

# Financial Highlights Six Years at a Glance

Financial Position (PKR in million)	2017	2018	2019	2020	2021	2022
<b>Assets Employed</b>						
Property, plant and equipment	37,488	40,913	57,276	60,248	62,390	82,301
Intangible Assets	80	55	18	11	1	51
Long term investments	13,314	24,981	34,314	47,144	53,194	57,594
Long term advance	85	91	99	87	99	192
Long term deposit & deferred cost	3	3	3	3	8	8
Current assets	46,368	42,956	33,379	28,375	40,676	44,816
<b>Total Assets</b>	<b>97,337</b>	<b>108,999</b>	<b>125,089</b>	<b>135,868</b>	<b>156,368</b>	<b>184,962</b>
<b>Financed By</b>						
Shareholders' Equity	79,785	86,367	94,318	99,184	113,200	128,540
Long-term liabilities						
Long term finance	–	–	–	380	4,042	16,273
Current portion of long term finance	–	–	–	127	507	487
	–	–	–	507	4,549	16,760
Long term deposits and deferred liabilities	7,209	7,395	7,193	7,349	8,739	9,788
Current liabilities	10,344	15,237	23,578	28,955	30,387	30,361
Current portion of long term finance	–	–	–	(127)	(507)	(487)
	10,344	15,237	23,578	28,829	29,880	29,874
<b>Total Funds Invested</b>	<b>97,337</b>	<b>108,999</b>	<b>125,089</b>	<b>135,868</b>	<b>156,368</b>	<b>184,962</b>
<b>Turnover &amp; Profit</b>						
Turnover - Net	45,687	47,542	48,021	41,871	62,941	81,094
Gross Profit	21,298	16,952	13,984	6,077	18,956	22,552
Operating Profit	18,573	13,870	10,052	1,188	12,840	16,275
Profit before taxation	18,778	15,119	12,221	3,820	16,992	21,421
Profit after taxation	13,692	12,197	10,490	3,344	14,070	15,299
Total comprehensive income	13,696	12,079	10,539	3,508	14,016	15,340
Cash Dividends	3,234	5,497	2,587	2,102	-	-
General Reserve	9,741	8,199	9,492	8,437	3,509	14,016
Profit carried forward	13,696	12,079	10,539	3,509	14,016	15,340
Earning per share (Rupees)	42.34	37.72	32.44	10.34	43.51	47.31
<b>Cash Flow Summary</b>						
Net Cash from Operating Activities	16,864	17,080	17,084	5,047	12,493	15,469
Net Cash used in Investing Activities	(6,688)	(25,793)	(28,155)	(8,396)	(5,762)	(24,826)
Net Cash (Outflow) / Inflow from Financing Activities	(3,243)	(5,477)	(2,573)	(1,667)	4,022	12,209
(Decrease) /Increase in Cash and Bank Balance	6,933	(14,190)	(13,644)	(5,016)	10,752	2,852
Cash and cash equivalent at the beginning of the Year	26,806	33,738	19,548	5,904	889	11,641
Cash and cash equivalent at the end of the Year	33,738	19,548	5,904	889	11,641	14,493

# Analysis of Statement of Financial Position

PKR in '000	2017	2018	2019	2020	2021	2022
Share Capital & Reserves	79,784,981	86,366,822	94,318,417	99,183,861	113,200,258	128,540,324
Non Current Liabilities	7,208,757	7,395,033	7,192,747	7,729,261	12,780,738	26,060,686
Current Liabilities	10,343,627	15,237,262	23,578,050	28,955,352	30,387,066	30,361,358
<b>Total Equity &amp; Liabilities</b>	<b>97,337,365</b>	<b>108,999,117</b>	<b>125,089,214</b>	<b>135,868,474</b>	<b>156,368,062</b>	<b>184,962,368</b>
Non Current Assets	50,969,440	66,043,440	91,710,415	107,493,561	115,691,694	140,146,677
Current Assets	46,367,925	42,955,677	33,378,799	28,374,913	40,676,368	44,815,691
<b>Total Assets</b>	<b>97,337,365</b>	<b>108,999,117</b>	<b>125,089,214</b>	<b>135,868,474</b>	<b>156,368,062</b>	<b>184,962,368</b>

Vertical Analysis - (%)	2017	2018	2019	2020	2021	2022
Share Capital & Reserves	81.97	79.24	75.40	73.00	72.39	69.50
Non Current Liabilities	7.41	6.78	5.75	5.69	8.17	14.09
Current Liabilities	10.62	13.98	18.85	21.31	19.44	16.41
<b>Total Equity &amp; Liabilities</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Non Current Assets	52.36	60.59	73.32	79.12	73.99	75.77
Current Assets	47.64	39.41	26.68	20.88	26.01	24.23
<b>Total Assets</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Horizontal Analysis (i) Cumulative (%)	2017	2018	2019	2020	2021	2022
Share Capital & Reserves	15.09	24.59	36.06	43.08	63.29	61.11
Non Current Liabilities	3.44	6.12	3.21	10.91	83.40	261.51
Current Liabilities	7.55	58.43	145.15	201.06	215.95	193.53
<b>Total Equity &amp; Liabilities</b>	<b>13.30</b>	<b>26.88</b>	<b>45.61</b>	<b>58.15</b>	<b>82.02</b>	<b>90.02</b>
Non Current Assets	9.58	41.98	97.16	131.10	148.72	174.96
Current Assets	17.70	9.04	(15.27)	(27.97)	3.25	(3.35)
<b>Total Assets</b>	<b>13.30</b>	<b>26.88</b>	<b>45.61</b>	<b>58.15</b>	<b>82.02</b>	<b>90.02</b>

