

LCK/ANNOUNCE/3RD QTR/2023-24

April 29, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Road,
Off: I.I. Chundrigar Road,
Karachi

The Director / HOD
Surveillance Supervision
and Endorsement Department
Securities & Exchange Commission of
Pakistan
Islamabad

Dear Sir(s),

FINANCIAL RESULTS FOR THE 3RD QUARTER ENDED MARCH 31, 2024

This is to inform you that the Board of Directors of our Company in their Meeting held on Friday, April 26, 2024 at 4:30 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 Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Directors' Report are annexed.

We will be transmitting the 3rd quarterly report of the Company for the period ended March 31, 2024 through PUCARS separately, within the specified time.

Yours truly
for **LUCKY CEMENT LIMITED**

ALI SHAHAB
GM Legal & Company Secretary

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



LUCKY CEMENT LIMITED
Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2024

| | | (Un-audited) March 31, 2024 | (Audited) June 30, 2023 |
|---|---|-----------------------------------|-------------------------------|
| (PKR in '000') | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Property, plant and equipment | 5 | 293,602,423 | 294,838,879 |
| Intangible assets | | 6,645,279 | 6,682,998 |
| Right-of-use assets | | 151,388 | 116,707 |
| | | 300,399,090 | 301,638,584 |
| Long-term investments | 6 | 73,795,965 | 67,118,403 |
| Long-term loans and advances | | 834,438 | 731,165 |
| Long-term deposits | | 98,434 | 94,898 |
| | | 375,127,927 | 369,583,050 |
| CURRENT ASSETS | | | |
| Stores, spares and consumables | | 21,585,436 | 22,608,453 |
| Stock-in-trade | | 73,329,084 | 48,660,510 |
| Trade debts | | 62,778,927 | 59,903,590 |
| Loans and advances | | 4,238,537 | 3,220,177 |
| Trade deposits and short-term prepayments | | 2,907,273 | 6,270,645 |
| Other receivables | | 13,572,566 | 14,141,981 |
| Tax refunds due from the Government | | 654,944 | 538,812 |
| Taxation receivable | | 74,628 | 193,198 |
| Accrued return | | 47,706 | 100,097 |
| Short-term investments | | 44,064,013 | 44,199,457 |
| Cash and bank balances | | 37,065,767 | 38,939,424 |
| | | 260,318,881 | 238,776,344 |
| TOTAL ASSETS | | 635,446,808 | 608,359,394 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Issued, subscribed and paid-up capital | 7 | 2,930,000 | 3,118,386 |
| Reserves | | 256,124,261 | 224,365,635 |
| Attributable to the owners of the Holding Company | | 259,054,261 | 227,484,021 |
| Non-controlling interest | | 35,169,367 | 33,515,038 |
| Total equity | | 294,223,628 | 260,999,059 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans | | 125,338,629 | 135,857,715 |
| Long-term deposits and other liabilities | | 9,286,155 | 9,532,879 |
| Lease liabilities | | 96,389 | 29,064 |
| Deferred Government grant | | 3,656,365 | 4,305,281 |
| Deferred liabilities | | | |
| - Staff Gratuity | | 3,383,009 | 2,696,191 |
| - Deferred tax liability | | 21,220,259 | 19,225,117 |
| | | 24,603,268 | 21,921,308 |
| | | 162,980,806 | 171,646,247 |
| CURRENT LIABILITIES | | | |
| Current portion of long-term loans | | 11,109,824 | 9,009,157 |
| Trade and other payables | | 77,343,949 | 80,574,343 |
| Provision for taxation | | 21,301,217 | 13,910,125 |
| Accrued markup | | 2,990,031 | 5,046,314 |
| Short-term borrowings and running finance | | 65,391,248 | 67,043,227 |
| Current portion of lease liabilities | | 46,624 | 80,807 |
| Unclaimed dividend | | 59,481 | 50,115 |
| | | 178,242,374 | 175,714,088 |
| | | 341,223,180 | 347,360,335 |
| TOTAL EQUITY AND LIABILITIES | | 635,446,808 | 608,359,394 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |

