

LCK/CS/2019-20/

January 29, 2020

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, 2019**

This is to inform you that the Board of Directors of our Company in their meeting held on Wednesday, January 29, 2020 at 4:30 p.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

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

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

The Half Yearly report of the Company for the period ended December 31, 2019 will also be transmitted through PUCARS separately, within the specified time.

Yours truly  
for **LUCKY CEMENT LIMITED**



**IRFAN CHAWALA**  
Director Finance / CFO

**Unconsolidated Condensed Interim Statement of Financial Position  
As at December 31, 2019**

	<u>(Un-audited)</u> December 31, 2019	<u>(Audited)</u> June 30, 2019
	(PKR in '000')	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	62,157,703	57,276,184
Intangible assets	13,245	18,152
	<u>62,170,948</u>	<u>57,294,336</u>
Long-term investments	36,618,587	34,313,588
Long-term loans and advances	90,628	99,316
Long-term deposits	3,175	3,175
	<u>98,883,338</u>	<u>91,710,415</u>
<b>CURRENT ASSETS</b>		
Stores and spares	7,661,615	6,809,724
Stock-in-trade	2,365,661	4,253,020
Trade debts	3,079,131	2,058,719
Loans and advances	589,643	686,525
Trade deposits and short term prepayments	83,985	74,223
Accrued return	93,715	113,869
Other receivables	2,116,939	2,130,907
Tax refunds due from the Government	538,812	538,812
Short term investments	409,394	1,055,754
Cash and bank balances	12,852,797	15,657,246
	<u>29,791,692</u>	<u>33,378,799</u>
<b>TOTAL ASSETS</b>	<u>128,675,030</u>	<u>125,089,214</u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share Capital	3,233,750	3,233,750
Reserves	90,918,523	91,084,667
	<u>94,152,273</u>	<u>94,318,417</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term deposits	232,442	90,264
Deferred liabilities	7,184,313	7,102,483
	<u>7,416,755</u>	<u>7,192,747</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	20,348,244	19,195,617
Short term borrowing	5,218,628	2,900,000
Unclaimed dividend	57,574	53,953
Unpaid dividend	23,897	91,119
Taxation - net	1,457,659	1,337,361
	<u>27,106,002</u>	<u>23,578,050</u>
	<u>34,522,757</u>	<u>30,770,797</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>128,675,030</u>	<u>125,089,214</u>



Lucky Cement Limited

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URL: www.lucky-cement.com

**Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income  
For the half year ended December 31, 2019 (Un-audited)**

	Half Year Ended		Quarter Ended	
	December 31, 2019 (PKR in'000')	December 31, 2018	December 31, 2019 (PKR in '000')	December 31, 2018
<b>Gross sales</b>	<b>31,095,561</b>	<b>34,885,341</b>	<b>17,165,579</b>	<b>18,874,278</b>
Less: Sales tax and federal excise duty	<b>9,360,807</b>	<b>9,484,395</b>	<b>5,277,187</b>	<b>5,093,783</b>
Rebates, incentives and commission	<b>523,374</b>	<b>445,871</b>	<b>305,988</b>	<b>230,488</b>
	<b>9,884,181</b>	<b>9,930,266</b>	<b>5,583,175</b>	<b>5,324,271</b>
<b>Net sales</b>	<b>21,211,380</b>	<b>24,955,075</b>	<b>11,582,404</b>	<b>13,550,007</b>
Cost of sales	<b>(17,987,142)</b>	<b>(17,531,060)</b>	<b>(9,849,995)</b>	<b>(9,550,411)</b>
<b>Gross profit</b>	<b>3,224,238</b>	<b>7,424,015</b>	<b>1,732,409</b>	<b>3,999,596</b>
Distribution cost	<b>(1,894,420)</b>	<b>(1,374,509)</b>	<b>(919,103)</b>	<b>(716,990)</b>
Administrative expenses	<b>(597,328)</b>	<b>(559,645)</b>	<b>(296,901)</b>	<b>(285,869)</b>
Finance cost	<b>(47,946)</b>	<b>-</b>	<b>(28,080)</b>	<b>-</b>
Other expenses	<b>(194,311)</b>	<b>(570,602)</b>	<b>(89,774)</b>	<b>(325,146)</b>
Other income	<b>1,709,031</b>	<b>1,606,571</b>	<b>778,800</b>	<b>962,242</b>
<b>Profit before taxation</b>	<b>2,199,264</b>	<b>6,525,830</b>	<b>1,177,351</b>	<b>3,633,833</b>
Taxation				
-current	<b>(366,683)</b>	<b>(1,433,590)</b>	<b>(196,619)</b>	<b>(883,235)</b>
-deferred	<b>103,995</b>	<b>408,549</b>	<b>-</b>	<b>257,360</b>
	<b>(262,688)</b>	<b>(1,025,041)</b>	<b>(196,619)</b>	<b>(625,875)</b>
<b>Profit after taxation</b>	<b>1,936,576</b>	<b>5,500,789</b>	<b>980,732</b>	<b>3,007,958</b>
<b>Other comprehensive income:</b>				
Other comprehensive (loss) / income which will not be reclassified to profit or loss in subsequent periods				
Unrealized (loss) / income on remeasurement of equity instrument at fair value through other comprehensive income	<b>(920)</b>	<b>(10,938)</b>	<b>7,169</b>	<b>(4,602)</b>
Deferred tax thereon	<b>138</b>	<b>1,640</b>	<b>(1,075)</b>	<b>690</b>
	<b>(782)</b>	<b>(9,298)</b>	<b>6,094</b>	<b>(3,912)</b>
<b>Total comprehensive income for the period</b>	<b>1,935,794</b>	<b>5,491,491</b>	<b>986,826</b>	<b>3,004,046</b>
	(PKR)		(PKR)	
<b>Earnings per share - basic and diluted</b>	<b>5.99</b>	<b>17.01</b>	<b>3.03</b>	<b>9.30</b>