Horizontal Analysis (ii) Year on Year (%)	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Share Capital & Reserves	15.09	8.25	9.21	5.16	14.13	13.55
Non Current Liabilities	3.44	2.58	(2.74)	7.46	65.36	103.91
Current Liabilities	7.55	47.31	54.74	22.81	4.94	(0.08)
<b>Total Equity &amp; Liabilities</b>	<b>13.30</b>	<b>11.98</b>	<b>14.76</b>	<b>8.62</b>	<b>15.09</b>	<b>18.29</b>
Non Current Assets	9.58	29.57	38.86	17.21	7.63	21.14
Current Assets	17.70	(7.36)	(22.29)	(14.99)	43.35	10.18
<b>Total Assets</b>	<b>13.30</b>	<b>11.98</b>	<b>14.76</b>	<b>8.62</b>	<b>15.09</b>	<b>18.29</b>

# Analysis of Statement of Profit or Loss

PKR In '000	2017	2018	2019	2020	2021	2022
Turnover	45,687,043	47,541,724	48,021,399	41,870,796	62,940,805	81,093,525
Cost of Sales	24,388,760	30,589,363	34,037,568	35,794,031	43,984,873	58,541,684
<b>Gross Profit</b>	<b>21,298,283</b>	<b>16,952,361</b>	<b>13,983,831</b>	<b>6,076,765</b>	<b>18,955,932</b>	<b>22,551,841</b>
Distribution Cost	1,703,785	1,992,454	2,728,809	3,699,154	4,859,096	4,764,574
Administrative Cost	1,021,694	1,089,446	1,202,939	1,189,638	1,257,074	1,512,279
<b>Operating Profit</b>	<b>18,572,804</b>	<b>13,870,461</b>	<b>10,052,083</b>	<b>1,187,973</b>	<b>12,839,762</b>	<b>16,274,988</b>
Finance Cost	-	-	24,933	176,378	332,905	394,517
(Other Income)/Charges	(205,449)	(1,248,194)	(2,194,065)	(2,808,333)	(4,485,356)	(5,540,761)
<b>Profit before taxation</b>	<b>18,778,253</b>	<b>15,118,655</b>	<b>12,221,215</b>	<b>3,819,928</b>	<b>16,992,213</b>	<b>21,421,232</b>
Taxation	5,086,004	2,921,565	1,730,986	475,995	2,922,024	6,122,614
<b>Profit after taxation</b>	<b>13,692,249</b>	<b>12,197,090</b>	<b>10,490,229</b>	<b>3,343,933</b>	<b>14,070,189</b>	<b>15,298,618</b>
Other Comprehensive Income	3,644	(117,874)	48,366	164,550	(53,792)	41,448
<b>Total Comprehensive Income</b>	<b>13,695,893</b>	<b>12,079,216</b>	<b>10,538,595</b>	<b>3,508,483</b>	<b>14,016,397</b>	<b>15,340,066</b>

Vertical Analysis - (%)	2017	2018	2019	2020	2021	2022
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	53.38	64.34	70.88	85.49	69.88	72.19
<b>Gross Profit</b>	<b>46.62</b>	<b>35.66</b>	<b>29.12</b>	<b>14.51</b>	<b>30.12</b>	<b>27.81</b>
Distribution Cost	3.73	4.19	5.68	8.83	7.72	5.88
Administrative Cost	2.24	2.29	2.51	2.84	2.00	1.86
<b>Operating Profit</b>	<b>40.65</b>	<b>29.18</b>	<b>20.93</b>	<b>2.84</b>	<b>20.40</b>	<b>20.07</b>
Finance Cost	-	-	0.05	0.42	0.53	0.49
(Other Income)/Charges	(0.45)	(2.63)	(4.57)	(6.71)	(7.13)	(6.83)
<b>Profit before taxation</b>	<b>41.10</b>	<b>31.80</b>	<b>25.45</b>	<b>9.12</b>	<b>27.00</b>	<b>26.42</b>
Taxation	11.13	6.15	3.60	1.14	4.64	7.55
<b>Profit after taxation</b>	<b>29.97</b>	<b>25.66</b>	<b>21.84</b>	<b>7.99</b>	<b>22.35</b>	<b>18.87</b>
Other Comprehensive Income	0.01	(0.25)	0.10	0.39	(0.09)	0.05
<b>Total Comprehensive Income</b>	<b>29.98</b>	<b>25.41</b>	<b>21.95</b>	<b>8.38</b>	<b>22.27</b>	<b>18.92</b>

Horizontal Analysis (i) Cumulative - (%)	2017	2018	2019	2020	2021	2022
Turnover	1.22	5.33	6.39	(7.23)	39.45	77.50
Cost of Sales	4.27	30.78	45.53	53.04	88.06	140.04
<b>Gross Profit</b>	<b>(2.06)</b>	<b>(22.04)</b>	<b>(35.69)</b>	<b>(72.06)</b>	<b>(12.83)</b>	<b>5.89</b>
Distribution Cost	(15.59)	(1.28)	35.20	83.27	140.74	179.65
Administrative Cost	(7.75)	(1.63)	8.61	7.41	13.50	48.02
<b>Operating Profit</b>	<b>(0.25)</b>	<b>(25.51)</b>	<b>(46.01)</b>	<b>(93.62)</b>	<b>(31.04)</b>	<b>(12.37)</b>
Finance Cost	-	-	100.00	100.00	100.00	100.00
(Other Income)/Charges	(193.54)	(668.28)	(1,098.92)	(1,378.58)	(2,142.10)	2,596.90
<b>Profit before taxation</b>	<b>2.05</b>	<b>(17.83)</b>	<b>(33.58)</b>	<b>(79.24)</b>	<b>(7.65)</b>	<b>14.07</b>
Taxation	(6.78)	(46.45)	(68.27)	(91.28)	(46.44)	20.38
<b>Profit after taxation</b>	<b>5.78</b>	<b>(5.77)</b>	<b>(18.96)</b>	<b>(74.17)</b>	<b>8.70</b>	<b>11.73</b>
Other Comprehensive Income	(87.96)	(489.56)	59.85	443.82	(277.78)	1,037.43
<b>Total Comprehensive Income</b>	<b>5.56</b>	<b>(6.90)</b>	<b>(18.77)</b>	<b>(72.96)</b>	<b>8.03</b>	<b>12.00</b>