The annexed notes from 1 to 14 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 nine months ended March 31, 2024 (Un-audited)

| | Note | Nine Months Ended | | Quarter Ended | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| | | (PKR in '000') | | (PKR in '000') | |
| Revenue | 9 | 366,845,139 | 340,069,447 | 119,370,099 | 120,537,742 |
| Less: Sales tax and excise duty | | 49,768,498 | 46,159,748 | 15,710,899 | 17,069,270 |
| Rebates, incentives and commission | | 10,764,181 | 7,868,078 | 3,869,432 | 3,016,430 |
| | | 60,532,679 | 54,027,826 | 19,580,331 | 20,085,700 |
| Net Revenue | | 306,312,460 | 286,041,621 | 99,789,768 | 100,452,042 |
| Cost of sales | | (213,921,708) | (221,048,484) | (70,460,740) | (74,522,438) |
| Gross Profit | | 92,390,752 | 64,993,137 | 29,329,028 | 25,929,604 |
| Distribution cost | | (11,180,878) | (7,979,850) | (3,781,645) | (2,717,209) |
| Administrative expenses | | (6,252,115) | (4,502,758) | (1,964,205) | (1,639,357) |
| Finance cost | | (27,878,594) | (21,618,863) | (8,657,080) | (7,903,309) |
| Other expenses | | (3,245,149) | (3,599,753) | (918,501) | (1,738,224) |
| Other income | | 14,150,742 | 5,664,564 | 4,066,634 | 2,580,818 |
| Share of profit - joint ventures and associate | | 11,505,566 | 5,976,909 | 3,052,885 | 2,326,703 |
| Gain on partial disposal of NutriCo Morinaga (Private) Limited | | - | 8,911,412 | - | 8,911,412 |
| Gain on remeasurement of interest retained in NutriCo Morinaga (Pvt) Limited | | - | 8,239,260 | - | 8,239,260 |
| Profit before taxation | | 69,490,324 | 56,084,058 | 21,127,116 | 33,989,698 |
| Taxation | | (13,839,374) | (7,992,281) | (3,799,997) | (3,713,999) |
| Profit after taxation from continuing operations | | 55,650,950 | 48,091,777 | 17,327,119 | 30,275,699 |
| Profit / (loss) after taxation from discontinued operations | | - | 444,421 | - | (63,086) |
| Profit after taxation | | 55,650,950 | 48,536,198 | 17,327,119 | 30,212,613 |
| Attributable to: | | | | | |
| Owners of the Holding Company | | 50,925,737 | 36,944,188 | 15,586,574 | 21,030,810 |
| Non-controlling interest | | 4,725,213 | 11,592,010 | 1,740,545 | 9,181,803 |
| | | 55,650,950 | 48,536,198 | 17,327,119 | 30,212,613 |
| Earnings per share - basic and diluted | 10 | (PKR) | | (PKR) | |
| - continuing operations | | 170.48 | 114.85 | 53.20 | 66.52 |
| - discontinued operations | | - | 0.39 | - | (0.06) |
| | | 170.48 | 115.24 | 53.20 | 66.46 |

The annexed notes from 1 to 14 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 March 31, 2024

| | | (Un-audited) March 31, 2024 | (Audited) June 30, 2023 |
|--|------|-----------------------------------|-------------------------------|
| | Note | (PKR in '000') | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Property, plant and equipment | 5 | 100,634,934 | 95,620,306 |
| Intangible assets | | <u>77,382</u> | <u>85,588</u> |
| | | 100,712,316 | 95,705,894 |
| Long-term investments | | 58,072,373 | 57,594,485 |
| Long-term loans and advances | | 180,568 | 194,204 |
| Long-term deposits | | <u>7,842</u> | <u>7,842</u> |
| | | 158,973,099 | 153,502,425 |
| CURRENT ASSETS | | | |
| Stores and spares | | 14,377,711 | 14,084,018 |
| Stock-in-trade | | 7,097,093 | 6,048,507 |
| Trade debts | | 6,664,881 | 5,089,667 |
| Loans and advances | | 1,084,059 | 749,292 |
| Trade deposits and short-term prepayments | | 197,022 | 2,153,705 |
| Accrued return | | 47,706 | 100,079 |
| Other receivables | | 4,639,163 | 4,797,885 |
| Tax refunds due from the Government | | 538,812 | 538,812 |
| Short-term investments | | 20,136,037 | 21,898,496 |
| Cash and bank balances | | <u>7,588,787</u> | <u>4,116,181</u> |
| | | 62,371,271 | 59,576,642 |
| TOTAL ASSETS | | <u>221,344,370</u> | <u>213,079,067</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Issued, subscribed and paid-up share capital | 6 | 2,930,000 | 3,118,386 |
| Reserves | | <u>135,510,286</u> | <u>134,247,940</u> |
| | | 138,440,286 | 137,366,326 |
| NON-CURRENT LIABILITIES | | | |
| Long-term deposits | | 253,062 | 252,837 |
| Long-term loans | 7 | 13,406,864 | 14,557,294 |
| Deferred Government grant | | 1,817,643 | 2,121,307 |
| Deferred liabilities | | | |
| - Staff gratuity | | 2,959,055 | 2,574,925 |
| - Deferred tax liability | | 11,805,665 | 10,025,499 |
| | | <u>14,764,720</u> | <u>12,600,424</u> |
| | | 30,242,289 | 29,531,862 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 30,064,394 | 29,918,702 |
| Current maturity of long-term loans | | 1,649,216 | 599,653 |
| Short-term borrowings | 8 | 5,485,000 | 5,885,000 |
| Unclaimed dividend | | 59,481 | 50,115 |
| Accrued markup | | 256,000 | 497,745 |
| Taxation - net | | <u>15,147,704</u> | <u>9,229,664</u> |
| | | 52,661,795 | 46,180,879 |
| | | 82,904,084 | 75,712,741 |
| TOTAL EQUITY AND LIABILITIES | | <u>221,344,370</u> | <u>213,079,067</u> |
| CONTINGENCIES AND COMMITMENTS | 9 | | |

