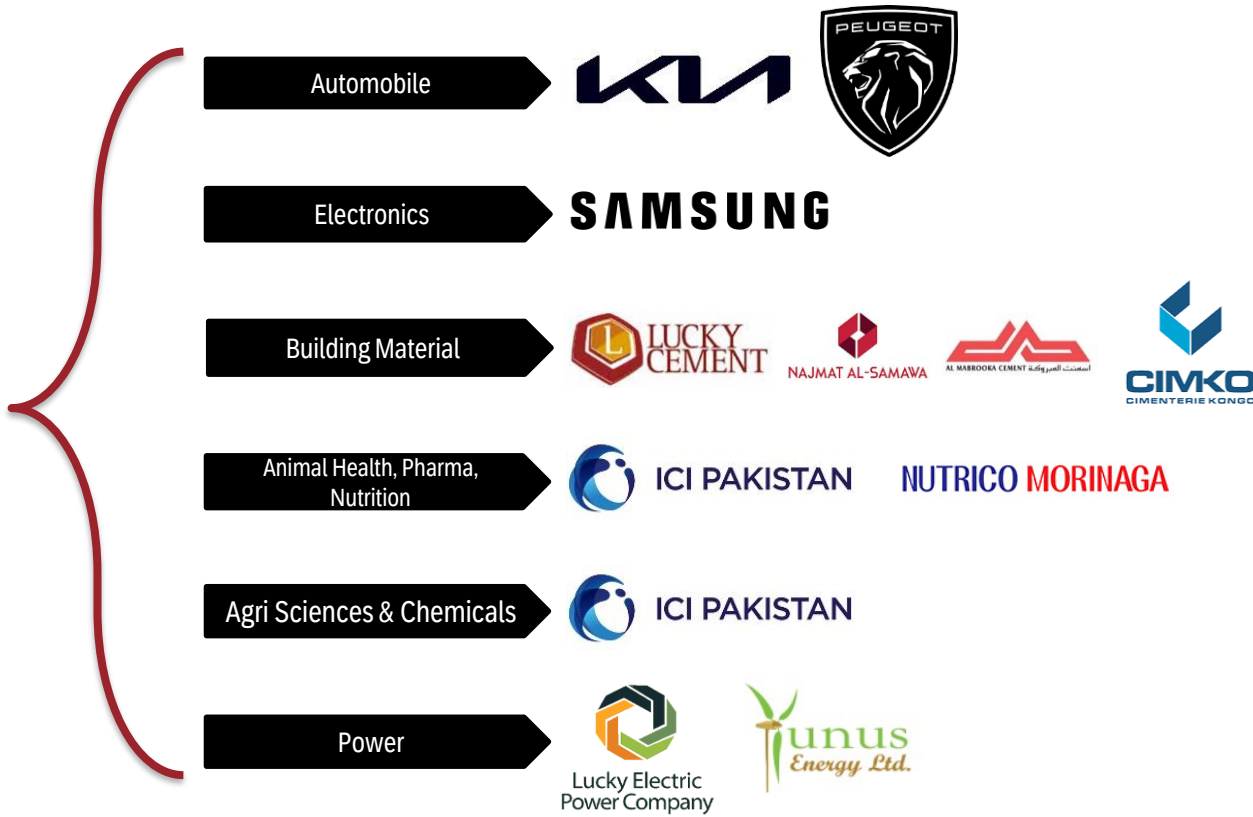


# **Analyst Briefing**

## **9M 2021 - 22**

28<sup>th</sup> April 2022

# Group Overview



# Key Messages



Signed a **34 MW Solar Power Project** with Reon for Pezu Plant



**Proactive** procurement of coal & FO help in maintaining **gross margins**



**LEPCL** started commercial operations on **21<sup>st</sup> Mar'22**



Delivery of **Peugeot 2008** started in **Mar'2022**



Samsung started **producing high-end S series phones** in Pakistan



**ICI** entered into a **float glass** manufacturing agreement with Tariq Glass Industries Ltd

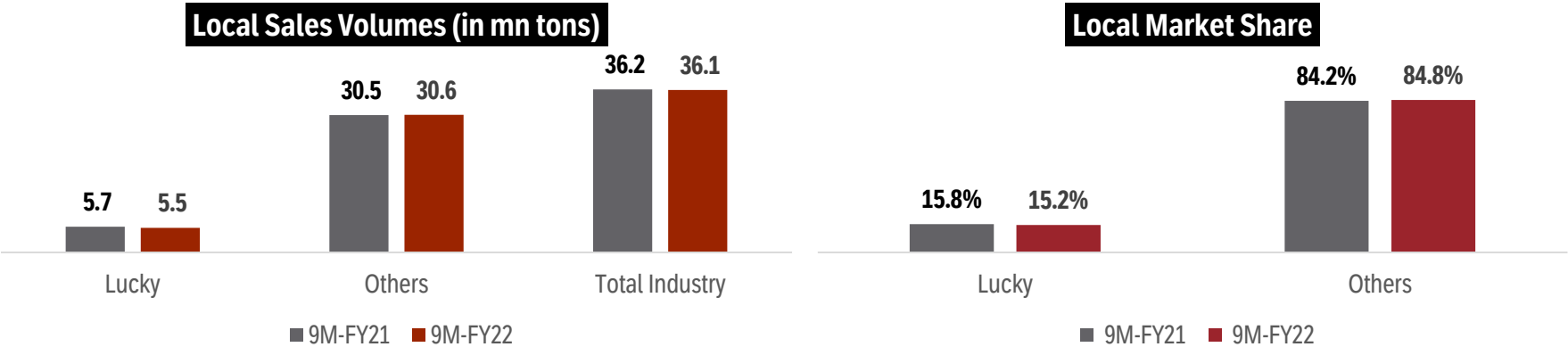


# **Industry Volumes & Market Share 9M - 22**

# Domestic Sales Volumes & Market Share

The **domestic sales** of the company decreased **0.2mn** tons to 5.5 mn tons in 9M-FY22, down by **3.6%**.

During 9M-FY22, the **domestic market share** of the company dropped **54bps** to **15.2%** compared to 15.8% in same period last year.