Horizontal Analysis (ii) Year vs Year - (%)	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Turnover	1.22	4.06	1.01	(12.81)	50.32	28.84
Cost of Sales	4.27	25.42	11.27	5.16	22.88	33.10
<b>Gross Profit</b>	<b>(2.06)</b>	<b>(20.41)</b>	<b>(17.51)</b>	<b>(56.54)</b>	<b>211.94</b>	<b>18.97</b>
Distribution Cost	(15.59)	16.94	36.96	35.56	31.36	(1.95)
Administrative Cost	(7.75)	6.63	10.42	(1.11)	5.67	20.30
<b>Operating Profit</b>	<b>(0.25)</b>	<b>(25.32)</b>	<b>(27.53)</b>	<b>(88.18)</b>	<b>980.81</b>	<b>26.75</b>
Finance Cost	-	-	100.00	607.41	88.75	18.51
(Other Income)/Charges	(193.54)	507.54	75.78	28.00	59.72	23.53
<b>Profit before taxation</b>	<b>2.05</b>	<b>(19.49)</b>	<b>(19.16)</b>	<b>(68.74)</b>	<b>344.83</b>	<b>26.06</b>
Taxation	(6.78)	(42.56)	(40.75)	(72.50)	513.88	109.53
<b>Profit after taxation</b>	<b>5.78</b>	<b>(10.92)</b>	<b>(13.99)</b>	<b>(68.12)</b>	<b>320.77</b>	<b>8.73</b>
Other Comprehensive Income	(87.96)	(3,334.74)	141.03	240.22	(132.69)	(177.05)
<b>Total Comprehensive Income</b>	<b>5.56</b>	<b>(11.80)</b>	<b>(12.75)</b>	<b>(66.71)</b>	<b>299.50</b>	<b>9.44</b>



# Notes on Analysis

## COMMENTS ON SIX YEAR STATEMENT OF COMPREHENSIVE INCOME ANALYSIS

### Turnover

Revenues increased from PKR 45.69 billion in 2017 to PKR 81.09 billion in 2022 with an increase of 77.5%. The increase in revenue was due to higher demand from elevated construction activity in the local market. Also, the export volumes showed an increase due to the addition of new export destinations and more sales to existing export countries.

### Cost of Sales

The cost of sales increased from PKR 24.39 billion in 2017 to PKR 58.54 in 2022 billion, mainly due to the increase in input costs (coal, fuel, etc.) along with depreciating currency which has further intensified the costs of imported fuel and packaging material. Moreover, the increase in royalty on raw materials also led to an increase in the cost of sales.

### Gross Profit

GP increased from PKR 21.30 billion in 2017 to PKR 22.55 billion in 2022. However, gross profit margins dropped by 19 percentage points from 46.6% to 27.8% as the cost of sales increased by more than the retention prices of cement. The gross margins also fell due to changes in sales mix from cement to clinker.

### Distribution Cost

The distribution cost of the company increased from PKR 1.70 billion (3.7% as % of sales) in 2017 to PKR 4.76 billion (5.6% as % of sales), an increase of 179.6%. The major reason for the increase in fuel costs along with higher sea freight for exports.

### Finance Cost

Finance cost is minimal since debt financing is principally based on loans bearing lower rates of mark-up. Further, the Company's capital structure is significantly based on equity financing.

## Comprehensive Income

Total Comprehensive Income increased from PKR 13.70 billion to PKR 15.34 billion, majorly on account of an 11.7% increase in net profit.

## COMMENTS ON SIX YEAR STATEMENT OF FINANCIAL POSITION ANALYSIS

### Share Capital & Reserves

The company's share capital did not see any change, while reserves increased due to an increase in retained earnings. The company is continuously investing profits in new projects.

### Non Current Liabilities

The increase of 261.5% in non-current liabilities came from long-term subsidized loans acquired for funding expansion and other projects.

### Non Current Assets

Non-Current Assets increased from PKR 50.97 billion to PKR 140.15 billion, an increase of 175%, in the six years. The increase came from capital expenditures on expansions and power generation, logistics fleet, and equity investments in Lucky Motor Corporation, Lucky Electric Power, and offshore projects in Iraq & Congo.

## COMMENTS ON SIX YEAR STATEMENT OF CASH FLOWS ANALYSIS

Lucky has a prudent cash flow approach. The Company's projects and investments are primarily financed by internally generated cash flows and through subsidized financing available to the company.