**Condensed Interim Consolidated Statement of Financial Position  
As at December 31, 2019**

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	(PKR in '000')	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	164,879,374	135,475,796
Intangible assets	7,486,605	7,653,720
Right of use assets	228,561	-
	<u>172,594,540</u>	<u>143,129,516</u>
Long-term investments	19,917,591	18,554,210
Long-term loans and advances	621,983	551,354
Long-term deposits and prepayments	55,970	51,076
	<u>193,190,084</u>	<u>162,286,156</u>
<b>CURRENT ASSETS</b>		
Stores, spares and consumables	9,306,360	8,193,401
Stock-in-trade	17,599,446	18,299,229
Trade debts	5,490,109	4,508,468
Loans and advances	2,251,820	1,997,339
Trade deposits and short-term prepayments	1,953,161	2,092,112
Other receivables	6,706,253	6,935,242
Tax refunds due from the Government	538,812	538,812
Taxation receivable	2,205,726	2,687,513
Accrued return	109,736	156,948
Short term investments	409,394	1,055,754
Cash and bank balances	16,075,095	18,270,313
	<u>62,645,912</u>	<u>64,735,131</u>
<b>TOTAL ASSETS</b>	<u><b>255,835,996</b></u>	<u><b>227,021,287</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	3,233,750	3,233,750
Reserves	106,521,451	105,787,478
Attributable to the owners of the Holding Company	109,755,201	109,021,228
Non-controlling interests	17,659,350	16,249,228
Total equity	<u>127,414,551</u>	<u>125,270,456</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term finances	53,765,903	32,771,993
Long-term deposits	232,442	90,264
Deferred liabilities	11,382,802	11,431,338
Lease Liabilities	178,655	-
Other long term liabilities	4,912,880	5,078,003
	<u>70,472,682</u>	<u>49,371,598</u>
<b>CURRENT LIABILITIES</b>		
Current portion of long-term finances	1,579,592	1,694,503
Trade and other payables	43,424,572	36,059,184
Provision for taxation	1,844,936	1,699,742
Accrued return	456,993	619,500
Short-term borrowings and running finance	10,436,953	12,161,232
Current portion of liabilities against assets subject to finance lease	42,092	-
Unclaimed dividend	139,728	53,953
Unpaid dividend	23,897	91,119
	<u>57,948,763</u>	<u>52,379,233</u>
	<u>128,421,445</u>	<u>101,750,831</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>255,835,996</b></u>	<u><b>227,021,287</b></u>



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**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the half year ended December 31, 2019 (Un-audited)**