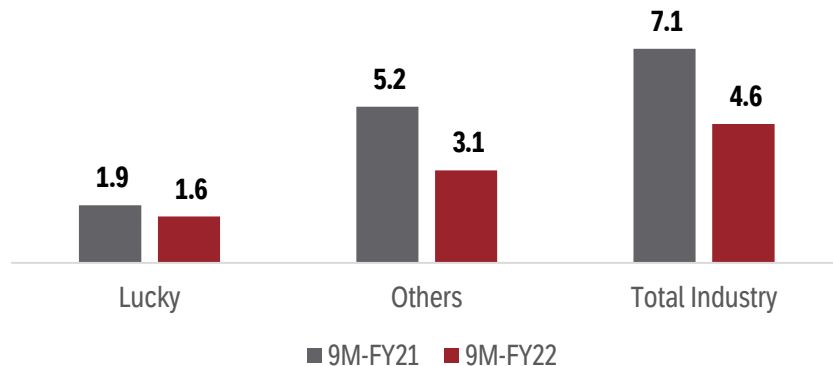


# Export Sales Volumes & Market Share

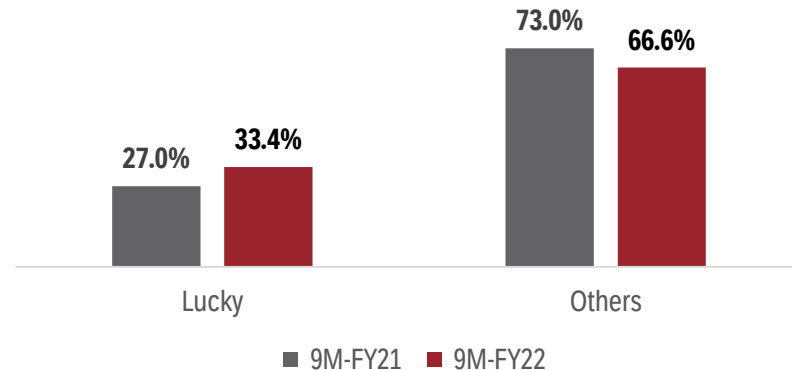
The **export sales volumes** of the company decreased **0.4mn** tons to **1.6 mn** tons in 9M-FY22, down by **19.6%** due to **increase in input cost and high freight costs globally**.

During 9M-FY22, the **export market share** of the company augmented by **640bps** to **33.4%** compared to 27.0% in same period last year due to the **unique infrastructure built at the port by the company for loose cement exports** improving our export volumes.