# Financial Ratios

Financial Ratios	UoM	2017	2018	2019	2020	2021	2022
<b>Profitability Ratios</b>							
Gross profit to sales	percent	46.62%	35.66%	29.12%	14.51%	30.12%	27.81%
Operating Cost to sales	percent	59.35%	70.82%	79.07%	97.16%	79.60%	79.93%
Profit before tax to sales	percent	41.10%	31.80%	25.45%	9.12%	27.00%	26.42%
Net profit after tax to sales	percent	29.97%	25.66%	21.84%	7.99%	22.35%	18.87%
EBITDA to sales	percent	46.41%	35.52%	27.80%	12.03%	27.25%	25.65%
Operating Leverage	percent	(20.67%)	(623.68%)	(2,728.45%)	688.49%	1,940.09%	92.77%
Return on Equity	percent	17.17%	13.99%	11.17%	3.54%	12.38%	11.93%
Return on Capital Employed	percent	18.37%	14.54%	11.67%	3.62%	12.89%	11.66%
Shareholders' Funds	rupees in Mn	79,785	86,367	94,318	99,184	113,200	126,540
Return on Shareholders' Funds	percent	17.16%	14.12%	11.12%	3.37%	12.43%	11.90%
<b>Liquidity Ratios</b>							
Current ratio	times	4.48 : 1	2.82 : 1	1.42 : 1	0.98 : 1	1.34 : 1	1.48 : 1
Quick/Acid test ratio	times	3.67 : 1	2.12 : 1	0.95 : 1	0.65 : 1	0.89 : 1	0.87 : 1
Cash to Current Liabilities	times	3.26 : 1	1.28 : 1	0.25 : 1	0.03 : 1	0.38 : 1	0.48 : 1
Cash flow from Operations to Sales	times	0.37 : 1	0.36 : 1	0.36 : 1	0.12 : 1	0.20 : 1	0.19 : 1
Cash flow to Capital Expenditures	times	2.72 : 1	2.65 : 1	0.87 : 1	0.74 : 1	1.93 : 1	0.63 : 1
Cash flow Coverage ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	9.96 : 1	2.75 : 1	0.92 : 1
<b>Activity / Turnover Ratios</b>							
Inventory turnover	times	3.05	3.22	3.15	3.49	3.81	3.66
No. of days in Inventory	days	119.67	113.35	115.87	104.58	95.80	99.73
Debtor turnover	times	24.27	23.73	21.42	15.28	20.53	26.02
No. of days in Receivables	days	15.04	15.38	17.04	23.89	17.78	14.03
Creditor turnover	times	2.74	2.73	2.11	1.86	2.19	2.66
No. of days in Payables	days	133.21	133.70	172.99	196.24	166.67	137.22
Operating Cycle	days	1.50	(4.97)	(40.08)	(67.77)	(53.09)	(23.46)
Total assets turnover	times	0.47	0.44	0.38	0.31	0.40	0.44
Fixed assets turnover	times	1.22	1.16	0.84	0.69	1.01	0.98
<b>Investment Valuation Ratios</b>							
Earnings per share (EPS) and Diluted EPS	rupees	42.34	37.72	32.44	10.34	43.51	47.31
Price / Earning ratio (Standalone)	times	19.75	13.47	11.73	44.64	19.84	9.70
Earnings per share (EPS) Consolidated	times	50.18	45.83	35.03	18.96	70.69	91.22
Price / Earning ratio (Consolidated)	times	16.67	11.08	10.86	24.34	12.21	5.03
Dividend Yield	percent	1.43%	2.56%	1.71%	0.00%	0.00%	0.00%
Dividend Payout ratio	percent	28.34%	34.47%	20.04%	0.00%	0.00%	0.00%
Cash Dividend per share	rupees	12.00	13.00	6.50	-	-	-
Stock Dividend per share	shares	-	-	-	-	-	-
Break up value per share (Standalone):	rupees						
i) Without surplus on Revaluation of property	rupees	246.73	267.08	291.67	306.71	350.06	397.50
ii) With Surplus on Revaluation of PPE including all effect of all investments	rupees	246.73	267.08	291.67	306.71	350.06	397.50
iii) Including investment in related party at fair / market value (if any) and also with Surplus on Revaluation of PPE	rupees	246.73	267.08	291.67	306.71	350.06	397.50
Market Value Per Share as on 30th June	rupees	836.26	507.93	380.47	461.58	863.44	459.04
Year High Close	rupees	994.65	723.19	583.66	566.47	940.74	911.53
Year Low Close	rupees	644.71	445.80	344.27	310.30	488.93	436.17
Price to Book Ratio (Standalone)	percent	3.39	1.90	1.30	1.50	2.47	1.15
Break up value per share (Consolidated)	times	297.50	338.85	387.38	406.61	485.59	617.73
Price to Book Ratio (Consolidated)	times	2.81	1.50	0.98	1.14	1.78	0.74
<b>Capital Structure Ratios</b>							
Financial leverage ratio	times	0.00 : 1	0.00 : 1	0.03 : 1	0.09 : 1	0.10 : 1	0.14 : 1
Weighted Average Cost of Debt	percent	0.00%	0.00%	1.72%	3.11%	3.32%	2.69%
Debt to Equity ratio (as per Book Value)	times	0.00 : 1	0.00 : 1	0.00 : 1	0.01 : 1	0.04 : 1	0.13 : 1
Debt to Equity ratio (as per Market Value)	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.02 : 1	0.11 : 1
Net assets per share	rupees	246.73	267.08	291.67	306.71	350.06	397.50
Interest Coverage ratio	times	-	-	403.16	6.74	38.57	41.25
<b>Employee Productivity Ratios</b>							
Production per Employee	tons	2,768	3,024	2,718	2,567	3,589	3,258
Revenue per Employee	rupees in Mn	18.38	18.78	19.09	16.56	24.77	31.89
Staff turnover ratio	times	5.79%	4.54%	4.17%	2.77%	2.25%	3.81%
<b>Non-Financial Ratios</b>							
% of Plant Availability		88.65%	88.90%	81.80%	76.42%	89.63%	84.81%
<b>Others</b>							
Spares Inventory as % of Total Assets		4%	4%	3%	3%	4%	3%
Maintenance Cost as % of Operating Expenses		1%	2%	2%	1%	2%	1%

## CUSTOMER SATISFACTION INDEX

Lucky Cement conducted a survey of its customers during the year FY22. We asked questions about their satisfaction with the cement quality, pricing, delivery, after-sales service, packaging, brand, and reorder frequency. We received a 70.2% score on the cumulative results, showing our commitment to keeping our customers satisfied.

