.

Construction of dams, hydropower projects, real estate development and low cost housing schemes will help to maintain the demand of cement in the medium to long term.

Chemical Segment

The businesses under our subsidiary ICI Pakistan, which include Polyester Staple Fiber, Soda Ash, Pharmaceuticals, Animal Health, Chemicals and Agri Sciences, are expected to witness a stable to strong demand in the near term. The near-term challenges for these businesses are also rising raw material, energy prices along with higher sea freights.

Automobile Segment

Lucky Motor Corporation (LMC) has now completed its current plan for KIA model line-up and the products, which have been introduced in Pakistan, are very successful. It has a complete portfolio of products right from entry-level car to high-end luxury vehicle. It will soon be introducing a Peugeot vehicle in January 2022.

The outlook of automobile market in the second half of FY 2022 looks challenging on the back of recently introduced measures by the government of Pakistan by way of increasing the rates of Federal Excise Duty and Sales Tax, which has resulted into the increase in the prices of the cars. Additionally, PKR devaluation to USD and the impact of increased freight on import of CKD kits and spare parts will put upward pressure on the prices of the cars.

Supply of semiconductors was improved towards the end of second quarter of FY 2022 and is likely to further improve in the second half of FY 2022, which will help LMC to run its operations smoothly.

Your Company's strong financial position and free cash flow generating ability are anticipated to further support its vision to maintain its leadership position in Pakistan and to capitalize on new investment opportunities so as to maximize shareholders' value.

Acknowledgment

The Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for the outstanding commitment and contribution of all the employees and the continued trust and reliance placed in the Company by all the stakeholders.

On behalf of the Board



MUHAMMAD YUNUS TABBA

Chairman / Director

Karachi: January 28, 2022



MUHAMMAD ALI TABBA

Chief Executive / Director