**Export Volumes (in mn tons)**

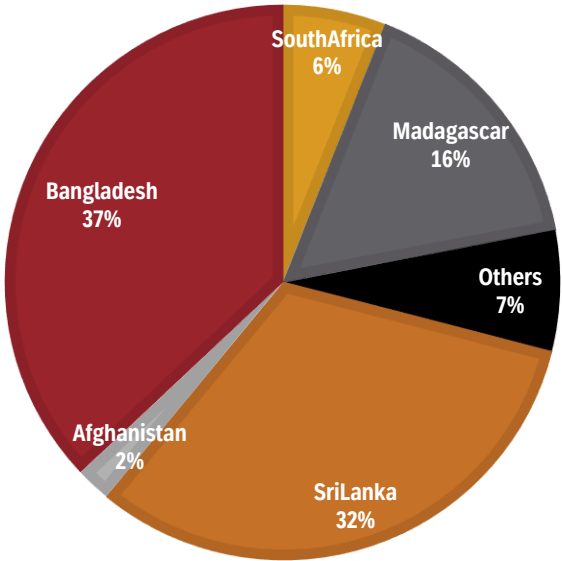


**Export Market Share**

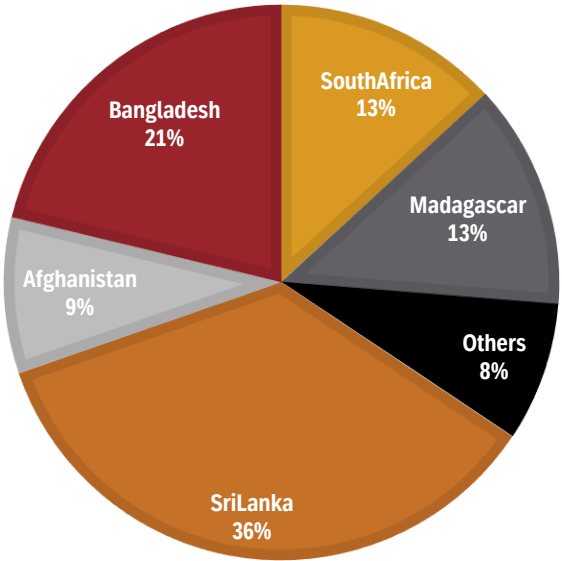


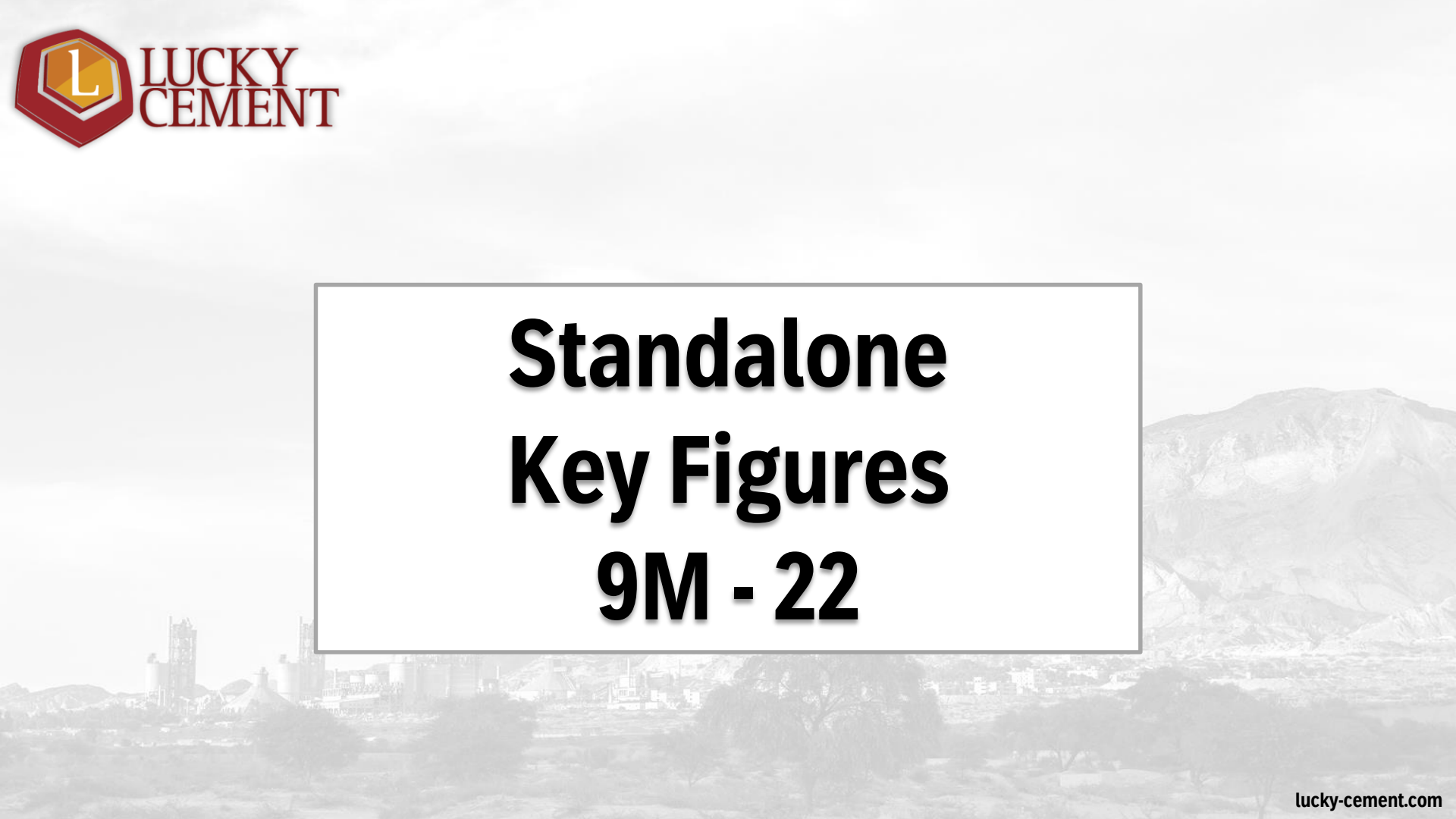
# Export Destinations

9M - 22



9M - 21

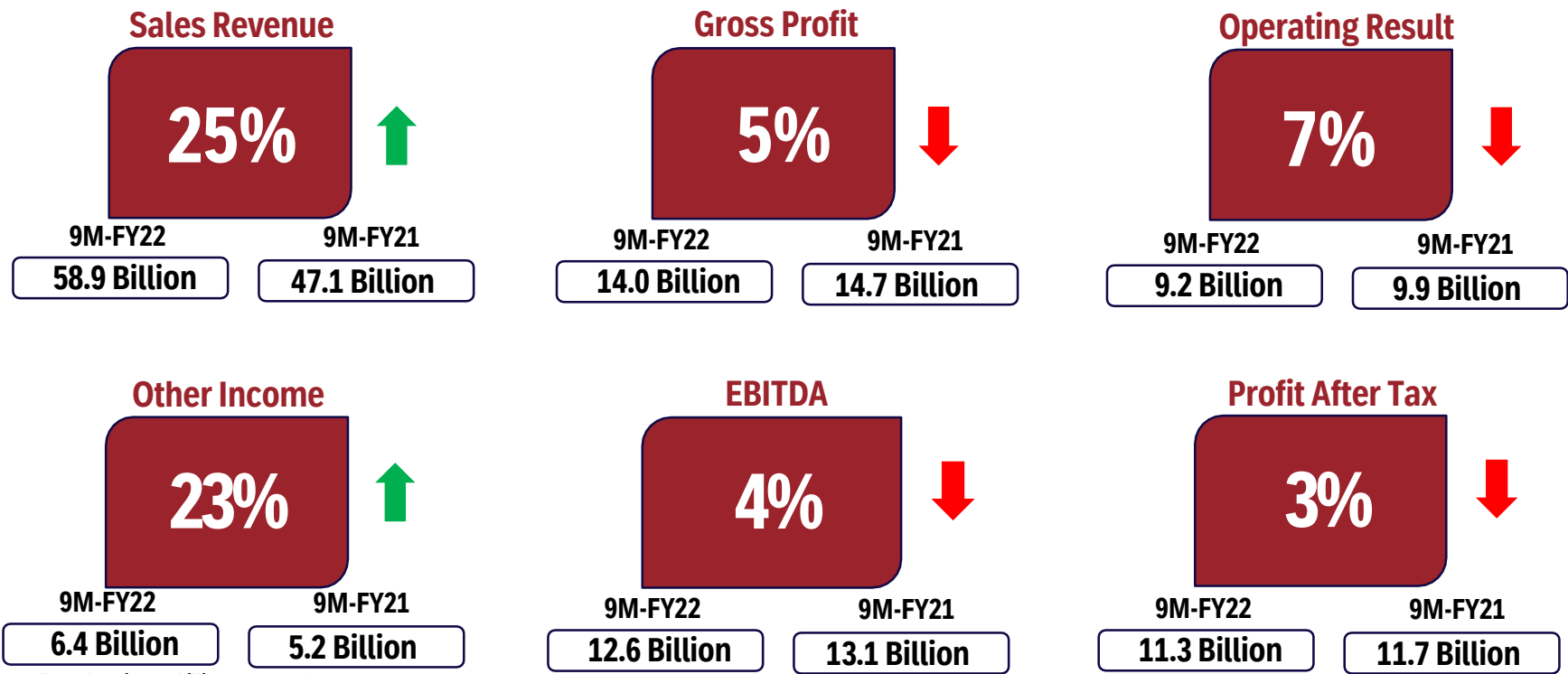




# **Standalone Key Figures 9M - 22**



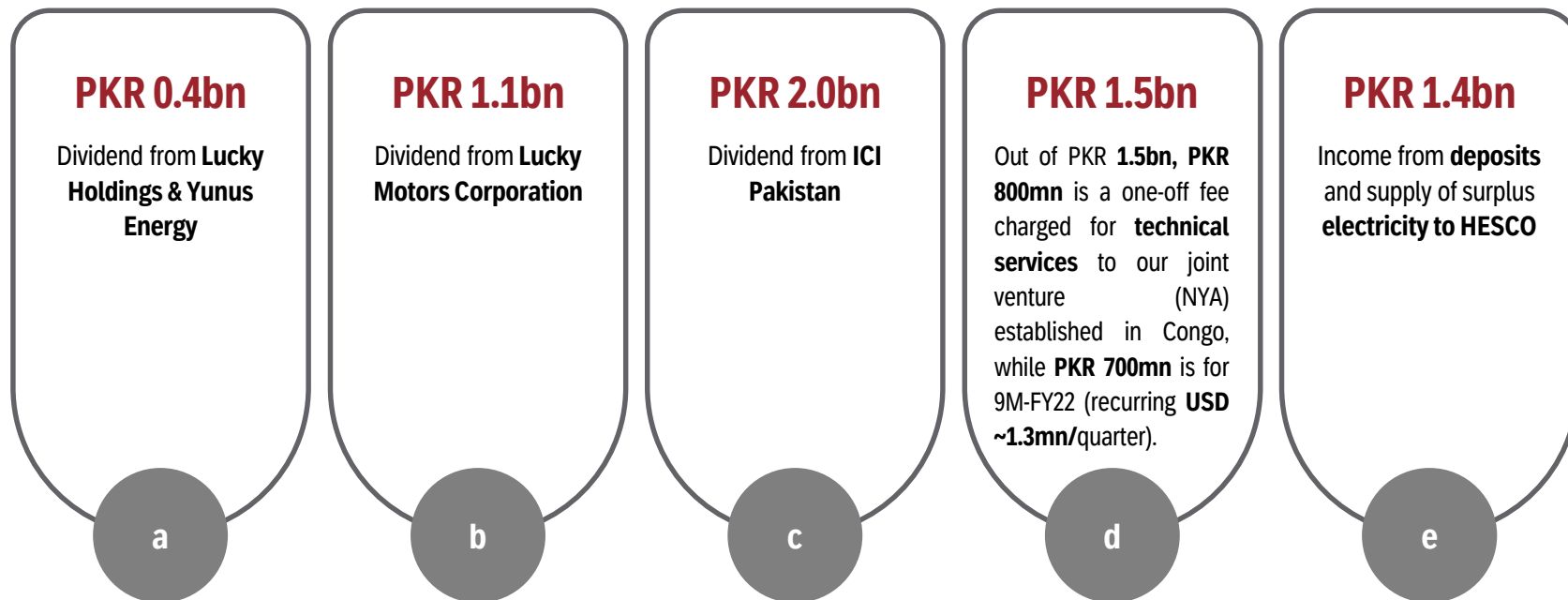
# Standalone Financial Figures for 9M-FY22