# Analysis of Variation in Interim Period

Particulars	Qtr-1	Qtr-2	Qtr-3	Qtr-4	FY 2021-22
Sales Volume	2,260	2,444	2,364	2,011	9,079
Sales Revenue	16,915	20,634	21,341	22,204	81,094
Cost of Good Sold	12,297	15,978	16,630	13,637	58,542
Gross Profit	4,618	4,656	4,711	8,567	22,552
Gross Profit Margin	27%	23%	22%	39%	28%
Operating Profit	3,271	2,100	2,440	8,464	16,275
Operating Profit Margin	19%	10%	11%	38%	20%
EBITDA	4,383	4,085	4,093	8,242	20,803
EBITDA Margin	26%	20%	19%	37%	26%
Net Profit Before Tax	4,302	3,287	6,577	7,255	21,421
Taxation	1,018	796	1,042	3,266	6,123
Net Profit After Tax	3,284	2,490	5,535	3,989	15,299
Net Profit After Tax Margin	19%	12%	26%	18%	19%
EPS in PKR	10.15	7.71	17.12	12.33	47.31

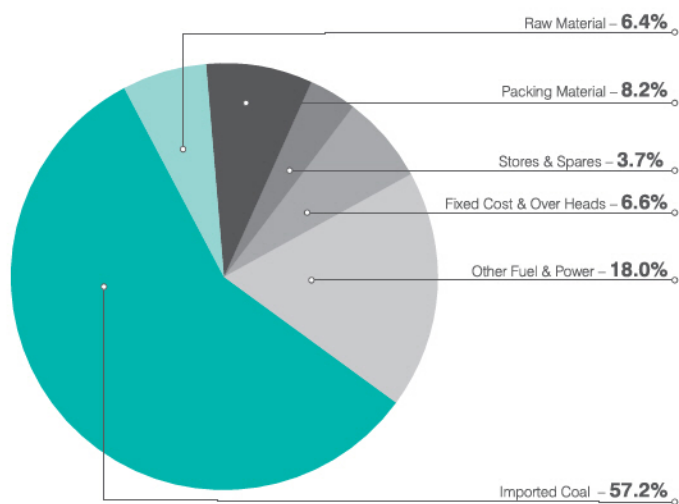
The fourth quarter outperformed during the year 2021-22 in terms of Gross Profit Margin (39%), Operating Profit (OP) Margin (38%) as well as EBITDA Margin (37%) mainly on account of consuming lower cost of coal inventory. However, the bottom line was lower than the 3rd quarter due to the company booking provision of super tax, imposed by the federal government in the FY23 budget retrospectively. During FY22, the 3rd quarter stood out in terms of bottom-line profitability due to the payouts from the subsidiaries ICI Pakistan Limited, Lucky Motor Corporation, Yunus Energy Limited, and Technical fees from NYA.

## COMPOSITION OF LOCAL VS IMPORTED PRODUCTS AND SENSITIVITY ANALYSIS

Lucky Cement uses many kinds of local and imported raw materials for the production of cement. The largest cost component is imported coal, which constitutes 57.2% of the total cost of sales.

A fluctuation in coal price of PKR 100 per ton affects the cost of production by PKR 14 per ton. The cost of Sales of the Company will increase/decrease by 1.4% and 2.8% in case of foreign currency fluctuation by 10% and 20% respectively.

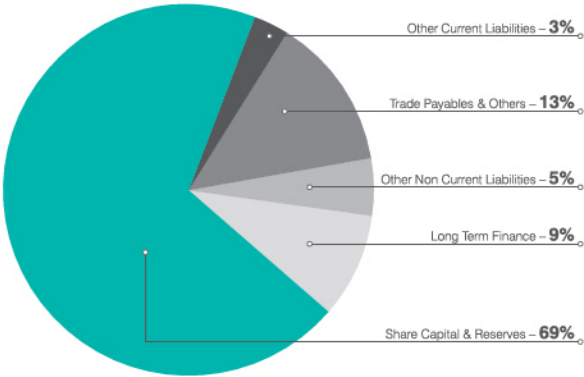
The company's sensitivity to foreign currency movement is moderate. To reduce the impact of currency, management proactively manages the procurement of coal while keeping an eye on the exchange rate.