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


Chairman / Director


Chief Executive


Chief Financial Officer

LUCKY CEMENT LIMITED
Unconsolidated Condensed Interim Statement of Profit or Loss
For the nine months ended March 31, 2024 (Un-audited)

| | Note | Nine months ended | | Quarter Ended | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| | | (PKR in '000') | | (PKR in '000') | |
| Gross sales | 10 | 115,587,015 | 91,498,783 | 36,323,438 | 32,792,796 |
| Less: Sales tax and federal excise duty | | 26,555,469 | 20,077,228 | 8,226,635 | 7,412,366 |
| Rebates, incentives and commission | | 1,627,677 | 1,073,894 | 573,402 | 365,850 |
| | | 28,183,146 | 21,151,122 | 8,800,037 | 7,778,216 |
| Net sales | | 87,403,869 | 70,347,661 | 27,523,401 | 25,014,580 |
| Cost of sales | | (57,651,371) | (51,353,459) | (19,591,250) | (18,543,212) |
| Gross profit | | 29,752,498 | 18,994,202 | 7,932,151 | 6,471,368 |
| Distribution cost | | (5,645,258) | (3,918,482) | (1,898,865) | (1,261,780) |
| Administrative expenses | | (1,566,548) | (1,369,184) | (546,720) | (452,684) |
| Finance costs | | (1,194,679) | (798,443) | (389,106) | (185,233) |
| Other expenses | | (2,645,711) | (1,598,134) | (789,381) | (490,369) |
| Other income | | 9,064,064 | 4,405,678 | 2,868,501 | 1,558,195 |
| Profit before taxation | | 27,764,366 | 15,715,637 | 7,176,580 | 5,639,497 |
| Taxation | | (9,115,865) | (4,581,983) | (2,238,195) | (1,634,462) |
| Profit after taxation | | 18,648,501 | 11,133,654 | 4,938,385 | 4,005,035 |
| | | (PKR) | | (PKR) | |
| Earnings per share - basic and diluted | 12 | 62.43 | 34.73 | 16.85 | 12.66 |

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


Chairman / Director


Chief Executive


Chief Financial Officer



DIRECTORS' REPORT

The Directors of your Company are pleased to present to you the financial results for the nine months period ended March 31, 2024 based on the unaudited **consolidated** and **unconsolidated financial statements** for the said period.

OVERVIEW OF ECONOMY & CONSOLIDATED FINANCIAL PERFORMANCE

The economic performance of Pakistan during the current financial year has shown a blend of both positive and negative indicators, reflecting a complex and unclear situation. Challenges such as balance of payment crisis, high inflation and interest rates, along with low foreign exchange reserves, have presented a bleak outlook. At the same time, stability on the political front has been beneficial. The positive sentiments have however eroded considerably due to the continuous adjustments in power and gas tariffs to comply with the IMF program, which have impacted businesses in Pakistan severely as they are buying utilities at the highest prices in the region. This has significantly increased the challenges being faced by industries engaged in exports. Nonetheless, the Government's measures to counter smuggling and illegal currency outflows have played a crucial role in stabilizing the exchange rate, resulting in positive outcomes.

The formation of federal and provincial Governments has brought a degree of stability to the political landscape, thereby reducing uncertainty and restoring investors' confidence and paving way for improved economic conditions and potential foreign direct investment in targeted sectors.