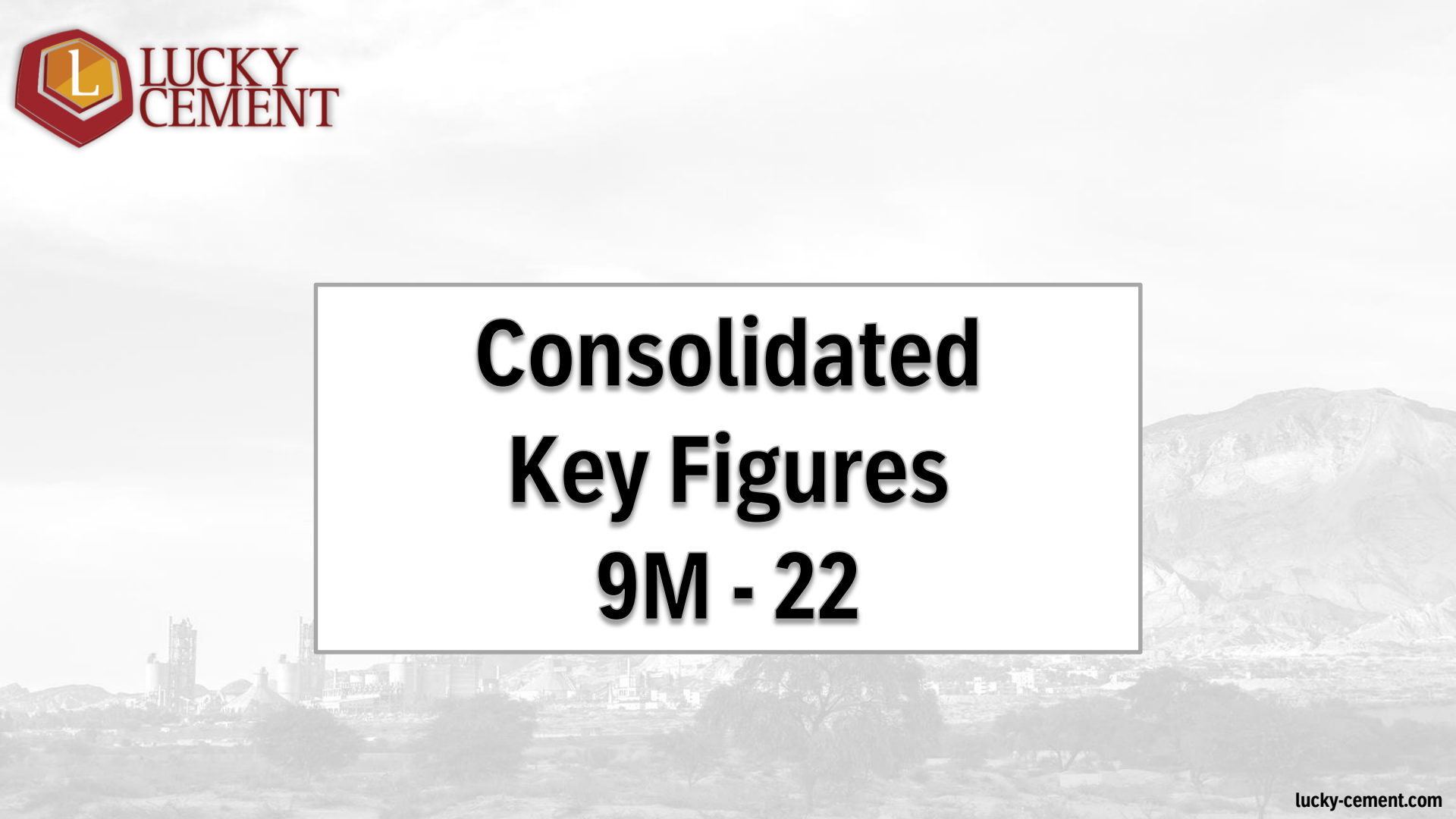


All numbers in PKR billion except EPS

# Fragmentation of Other Income for 9M-FY22

Other income clocks-in at **PKR 6.4bn** for 9M-FY22:



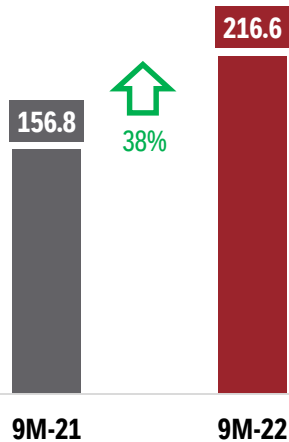


# **Consolidated Key Figures 9M - 22**

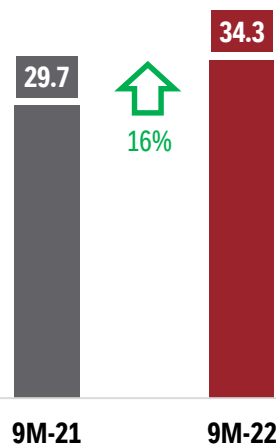
# Key Figures

Consolidated: 9M 2022

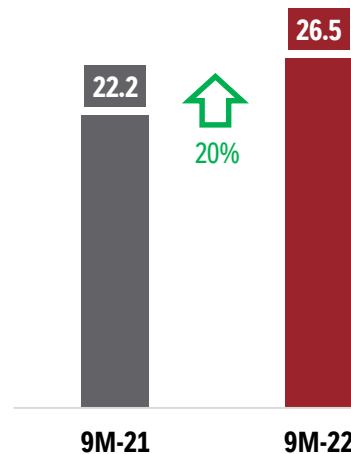
## REVENUE



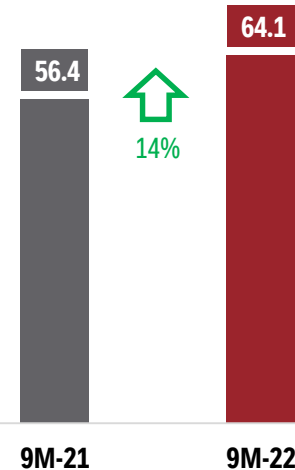
## EBITDA



## PAT

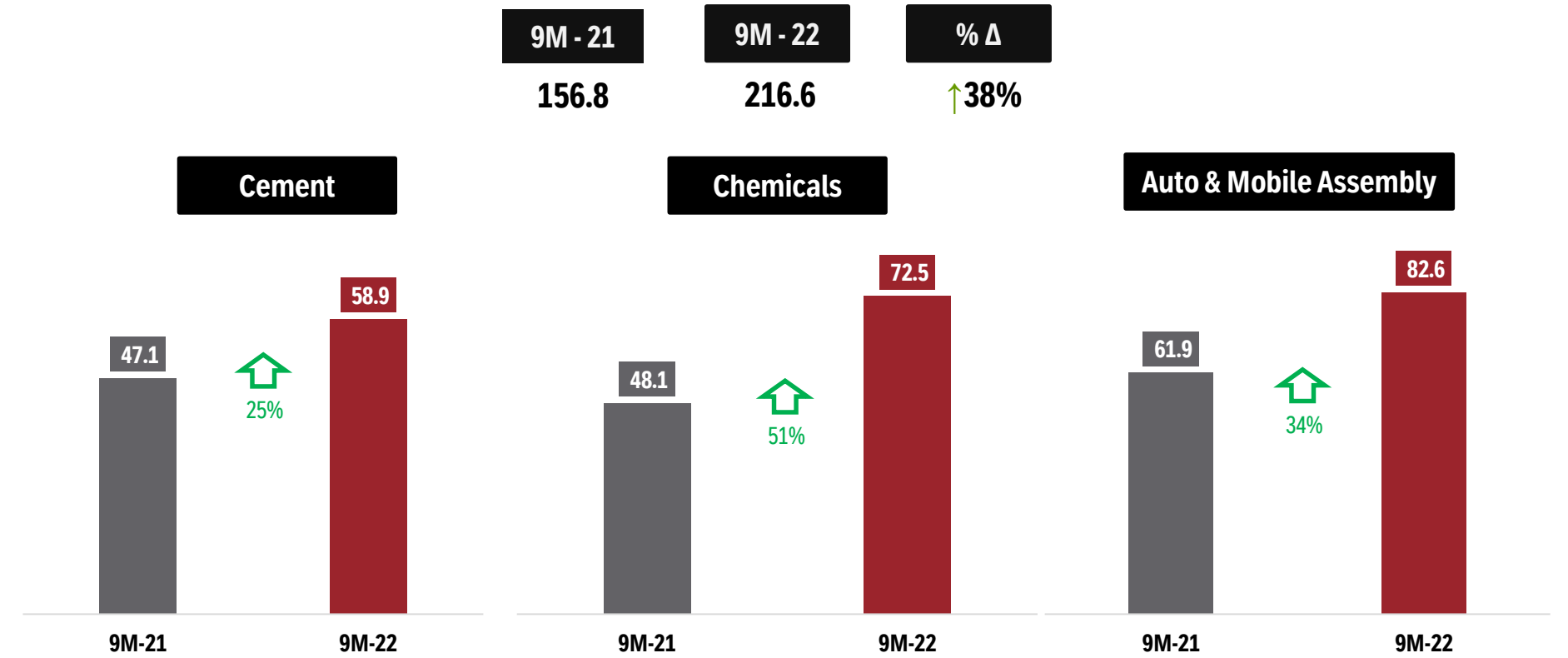


## EPS (Rs)



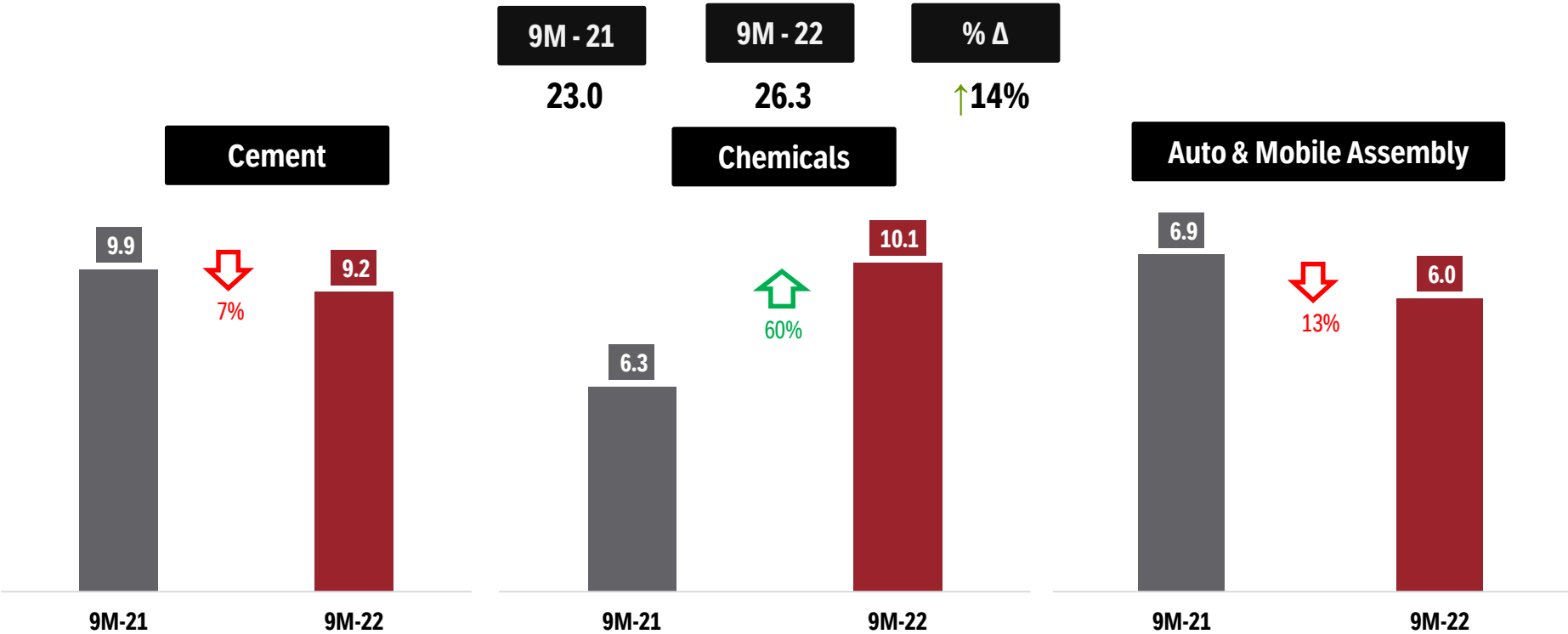
All numbers in PKR billion except EPS

# Consolidated Net Revenue

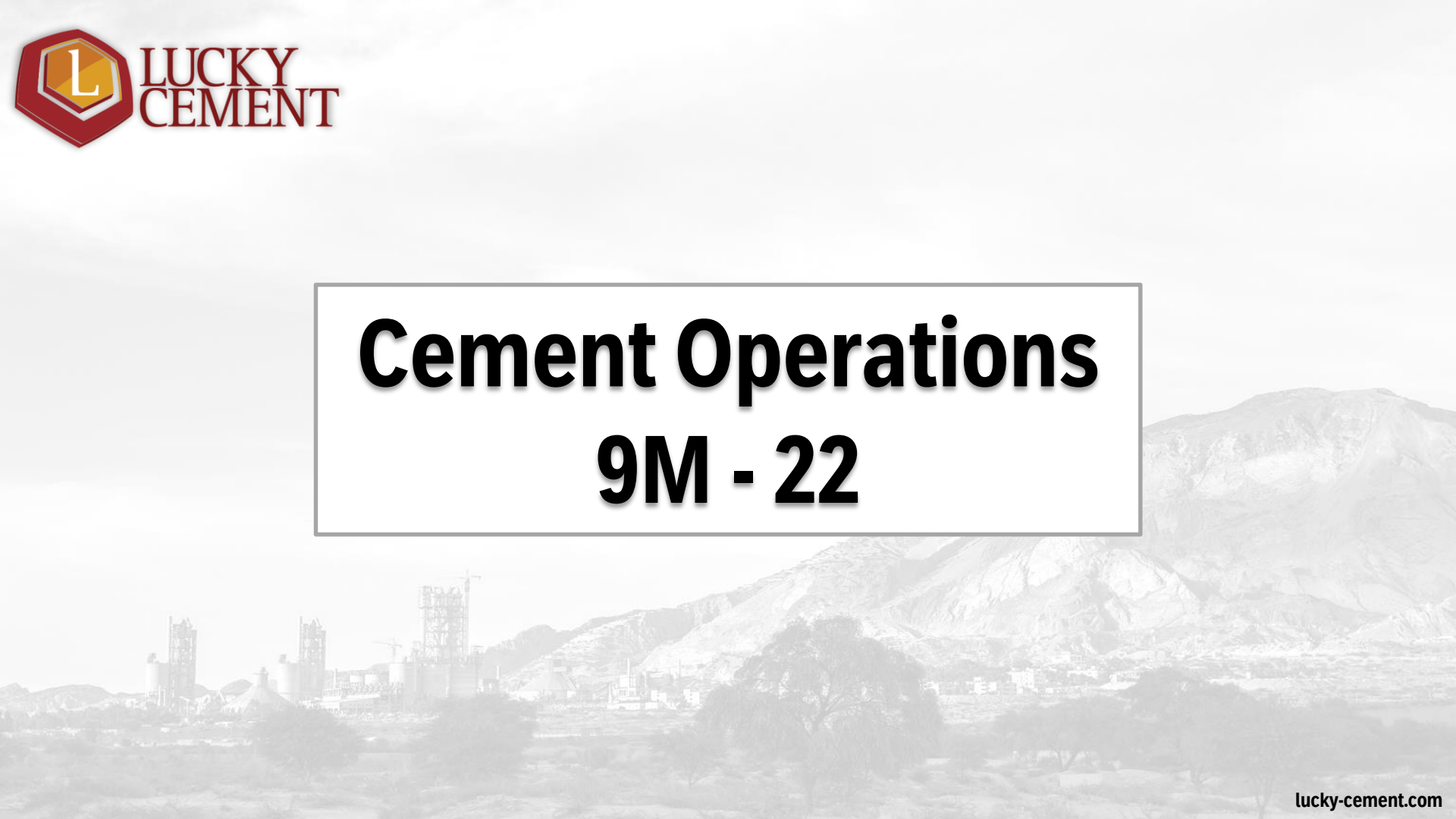


All numbers in PKR billion except EPS

# Consolidated Operating Profit



All numbers in PKR billion except EPS



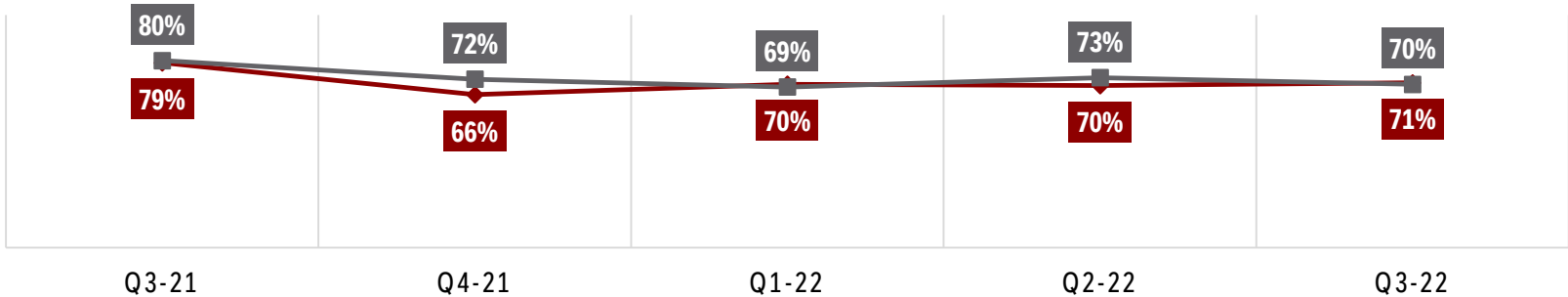
# **Cement Operations**

## **9M - 22**

# Utilization Levels

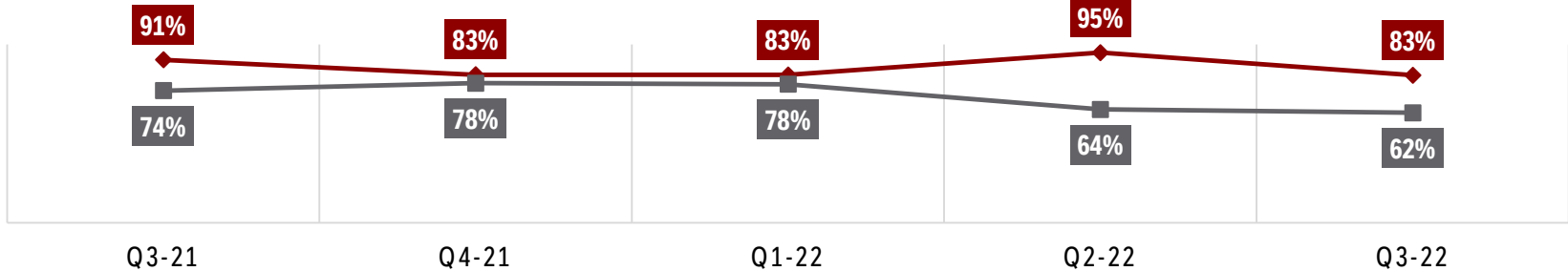
## CEMENT

Karachi Pezu



## CLINKER

Karachi Pezu