# Composition of Balance Sheet

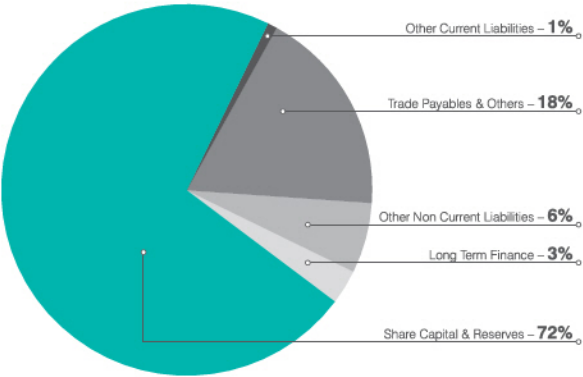
## Equity and Liabilities - FY 2022

Percentage



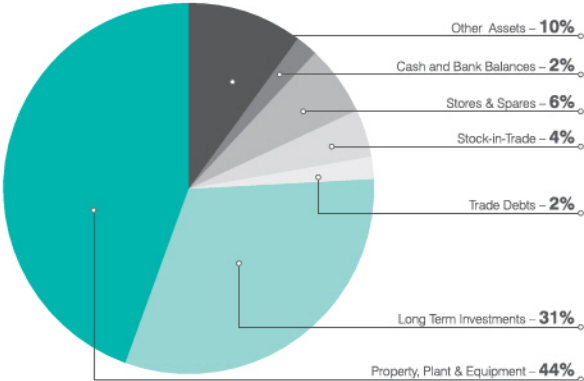
## Equity and Liabilities - FY 2021

Percentage



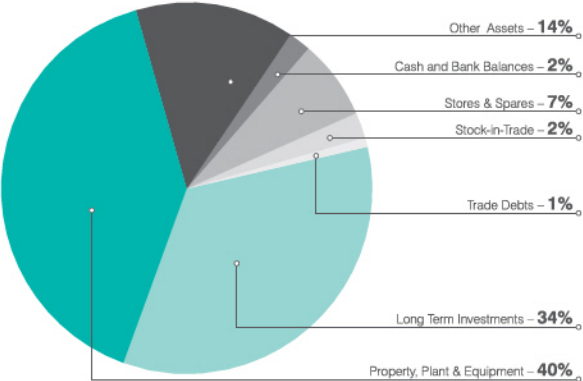
## Assets - FY 2022

Percentage



## Assets - FY 2021

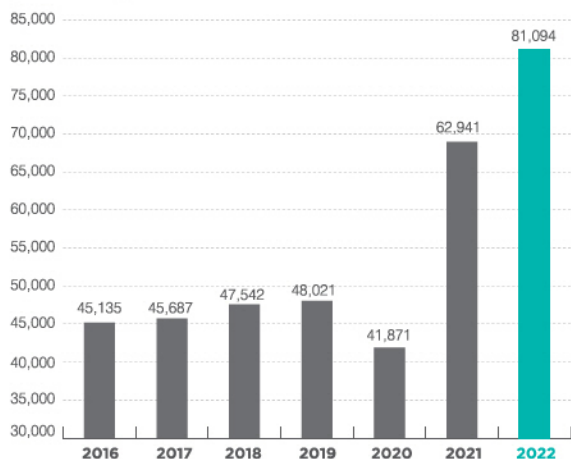
Percentage



# Key Financial at a Glance

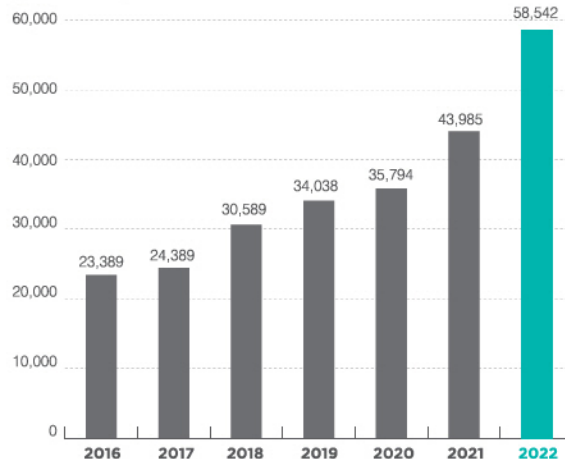
## Sales Revenue

(PKR in Million)



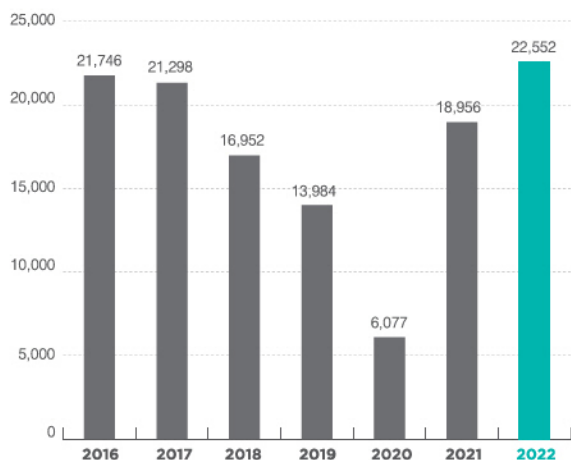
## Cost of Sale

(PKR in Million)



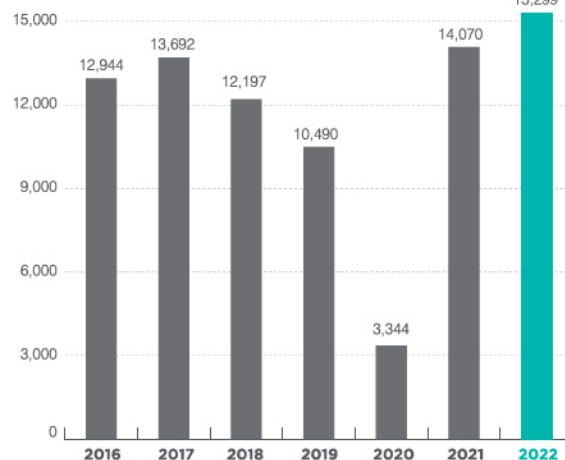
## Gross Profit

(PKR in Million)



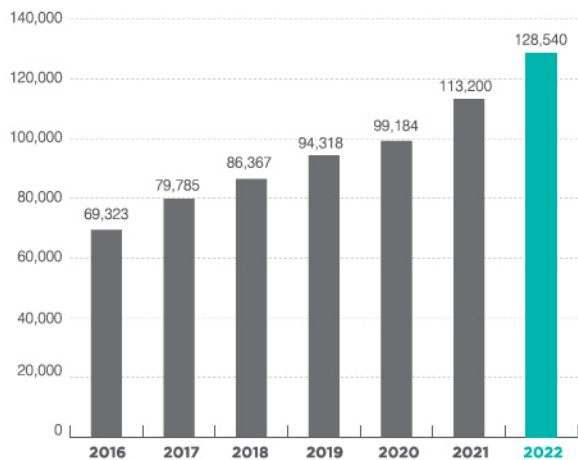
## Net Profit

(PKR in Million)



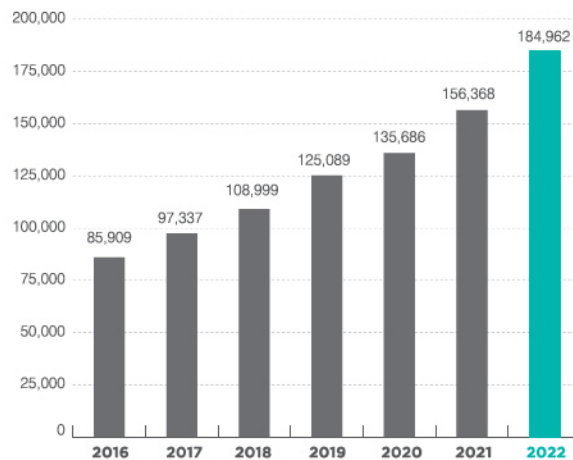
## Shareholders Equity

(PKR in Million)



## Total Assets

(PKR in Million)