Your Company is proactively implementing measures to mitigate the impact of the aforementioned challenges on its operations and financial performance. Despite the prevailing economic headwinds, we remain committed to maintaining a strong focus on cost optimization, risk management, and innovation to deliver sustainable value to our stakeholders. As we navigate through these challenging times, we remain optimistic about the long-term prospects of our businesses and our ability to adapt to evolving market conditions.

With such focus and commitment, your Company has achieved a gross revenue of PKR 366.8 billion which is 7.9% higher as compared to the same period last year (SPLY) gross revenue of PKR 340.1 billion. This increase in gross revenue is primarily attributable to increased domestic cement sales and higher revenue from Lucky Core Industries Limited (LCI).

Resultantly your Company's consolidated net profit stands at PKR 55.7 billion compared to PKR 48.5 billion during the SPLY. The consolidated net profit translates into an EPS of PKR 170.48 during the nine months ended March 31, 2024, as compared to PKR 115.24 during the SPLY.

The consolidated financial performance of your Company for the nine months ended March 31, 2024, as compared to SPLY is presented below:

| PKR million except EPS | 9M FY24 | 9M FY23 | Change (%) |
|--|---------|---------|------------|
| Gross Revenue | 366,845 | 340,069 | 7.9% |
| Net Revenue | 306,312 | 286,042 | 7.1% |
| Gross Profit | 92,391 | 64,993 | 42.2% |
| GP as % of Net Revenue | 30.2% | 22.7% | 33.0% |
| Operating Profit | 74,958 | 52,511 | 42.7% |
| EBITDA | 88,305 | 64,615 | 36.7% |
| Net Profit* | 55,651 | 48,536 | 14.7% |
| NP (Attributable to Owners of the holding company) | 50,926 | 36,944 | 37.8% |
| Earnings Per Share (PKR) * | 170.48 | 115.2 | 47.9% |

Lucky Cement Limited

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Local Cement Operations

In the 9M FY24, the Company's cement dispatches reached 6.43 million tons, reflecting an 18% YoY increase. This growth was primarily driven by several factors, including the addition of a new line in Pezu, and a substantial rise in exports. The preceding year was notably impacted by adverse conditions such as floods, rain, and smog-related shutdowns, which hampered construction activities nationwide. Specifically, export dispatches surged by 68% in 9M FY24 compared to the same period last year, while local dispatches witnessed a 9% increase.

Foreign Cement Operations

The cement production facilities in Iraq and Congo, operating under joint venture arrangements, continued to enhance the Group's profitability with increased margins. Cement demand improved in both Iraq and Congo. Additionally, full capacity utilization at Najmat-Al-Samawah, in Iraq, and the conversion of the Kiln from HFO to Gas, further improved your Company's profitability.

Polyester, Soda Ash, and Chemicals

Net Turnover for the nine months under review at PKR 91.3 billion is 14% higher compared to the SPLY. Net Turnover of the Pharmaceuticals, Chemical & Agri Sciences, Soda Ash, and Polyester Businesses is higher by 32%, 25%, 20% and 3% respectively as compared to the SPLY, whereas the Animal Health Businesses witnessed a decline of 3% compared to the SPLY.

The Operating Result for the nine months under review at PKR 12.6 billion is 21% higher than the SPLY. The Pharmaceuticals, Chemicals & Agri Sciences, Soda Ash, and Animal Health Businesses delivered higher Operating Results by 90%, 34%, 33%, and 10% respectively whereas Polyester witnessed a decline of 40% as compared to the SPLY. The Soda Ash Business's performance was driven mainly by higher export volumes post-completion of the 135,000 tons per annum (TPA) expansion project in the prior year. The Polyester Business displayed strong resilience during the period, despite reduced off-take in downstream markets due to a bleak global economic situation amidst monetary tightening and high energy tariffs.

The business operations of LCI continued to face challenges as a consequence of inflationary pressures, higher tax incidence, and higher interest rates, coupled with an uncertain demand outlook.

During the period in review, the Board of Directors of LCI granted an in-principle approval for a 200,000 TPA capacity expansion at the company's Soda Ash plant in Khewra. Following the successful completion of the proposed expansion, the total installed capacity of the Soda Ash plant will increase from the current 560,000 TPA to 760,000 TPA.

During FY 2022, LCI had announced setting up of a float glass manufacturing facility having a production capacity of up to 1,000 metric tons per day in partnership with Tariq Glass Industries Limited. The facility was intended to be setup in two phases, each having a production capacity of 500 metric tons per day. The first phase of the project was expected to become commercially operational during FY 2025. However, the project has witnessed some delays due to the uncertain economic conditions. Despite such challenges, the joint venture partners remain committed to completing the project at the earliest.