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(PKR in '000')		(PKR in '000')	
Revenue	79,558,047	67,854,061	45,128,401	36,538,607
Less Sales tax and excise duty	15,451,506	11,301,849	9,768,404	6,058,883
Rebates, incentives and commission	3,367,235	2,832,361	1,800,630	1,604,495
	18,818,741	14,134,210	11,569,034	7,663,378
	60,739,306	53,719,851	33,559,367	28,875,229
Cost of sales	(51,092,724)	(42,020,952)	(28,256,427)	(22,764,288)
<b>Gross profit</b>	<b>9,646,582</b>	<b>11,698,899</b>	<b>5,302,940</b>	<b>6,110,941</b>
Distribution cost	(3,749,366)	(2,837,830)	(1,902,621)	(1,454,128)
Administrative expenses	(2,037,901)	(1,531,627)	(1,019,081)	(775,797)
Finance cost	(1,185,524)	(774,333)	(560,521)	(417,120)
Other expenses	(395,250)	(901,980)	(203,610)	(560,207)
Other income	2,792,289	1,923,716	1,406,594	770,974
<b>Profit before taxation</b>	<b>5,070,830</b>	<b>7,576,845</b>	<b>3,023,701</b>	<b>3,674,663</b>
Taxation				
- current	(1,402,122)	(2,123,114)	(653,295)	(1,059,506)
- deferred	254,107	683,531	25,386	360,315
	(1,148,015)	(1,439,583)	(627,909)	(699,191)
<b>Profit after taxation</b>	<b>3,922,815</b>	<b>6,137,262</b>	<b>2,395,792</b>	<b>2,975,472</b>
<b>Attributable to:</b>				
Owners of the Holding Company	3,212,118	5,795,505	1,939,939	2,839,705
Non-controlling interests	710,697	341,757	455,853	135,767
	3,922,815	6,137,262	2,395,792	2,975,472
<b>Other comprehensive income for the period</b>				
<b>Other comprehensive (loss) / income which may be reclassified to statement of profit or loss in subsequent periods</b>				
Foreign exchange differences on translation of foreign operations	(375,425)	1,200,556	(114,005)	1,011,443
<b>Other comprehensive (loss) / income which will not be reclassified to statement of profit or loss in subsequent periods</b>				
Unrealized (loss)/gain on remeasurement of equity investment at fair value through other comprehensive income	(920)	(10,938)	7,169	(4,602)
Deferred tax thereon	138	1,640	(1,075)	690
	(782)	(9,298)	6,094	(3,912)
<b>Total comprehensive income for the period</b>	<b>3,546,608</b>	<b>7,328,520</b>	<b>2,287,881</b>	<b>3,983,003</b>
<b>Attributable to:</b>				
Owners of the Holding Company	2,835,911	6,986,763	1,832,028	3,847,236
Non-controlling interests	710,697	341,757	455,853	135,767
	3,546,608	7,328,520	2,287,881	3,983,003
	(PKR)		(PKR)	
Earnings per share - basic and diluted	9.93	17.92	6.00	8.78



## Directors' Report

The Directors have the pleasure in presenting to you the financial results of your Company which include both, **stand-alone** (duly reviewed by the auditors) and **consolidated unaudited financial statements** for the half year ended December 31, 2019.

### Overview

**Cement industry** in Pakistan grew by 6.5% to 24.75 million tons during the half year ended December 31, 2019 in comparison to 23.23 million tons during the same period last year. Local sales volume registered a growth of 3.5% to 20.37 million tons during the current half year in comparison to 19.67 million tons during the same period last year. Export sales volumes registered an increase of 22.9% to 4.38 million tons during the half year under review as compared to 3.56 million tons reported in the same period last year.

In comparison to the Cement Industry, your Company's overall sales volumes declined by 8.4% to 3.68 million tons during the current half year ended December 31, 2019. The local sales volumes registered a decline of 13.3% and were 2.59 million tons in comparison to 2.99 million tons during the same period last year, however, the export sales volumes of the Company improved by 6.0% to 1.08 million tons as compared to 1.02 million tons during the same period last year.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 79.56 billion which is 17.3% higher as compared to the same period last year's turnover of PKR 67.85 billion.

Moreover, **consolidated Net Profit** of the Company was PKR 3.92 billion of which PKR 0.71 billion is attributable to non-controlling interests which translates into an EPS of PKR 9.93 during the current half year ended December 31, 2019 as compared to PKR 17.92 during the same period last year.

### Business Performance

#### a. Production & Sales Volume Performance - Standalone

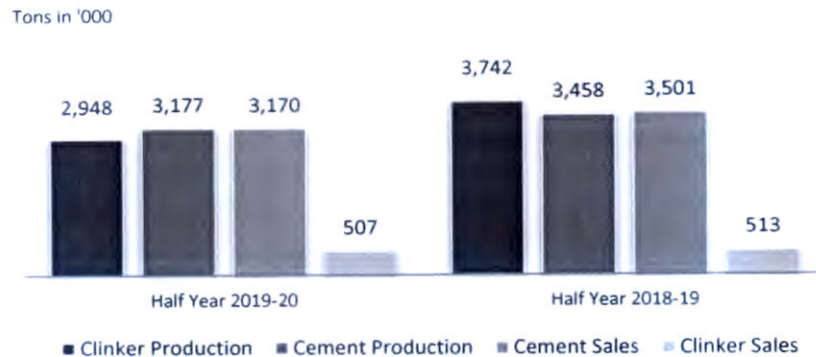
The **standalone** production and sales statistics of your Company for the half year ended December 31, 2019, compared to the same period last year are as follows:

Particulars	Half Year 2019-20	Half Year 2018-19	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	2,948	3,742	(21.2%)
Cement Production	3,177	3,458	(8.1%)
Cement Sales	3,170	3,501	(9.5%)
Clinker Sales	507	513	(1.2%)

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The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the **Industry** and your **Company's standalone business** for the half year ended December 31, 2019 compared with the same period last year is presented below:

Particulars	Half Year 2019-20 (Tons in '000')	Half Year 2018-19 (Tons in '000')	Growth / (Decline) %	
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#### Cement Industry\*

Local Sales	20,373	19,677	696	3.5%
<b>Export Sales</b>				
- Bagged	2,279	2,484	(205)	(8.3%)
- Loose	21	39	(18)	(46.2%)
- Clinker	2,077	1,038	1,039	100.1%
<b>Total Exports</b>	<b>4,377</b>	<b>3,561</b>	<b>816</b>	<b>22.9%</b>
<b>Grand Total</b>	<b>24,750</b>	<b>23,238</b>	<b>1,512</b>	<b>6.5%</b>

#### Lucky Cement

<b>Local Sales</b>				
- Cement	2,549	2,992	(443)	(14.8%)
- Clinker	45	-	45	100.0%
<b>Total Local Sales</b>	<b>2,594</b>	<b>2,992</b>	<b>(398)</b>	<b>(13.3%)</b>
<b>Export Sales</b>				
- Bagged	600	470	130	27.7%
- Loose	21	39	(18)	(46.2%)
- Clinker	462	513	(51)	(9.9%)
<b>Total Exports</b>	<b>1,083</b>	<b>1,022</b>	<b>61</b>	<b>6.0%</b>
<b>Grand Total</b>	<b>3,677</b>	<b>4,014</b>	<b>(337)</b>	<b>(8.4%)</b>

Market Share	Half Year 2019-20	Half Year 2018-19	Growth / (Decline) %	
<b>Local Sales</b>	<b>12.7%</b>	<b>15.2%</b>	<b>(16.4%)</b>	
<b>Export Sales</b>				
- Bagged	26.3%	18.9%	39.2%	
- Loose	100.0%	100.0%	0.0%	
- Clinker	22.2%	49.4%	(55.1%)	
<b>Total Export</b>	<b>24.7%</b>	<b>28.7%</b>	<b>(13.9%)</b>	
<b>Grand Total</b>	<b>14.9%</b>	<b>17.3%</b>	<b>(13.9%)</b>	

\*Industry Source: APCMA website

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**b. Financial Performance - Standalone**

The **standalone financial performance** of your Company for the half year ended December 31, 2019, as compared to the same period last year is presented below:

Particulars	PKR in millions except EPS		
	Half Year 2019-20	Half Year 2018-19	% Change
Gross Revenue	31,096	34,885	(10.9%)
Net Revenue	21,211	24,955	(15.0%)
GP	3,224	7,424	(56.6%)
OP	732	5,490	(86.7%)
EBITDA	2,471	7,157	(65.5%)
PBT	2,199	6,526	(66.3%)
NP	1,937	5,501	(64.8%)
EPS	5.99 / Share	17.01 / Share	(64.8%)

**Revenue**

During the half year of 2019-20 under review, your Company's overall gross sales revenue declined by 10.9% as compared to the same period last year. Where, although the export sales revenue showed an increase of 19.1% (PKR 6.43 billion vs PKR 5.40 billion) but the local sales revenue decline of 16.3% (PKR 24.67 billion vs PKR 29.49 billion) lead to the overall drop of 10.9% in the gross sales revenue.

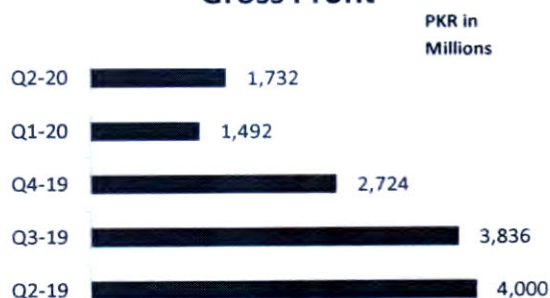
This was mainly due to lower sales volumes and cut-throat pricing on the back of lower demand and retentions due to higher transportation and logistics costs.

**Gross Profit**

In view of the lower sales volumes & retentions and higher input costs, as mentioned above, Gross profit margins of the company for the half year under review were 15.2% as compared to 29.7% reported during the same period last year.