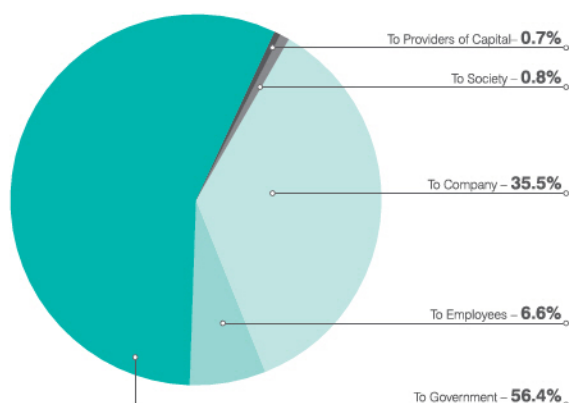


# Statement of Value Addition and Wealth Distribution

Financial Position	2022 PKR in '000'	%	2021 PKR in '000'	%
<b>WEALTH GENERATED</b>				
Gross Sales/ Revenues	108,600,945		88,357,695	
Bought-in-material and services	(52,673,869)		(38,540,431)	
	<b>55,927,076</b>	<b>100.0%</b>	<b>49,817,264</b>	<b>100.0%</b>
<b>WEALTH DISTRIBUTION</b>				
<b>To Employees</b>				
Salaries, benefits and other costs	3,700,179	6.6%	3,590,228	7.2%
<b>To Government</b>				
Income tax, sales tax, excise duty and others	31,542,832	56.4%	27,226,303	54.7%
<b>To Society</b>				
Donation towards education, health and environment	421,721	0.8%	342,018	0.7%
<b>To Providers of Capital</b>				
Dividend to shareholders	-	0.0%	-	0.0%
Markup / Interest expenses on borrowed funds	394,517	0.7%	332,905	0.7%
<b>To Company</b>				
Depreciation, amortization & retained profit	19,867,827	35.5%	18,325,810	36.8%
	<b>55,927,076</b>	<b>100.0%</b>	<b>49,817,264</b>	<b>100.0%</b>

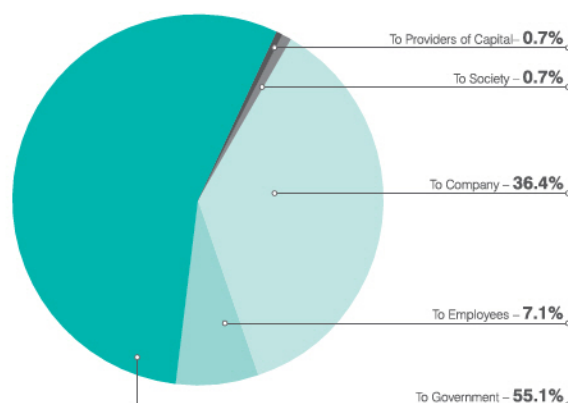
**Wealth Distribution - 2022**

Percentage



**Wealth Distribution - 2021**

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.

		2018-19	2019-20	2020-21	2021-22
<b>Cost of capital</b>					
Cost of Equity	%	19.34%	16.22%	16.52%	15.20%
Weighted average cost of capital (WACC)	%	21.06%	15.17%	15.24%	13.59%
Average capital employed		90,342,620	96,751,139	108,719,960	120,870,291
<b>Economic Value Added</b>					
NOPAT		10,515,162	3,520,311	14,103,458	14,904,101
Less: Cost of capital		19,025,720	14,674,560	16,567,490	16,426,854
Economic Value added		(8,510,558)	(11,154,249)	(2,464,032)	(1,522,753)
<b>Enterprise Value</b>					
Market Value of Equity		123,034,487	149,263,433	279,214,910	148,442,060
Add: Debt		-	506,908	4,041,984	16,760,103
Less: Cash & Bank balance		15,657,246	888,638	11,641,039	3,871,078
<b>Enterprise Value</b>		<b>107,377,241</b>	<b>148,881,703</b>	<b>271,615,855</b>	<b>161,331,085</b>
<b>Return ratios</b>					
NOPAT / Average capital employed	%	12%	4%	13%	12%
EVA / Average capital employed	%	-9%	-12%	-2%	-1%
Enterprise value / Average capital times employed		1.19	1.54	2.50	1.33