Automobiles and Mobile Phones

In its previous report, your Company had noted that since July 2023, the automobile sector had experienced a sharp decline in volumes mainly due to currency fluctuations, introduction of additional taxes on automobiles, high-interest rates, stricter auto financing regulations by the State Bank of Pakistan (SBP), and rising inflation and fuel prices. During 9M FY24, the same factors remain prevalent and the automobile sector has observed an overall volume decline of around 40% compared to SPLY.

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The mobile phone market, on the other hand, has seen an overall improvement during this period compared to SPLY. This was attributable to improved supply situation following the lifting of import restrictions on mobile phone SKD kits by the government.

Power

Lucky Electric Power Company Limited (LEPCL) commenced its commercial operations in March 2022. The Power Plant is designed to operate on Thar Lignite coal. Till such time that supplies from Thar are sufficient to meet the requirements of this plant, it continues to operate on imported lignite coal. During the current quarter, the plant availability factor was 100% and the per unit cost of the power generated by LEPCL remained lower than other imported coal plants.

CEMENT INDUSTRY AND COMPANY'S PERFORMANCE – UNCONSOLIDATED

In Pakistan, the local cement demand witnessed a marginal decline of 3.7% YoY, totaling 29.41 million tons for the nine months ended March 31, 2024, compared to 30.56 million tons in the same period last year (SPLY). Conversely, exports saw a significant surge of 68%, reaching 5.10 million tons during the 9M FY24, up from 3.04 million tons in the SPLY. Consequently, the overall industry volume grew by 2.7%, reaching 34.52 million tons in the review period, compared to 33.59 million tons previously. This increase in sales volumes is mainly attributable to the enhanced viability of exports.

In comparison to the broader cement industry, your Company experienced an 18.1% increase in overall sales volume, reaching 6.43 million tons, compared to 5.44 million tons in SPLY. Local sales volume grew by 8.7%, reaching 4.98 million tons during 9M FY24, compared to 4.58 million tons previously. Additionally, export volumes surged by 68%, totaling 1.45 million tons during the review period, up from 0.86 million tons in SPLY.

Cement Production & Sales Volume Performance

The local cement production and sales statistics of your Company for the nine months ended March 31, 2024, compared to the SPLY are as follows:

| Particulars | 9M FY24 | 9M FY23 | Growth / (Decline) | |
|------------------------|---------------|---------|--------------------|-------|
| | Tons in '000' | | | % |
| Clinker Production | 5,977 | 4,581 | ↑ | 30.5% |
| Cement Production | 5,752 | 5,242 | ↑ | 9.7% |
| Cement / Clinker Sales | 6,430 | 5,443 | ↑ | 18.1% |

A comparison of **Pakistan's Cement Industry** and your **Company's dispatches** for the nine months ended March 31, 2024, in comparison with SPLY, is presented below:

Lucky Cement Limited

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| Particulars (Tons in '000') | 9M FY24 | 9M FY23 | Change % | |
|--------------------------------|----------------|----------------|-----------------|---------------|
| Cement Industry | | | | |
| Local Sales | 29,415 | 30,558 | (1,143) | (3.7%) |
| Export Sales | | | | |
| - Bagged | 2,459 | 2,009 | 450 | 22.4% |
| - Loose | 42 | 83 | (41) | - |
| - Clinker | 2,600 | 944 | 1,657 | 175.5% |
| Total Exports | 5,101 | 3,036 | 2,065 | 68.0% |
| Grand Total | 34,516 | 33,594 | 923 | 2.7% |
| Lucky Cement | | | | |
| Local Sales | | | | |
| - Cement | 4,853 | 4,579 | 273 | 6.0% |
| - Clinker | 126 | - | 126 | - |
| | 4,979 | 4,579 | 399 | 8.7% |
| Export Sales | | | | |
| - Bagged | 884 | 600 | 283 | 47.2% |
| - Loose | 42 | 83 | (41) | (49.7%) |
| - Clinker | 526 | 180 | 346 | 191.9% |
| Total Exports | 1,452 | 864 | 588 | 68.0% |
| Grand Total | 6,430 | 5,443 | 987 | 18.1% |
| Market Share | | | | |
| | 9M FY24 | 9M FY23 | Change % | |
| Local Sales | 16.5% | 15.0% | 10.1% | |
| Export Sales | | | | |
| - Bagged | 35.9% | 29.9% | 20.1% | |
| - Loose | 100.0% | 100.0% | - | |
| - Clinker | 20.2% | 19.1% | 5.8% | |
| Total Export | 28.5% | 28.5% | 0.0% | |
| Grand Total | 18.3% | 16.2% | 12.7% | |