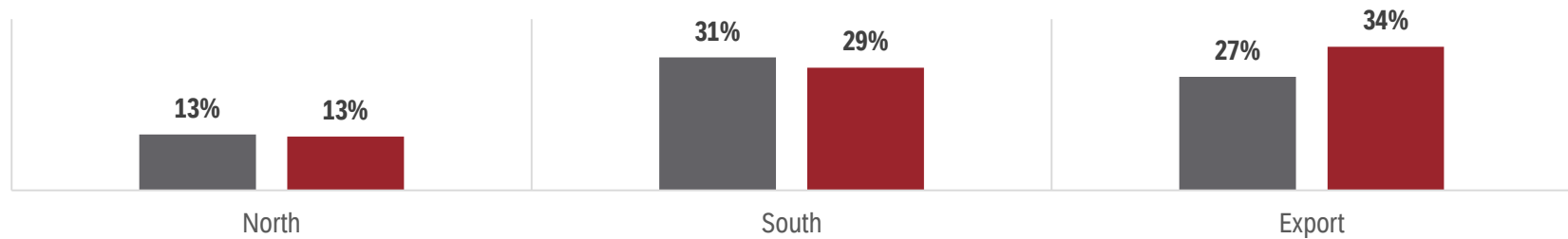




# Market Share & Sales

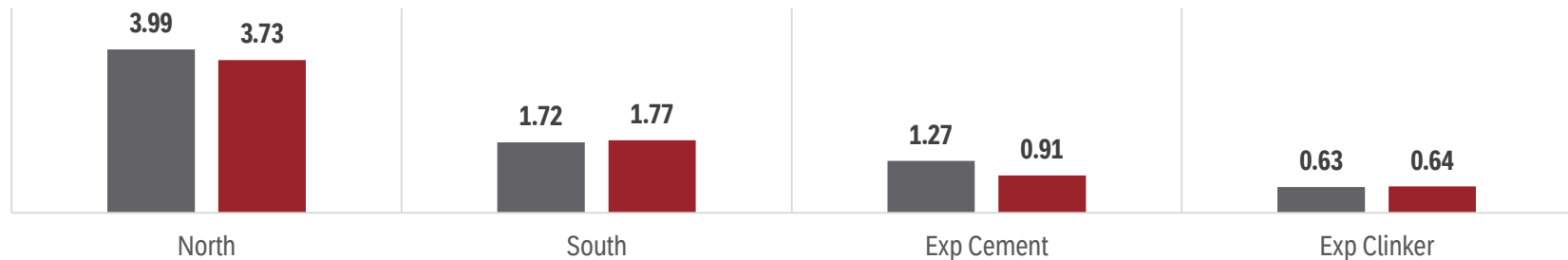
Market Share

■ 9M-21 ■ 9M-22

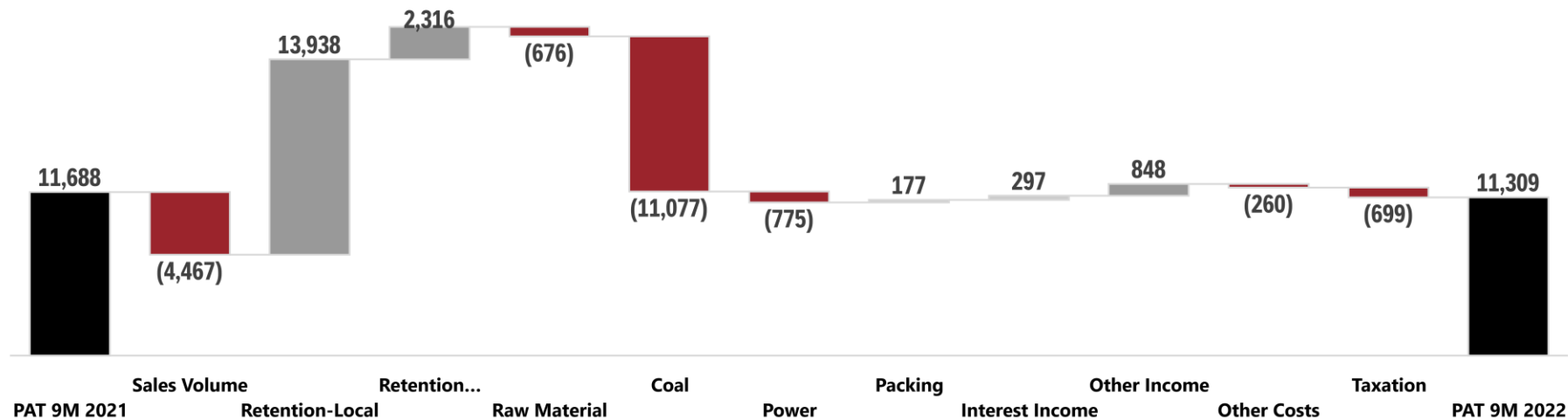


Sales - Million Tons

■ 9M-21 ■ 9M-22



# 9M-22 vs 9M-21 – PAT Waterfall



- **Sales Volume:** Local ↓0.20Mt; Export ↓0.34Mt
- **Retention Prices – Local:** ↑PKR 2,200 - 2,700/t
- **Retention Prices – Export:** ↑PKR 800 – 1,300/t
- **Raw Material:** Increase in **Royalty** rates
- **Coal:** Avg rate of **\$155-160/ton** in 9M-22
- **Power:** Increase in price of **Furnace Oil** to PKR 90-95k

- **Packing:** Due to **lower exports**
- **Interest Income:** Higher income from investments from **rising interest rates**
- **Other Income:** Impact of PKR 1.5b **technical fee** from NYA
- **Other Costs:** Impact of **repairs & maintenance, WPPF/WWF** & other manufacturing costs
- **Taxation:** Due to **higher profitability**

# Solar Power Project

## Project

Lucky has signed a **34MW Captive Solar Power Project** for our **Pezu Plant** in Khyber Pakhtunkhwa, with Reon Energy.

## Financing

- Total project **cost** is estimated to be **PKR ~3.8bn**.
- It is being financed through **50% debt and 50% equity**.

## Saving

Cost of **solar power generation** would be around **PKR ~4/ Kwh** while Cost of power generation through **50% gas and 50% FO (assuming FO price of PKR 160K/ton)** is **PKR ~18/Kwh**.

## Benefits

- Supports our vision of green energy resources by **reduction in carbon emissions**
- Lower usage of expensive fuel as plant faces **unavailability of gas**