# Free Cash Flow (FCF)

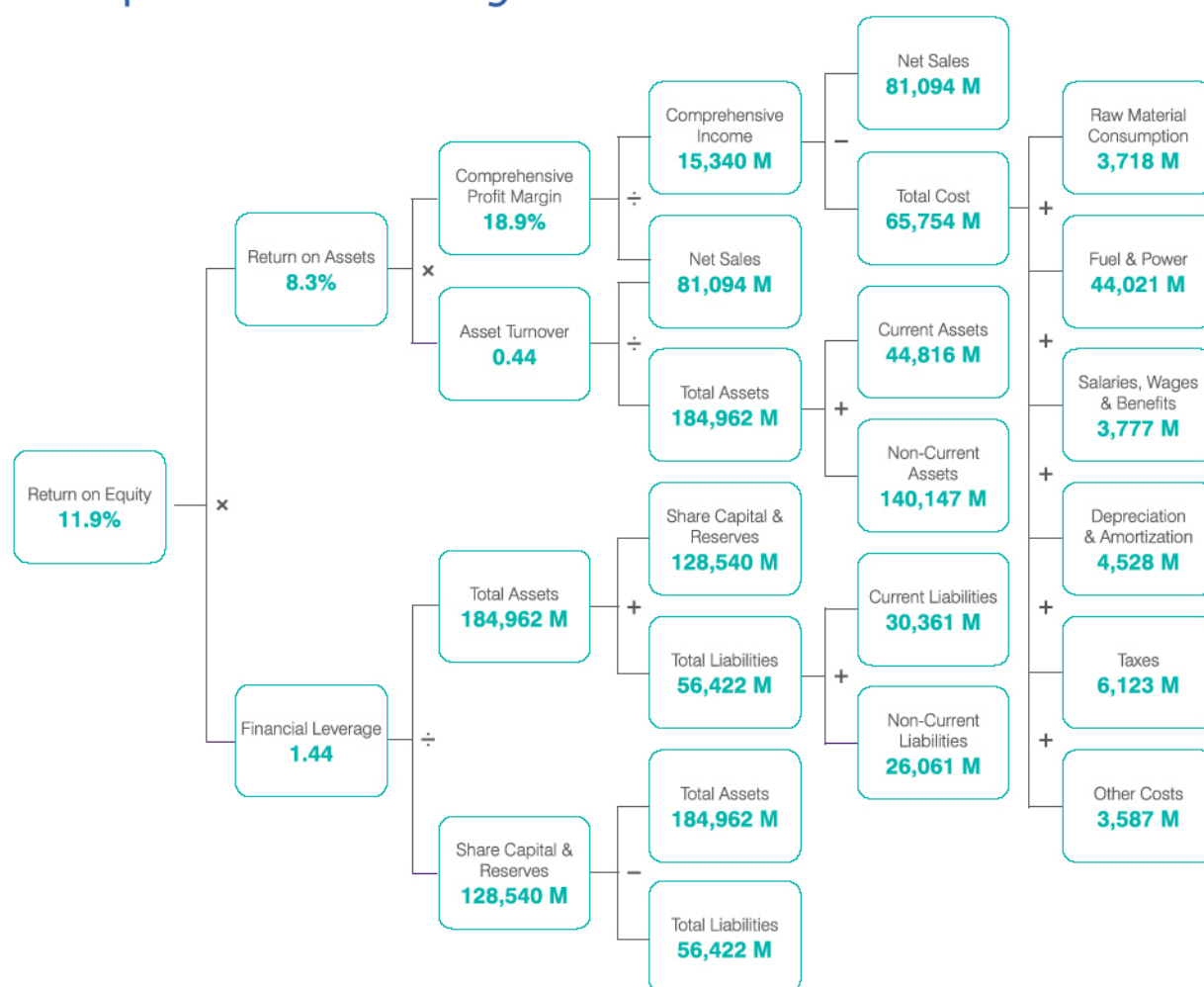
<b>Free Cash Flow - FCF</b>	2018-19	2019-20	2020-21	2021-22
Net cash provided by operating activities	17,083,851	5,046,861	12,492,631	15,469,448
Less: Capital Addition & Investments	(29,015,835)	(15,900,417)	(12,520,913)	(28,991,059)
Add: Net Debt Issued	-	506,908	4,041,984	12,211,211
<b>FCF-Total</b>	<b>(11,931,984)</b>	<b>(10,346,648)</b>	<b>4,013,702</b>	<b>(1,310,400)</b>

# Shariah Ratios

For the year ended June 30, 2022

	2022	2021
Interest bearing loan to market capitalization	5.41%	0.00%
Interest taking deposit to market capitalization	0.00%	0.00%
Income generated from prohibited component to total income	0.02%	0.02%
Market price per share to net liquid assets per share	39.86	86.29

# 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
2022	18.92%	0.44	1.44	11.9%
2021	22.27%	0.40	1.38	12.4%
2020	8.38%	0.31	1.37	3.5%
2019	21.95%	0.38	1.33	11.21%
2018	25.41%	0.44	1.26	14.0%
2017	30.00%	0.47	1.22	17.2%

The main highlights of DuPont analysis are as follows:

1. In 2022, the net margin of the company plunged to 18.92% compared to 22.27% in the last year due to a significant increase in the prices of inputs mainly coal, and inflationary impact.
2. Despite double-digit growth in the Asset base of the company, the Asset turnover ratio during the said period increased to 0.44 due to improvement in selling prices of the product.

3. Over the last six years, the Financial Leverage ratio of the company witnessed an increasing trend due to an increase in subsidized loans to fuel our expansion projects.

## CONCLUSION

DuPont's analysis for the last six years depicts that company is generating sustainable returns for its shareholders. The management of the company regularly monitors all the drivers (operational, asset efficiency, and equity multiplier) used in DuPont Analysis to identify strengths and weaknesses and analyze the company's fundamental performance.

# Share Price Sensitivity Analysis

Shares of Lucky Cement Limited (LUCK) are traded on Pakistan Stock Exchange (PSX) and London Stock Exchange. Our free float is 32.88% and market capitalization at the end of the day of the fiscal year was PKR 148 Billion. There are various factors, which might affect the share price of our Company. A few of them are listed below as follows:



## PROFITABILITY

Rising production costs may lower margins, while an increase in retained prices along with volume can support increased profitability and a higher EPS, thus translating into a greater share price in the market.

## COMMODITY PRICES

A rise in major input prices (coal, power, and raw material tariffs) can cause a negative impact on margins, therefore lowering the EPS, which further lowers the share price.

## REGULATIONS AND GOVERNMENT POLICIES

Government and regulatory policies, both the overall policies and the policies specific to the cement sector, may affect the share price of the company either negatively or positively, depending on whether the policy itself is in favor or against the industry.

## CURRENCY RISK

Volatility in currency exchange rates can affect the margins in a positive or a negative manner, as the company is involved in both export (of cement) and import (of input fuels). This ultimately affects the share price as well.

## MARKET RISK

Market risk, apart from systematic risk, also leaves the market share price vulnerable to the risks of all the platforms that the share is trading on. The Beta of LCL, with respect to the stock exchange of Pakistan, is 1.71.

## INTEREST RATE RISK

The interest rate risk is the risk that the value of a financial instrument will decline due to changes in market interest rates. The majority of the interest rate exposure arises from short and long-term borrowings and short-term deposits with banks.

## PRICE RISK

Price risk is the risk of loss resulting from a decline in the value of a financial instrument due to changes in the market prices (other than those arising from interest rate risk or currency risk). The prices may change due to any factor, whether it be related to the financial instrument itself, its issuer, or the prevailing market conditions. This risk can be mitigated through diversification.

## DIVERSIFICATION

The Company has diversified both in terms of the nature of business and its geographical locations. Our international footprint exposes us to the benefits and the risks of the markets we operate in. Therefore, diversification can affect our consolidated earnings, therefore affecting our EPS, which thus affects the share price, either negatively or positively.

## GOODWILL

The market share price may also vary according to the perception that the investor has of the company, which is quite vulnerable to the news and events that the company is associated with.