Financial Performance - Unconsolidated

The unconsolidated financial performance of your Company for the nine months ended March 31, 2024, as compared to the SPLY is presented below:

Lucky Cement Limited

6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.
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| PKR million except EPS | 9M FY24 | 9M FY23 | Change (%) |
|------------------------|---------|---------|------------|
| Gross Revenue | 115,587 | 91,499 | 26.3% |
| Net Revenue | 87,404 | 70,348 | 24.2% |
| Cost of Sales | 57,651 | 51,353 | 12.3% |
| Gross Profit | 29,752 | 18,994 | 56.6% |
| GP as % of Net Revenue | 34.0% | 27.0% | 25.9% |
| Operating Profit | 22,541 | 13,707 | 64.5% |
| EBITDA | 27,066 | 17,508 | 54.6% |
| Net Profit | 18,649 | 11,134 | 67.5% |
| EPS | 62.43 | 34.73 | 79.8% |

Revenue

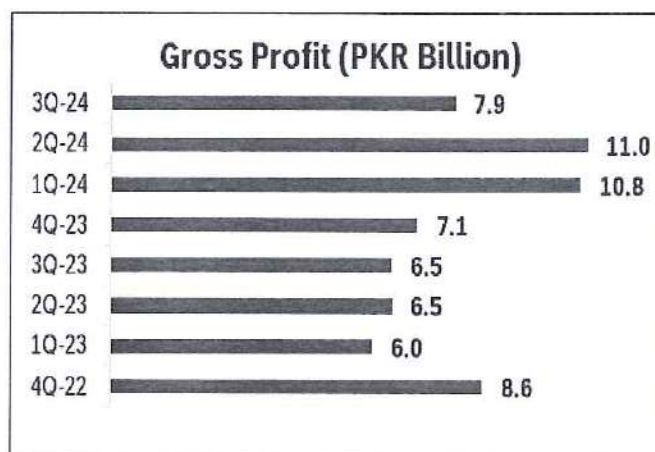
During the nine months period under review, your Company's overall gross revenue increased by 26.3% vs SPLY. As explained above, the local sales revenue increased by 23% (PKR 100.0 billion vs PKR 81.4 billion) and export sales revenue increased by 55% (PKR 15.6 billion vs PKR 10.1 billion).

Cost of Sales

During the nine months under review, the cost of sales increased by 12% to PKR 57.65 billion as compared to PKR 51.35 billion in the SPLY. The major reason for this increase was higher production and sales volume compared to SPLY.

Gross Profit

The gross profit margin of your Company for 9M FY24 is 34% compared to 27% in the SPLY. Your Company's constant focus on cost, operational efficiencies and significant investment in renewable energy initiatives over the years has led to an increase in margins.



Dividend Income

During 9M FY24, the dividend income received by your Company from its subsidiaries / associates was PKR 4.7 billion vs PKR 2.4 billion during the SPLY.

Lucky Cement Limited

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 URL: www.lucky-cement.com

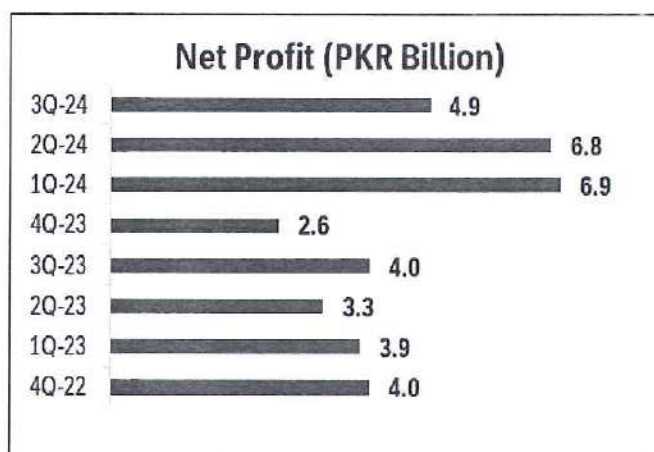


| Subsidiary/ Associate | 3Q FY24 | 2Q FY24 | 1Q FY24 | 4Q FY23 | 3Q FY23 | 2Q FY23 | 1Q FY23 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| PKR Billion | | | | | | | |
| LCI | 1.4 | - | 1.7 | - | 0.5 | - | 0.8 |
| LHL | - | - | - | - | 0.2 | - | - |
| YEL | 0.1 | - | 0.1 | - | 0.1 | 0.1 | - |
| LMC | - | 1.4 | - | - | - | - | 0.7 |
| Total | 1.5 | 1.4 | 1.8 | 0.0 | 0.8 | 0.1 | 1.5 |