**Cost of Sales**

Moreover, during the half year under review, per ton cost of sales of your Company increased by 12.0% as compared to the same period last year. The increase was mainly attributable to exceptional increase in gas and other fuel prices, higher fixed costs absorption (due to lower volumes) and higher transportation costs on input materials.

**Gross Profit**



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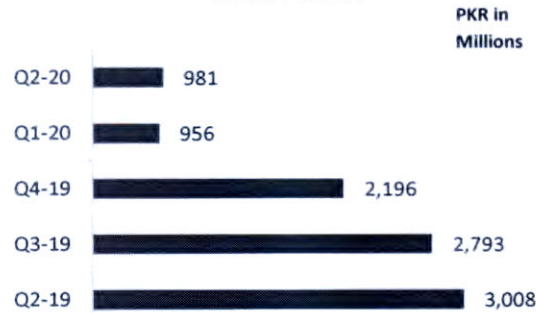


### Net Profit

Similarly, your Company achieved a profit before tax of PKR 2,199.3 million during the half year under review as compared to PKR 6,525.8 million reported during the same period last year.

Accordingly, after tax profit of PKR 1,936.6 million was achieved during the half year under review as compared to PKR 5,500.8 million reported during the same period last year.

### Net Profit



### Earnings per share

The earnings per share of your Company for the half year ended December 31, 2019 was PKR 5.99 in comparison to PKR 17.01 reported during the same period last year.

### EPS Trend PKR



### Projects – New and Ongoing

#### Brownfield cement plant expansion in KPK Province of Pakistan – 2.8 million tons per annum.

Construction and installation after slight design modifications with respect to the additional line of 2.8 million tons per annum has been successfully completed as per the given project completion timelines. The new line was made operational with the commencement of Clinker production on December 30, 2019. The total production capacity (including both North and South plants) of the Company has now increased from previous 9.35 million tons to 12.15 million tons per annum.

### Investments

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

The construction activity for setting up 660 MW super critical, lignite coal-based power plant is in full swing with over 60% of project completion to-date. With the completion of major design / engineering works and the expected on-site arrival of all the critical equipment in the months of February and March, the commissioning team of SEPCO III is now fully mobilized at the Project site.

Target to achieve commercial operations is 1<sup>st</sup> March 2021.

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**Greenfield cement plant expansion in Samawah, Iraq – 1.2 million tons per annum**

Fabrication and erection work is in full swing and Project timelines are being met. Necessary manpower and contractors have also been mobilized at the Site. The contract for Cement grinding mill, Packing plant and additional Power generator is also finalized and Letter of Credit has been established.

Target to achieve commercial production is by the second quarter of financial year 2020-21.

**Corporate Social Responsibility**

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With the primary focus on Education, Women empowerment, Health and Environment conservation, your Company remains committed towards progressive development of society and the communities in which it operates.

**Education / Scholarships**

Your company continues to support the deserving and less privileged segments of the society through provision of merit-based scholarships to various students of IBA, IoBM and other leading universities in Pakistan and abroad.

**Women Empowerment**

Your Company's focus on women empowerment through education remains an ongoing process with the collaboration of Zindagi Trust by supporting two leading Government girls' schools in Karachi. These schools have been transformed into model girls' educational institutions in Pakistan.

**Health Initiatives**

The quality healthcare provision has always been your company's priority especially through the financial support of Aziz Tabba Foundation; a prominent philanthropic institution that is running Tabba Heart and Tabba Kidney institutes, which provide vital support in bridging the gap of specialized and modern medical care in the Country.

**Environment Conservation**

Your Company always takes serious responsibility towards the preservation of the environment and in an effort to highlight the importance of environment conservation; your Company continued with its pro-environment initiatives including tree-plantation drives in and around its manufacturing sites.

**Outlook**

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Despite current economic challenges, there has been an overall growth in both Domestic and Export off-takes.


The Outlook of the Cement industry will continue to be challenging due to availability of excess capacity in the North region, which will put adverse pressure on pricing. Whereas, prices for exports from South are also very competitive due to surplus supplies available in the Region. The input costs may also rise in the future, due to higher electricity and gas tariffs, which will increase the production, as well as logistics costs.

## Acknowledgement

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Directors of your Company take this opportunity to express sincere gratitude and appreciation for unremitting commitment and contribution of its people and the trust and confidence placed in the Company by all the stakeholders.

On behalf of the Board



**MUHAMMAD YUNUS TABBA**  
Chairman / Director



**MUHAMMAD ALI TABBA**  
Chief Executive / Director

Karachi: January 29, 2020