## COD

Estimated commencement in **December 2022**

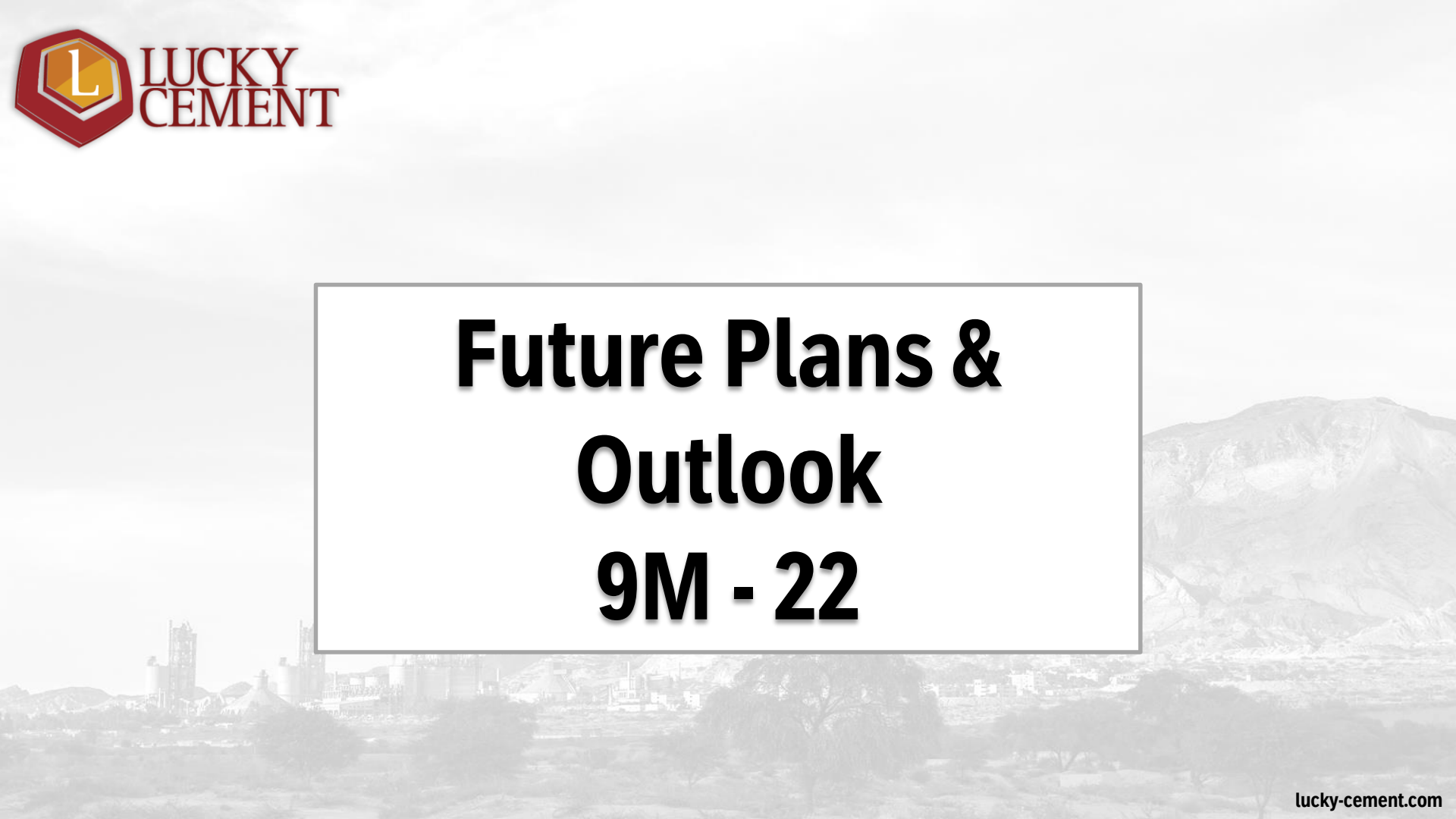
# Foreign Operations

## 9M - 22

# Rising Overseas Returns

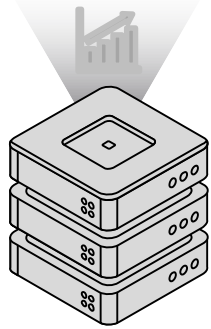
Joint Venture	A <b>50:50</b> JV with Al Shumookh Construction Materials Trading, a local partner	A <b>50:50</b> JV with Rawsons Investments Limited, a local partner	A <b>50:50</b> JV with Al Shumookh Construction Materials Trading, a local partner
Project Company	<b>Al Mabrooka Cement Manufacturing Company, Basra (Iraq)</b>	<b>Nyumba Ya Akiba, SA, Democratic Republic of Congo</b>	<b>Najmat al Samawah, Iraq</b>
Category	Cement Grinding Unit	Fully integrated cement manufacturing facility	Fully integrated cement manufacturing facility
Capacity (MTPA)	<b>1.742</b>	<b>1.188</b>	<b>1.2</b>
Status	Started commercial operations in <b>2014</b> , capacity doubled in <b>2018</b>	Started Commercial operations in <b>2017</b>	Project COD was in <b>March'21</b>

	9M-22	9M-21	▲%	9M-22	9M-21	▲%	9M-22
Sales Volume	1,051,418	1,113,094	↓5.5%	605,728	546,574	↑10.8%	963,534
EBITDA (USD '000)	16,479	22,827	↓27.8%	38,804	38,006	↑2.1%	24,266



# **Future Plans & Outlook 9M - 22**

# Future Plans



**Keep expanding  
existing businesses &  
increase International  
footprint**



**New Ventures  
having strategic  
importance for  
Pakistan**



**Technology as a  
pillar for the Group**



**Exponentially  
increase  
accessibility to  
quality education**



**Execute strategic  
roadmap to reduce  
carbon footprint**

# Outlook

Political uncertainty and **Russia-Ukraine conflict** over-shadowed the recovery from the pandemic. Economy will mirror the new Government's stance with IMF program and improvement of various economic indicators.

## Cement

- Recent hike in interest rate coupled with **double-digit inflation** and **increasing cost of construction**, cement demand is expected to remain **under pressure** in near future.
- Albeit in **medium to long term**, we expect **strong demand** to come from construction of **dams, hydropower projects** and other **real estate development projects**.



## Chemical

- Despite significant challenges during the period under review, **ICI Pakistan** registered **robust growth** and we expect company will continue to minimize negative impacts and maintain growth momentum
- **Expansion plans** and diversification into **glass business** may increase footprints and maximize shareholders returns



## Auto & Mobile Assembly

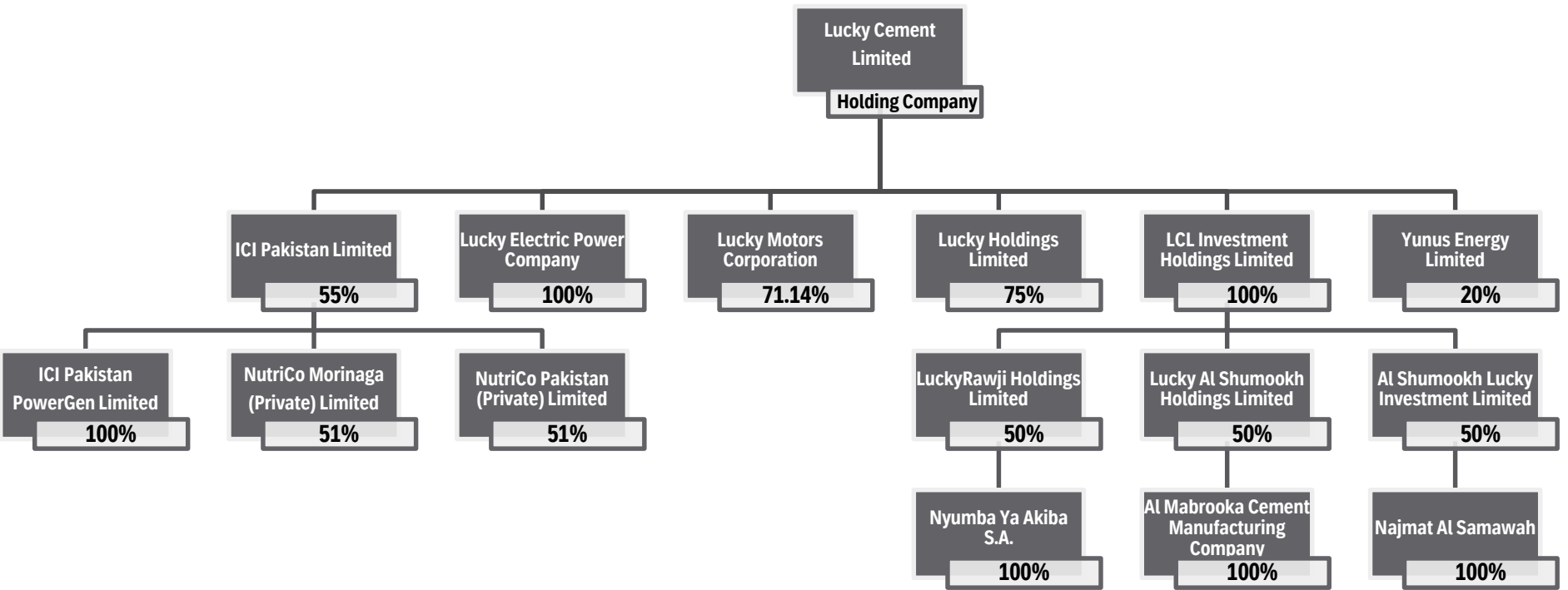
- **Higher prices** of cars from **FED and sales tax**, along with **devaluation** of currency and **higher sea freights** will be **challenging** for automobiles market.
- Supply of **Semiconductors** will likely to be **improved** from **July 2022** and onwards.
- LMC is concentrating more on localization





# Q & A

# Group's Organogram



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