Net Profit

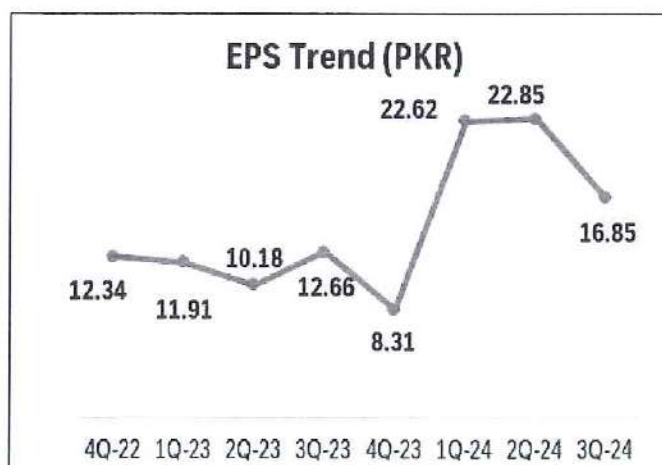
Your Company achieved a profit before tax of PKR 27.8 billion during 9M FY24 as compared to PKR 15.7 billion reported during the SPLY.

Accordingly, an after-tax profit of PKR 18.6 billion was achieved during the nine months under review as compared to PKR 11.1 billion reported during the SPLY.



Earnings Per Share (EPS)

The earnings per share of your Company for 9M FY24 was PKR 62.36 in comparison to PKR 34.73 reported during the SPLY.



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GROWTH & EXPANSION

Share Buyback of Lucky Cement Limited

In 1Q FY23, the Company announced a share buy-back of up to 10 million ordinary shares, which was approved by the shareholders in an EOGM held on September 20, 2022. This purchase, made from the Pakistan Stock Exchange Limited (PSX) at prevailing spot prices, was completed within the stipulated time at an average price of PKR 435.6 per share.

In a move to create further value for shareholders, the Company announced a second buy-back of up to 23.8 million ordinary shares in 4Q FY23, which was subsequently approved by the shareholders in the EOGM held on May 24, 2023. By November 20, 2023, 20.4 million ordinary shares had been purchased at an average price of PKR 632.6 per share, marking the completion of the prescribed time limit for the second buy-back.

Renewable Energy Initiatives

Your Company is committed to energy conservation and promotion of green energy resources, as demonstrated by the following new renewable energy projects:

- **Wind Energy at Karachi Plant:**
The Company has embarked on a 28.8 MW captive wind power project at its Karachi Plant, expected to be completed by 1Q FY25.
- **Expansion of solar capacity at Karachi & Pezu Plant:**
The solar capacities at the Karachi and Pezu Plants are being increased by 6.3 MW and 6 MW respectively and will be completed during the current financial year. This expansion will increase the solar capacity of your Company to 74.3 MW.

The completion of the above projects will bring the total renewable energy generation capacity of your Company to 103.1 MW.

CORPORATE SOCIAL RESPONSIBILITY

Your company is deeply committed to endorsing quality education, empowering women, promoting health and wellness, conserving the environment, and fostering community development as integral components of our Corporate Social Responsibility (CSR) initiatives.

Education / Scholarships

Dedicated to offering top-tier education to underserved communities, the Company has initiated Intermediate scholarships in District Lakki Marwat and granted merit-based scholarships at leading universities across Pakistan. We continue to partner with esteemed non-profit organizations such as the Shahid Afridi Foundation, Million Smiles Foundation, and the Citizen Foundation to enhance primary education nationwide for disadvantaged children. Additionally, your Company has introduced specialized scholarship programs and vocational training initiatives for skill development of our youth.

Women Empowerment

Your Company continues to support girls' education and continues its collaboration with Zindagi Trust, transforming government girls' schools in Karachi.

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Health Initiatives

Your Company is dedicated to ensuring access to quality healthcare for the society. This commitment is demonstrated through financial support to the Aziz Tabba Foundation, a renowned philanthropic organization overseeing the operations of the Tabba Heart and Tabba Kidney Institutes. These institutions play a pivotal role in making advanced and modern medical facilities accessible to the public regardless of financial status.

Social Empowerment:

In its unwavering commitment to fostering a diverse and inclusive ecosystem, your Company is dedicated in supporting initiatives that uplift marginalized communities and promote social empowerment. Through strategic partnerships with renowned NGOs, we strive to create a nation where every individual, regardless of their background or abilities, has the opportunity to thrive. By investing in programs that provide a sense of belonging and integration for orphans, offer therapy and training for individuals with Autism Spectrum Disorder (ASD), and harness the transformative power of sports for those with Intellectual Disabilities, we aim to build a society where diversity is celebrated, equality is upheld, and inclusivity is embraced at every level. Together, we can pave the way towards a brighter, more inclusive future for all.

Environment Conservation

Your Company understands its environmental responsibilities and persists with its eco-friendly initiatives, such as tree-planting campaigns near its manufacturing sites to reduce dust emitted from cement operations.

Community Development:

In continuous dedication to community development, your Company is implementing concrete measures to ensure access to clean water for local communities through the solarization of tube wells. Our community development objectives are also in alignment with the UNSDG Clean Water and Sanitation goals. Additionally, we emphasize Zero Hunger as a priority.

OUTLOOK

There is a notable emphasis on economic stability and growth by the new government. As the current financial year approaches its end, challenges arise with the conclusion of an ongoing IMF program and negotiations for a new, long-term program. This requires careful fiscal consolidation and reform management. Timely development of a balanced and growth-oriented budget for FY25 is crucial for maintaining economic stability and securing approval for a new IMF program. Additionally, recent inflation trends showing a decline have led to positive real interest rates for the first time in three years, suggesting potential for a cut in interest rates in the near term.

Local Cement Operations

During 9M FY24, domestic cement demand experienced a decline, attributed to high inflation, elevated interest rates and political uncertainty. However, with some political stability post the general elections, there is optimism for increased government focus on the economy, based on which we anticipate an increase in cement demand in the medium term. Nevertheless, seasonal factors are anticipated to affect demand in the last quarter of the current financial year.

Your Company's management remains proactive in enhancing manufacturing efficiency and investing in renewable energy. This strategic approach not only aims to reduce production costs but also aligns with our commitment to contributing to a more sustainable future.

Foreign Cement Operations

Strong demand is anticipated for international cement operations and the companies are well-positioned to benefit from increased utilization of existing operational lines in the forthcoming financial periods. Moreover, the addition of a new clinker line, with a capacity of 1.82 MTPA, in Samawah, Iraq, will greatly enhance the operational efficiencies of our business. This strategic move plays a crucial role in achieving self-reliance in terms of clinker availability within Iraq.

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Polyester, Soda Ash, & Chemicals

Looking ahead, the economic outlook will largely be predicated on the continued implementation of reforms by the new Government aimed at stabilizing the economy to restore fiscal and external buffers, privatization of loss-making government entities and conclusion of a new long-term IMF programme. However, these measures will keep demand in check and exert some inflationary pressure in the short term. The above factors will continue to impact overall industrial activity and consumer demand. Despite the ongoing challenges, Lucky Core Industries remains committed to leveraging its diverse product portfolio whilst sharply monitoring costs to minimize any adverse impacts and deliver sustainable results.

Automobiles & Mobile Phones

The outlook for the automobile sector is sluggish, with sales volumes under pressure due to economic slowdown and higher taxes on cars and SUVs. However, Lucky Motor Corporation focus on optimizing its operations and localization will help reduce reliance on imported components and protecting margins while enhancing competitiveness.

The mobile industry is expected to show recovery due to higher sales of low-end mobile phones. Lucky Motor Corporation has already shifted its focus on producing and promoting low-cost phones.

Power

Lucky Electric Power Company expects its dispatch factor to increase in the coming quarter due to increased summer power demand. Lucky Electric Power Company is keenly following up on the availability of Thar coal for its plant which will help in not only reducing the cost of power generated but will save valuable foreign exchange for the Country.

In general, 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 to maximize shareholders' value.

ACKNOWLEDGMENT

The Board extends its sincere gratitude to all employees of the Company and its subsidiaries for their dedicated efforts and unwavering commitment during this period. Additionally, the Board deeply appreciates the invaluable support and trust extended by our shareholders, customers, suppliers, and external partners. It is the collective confidence and goodwill of all stakeholders that has propelled the Company forward, enabling its sustained growth over the years.

As we look ahead, we humbly pray for the success of the Company and the well-being of all stakeholders, as well as our nation. May the future usher in an era of peace and prosperity for the Company and all individuals associated with it.

Muhammad Sohail Tabba
Chairman / Director

Karachi: April 26, 2024

Muhammad Ali Tabba
Chief Executive / Director