

LCK/CS/2019-20/

October 30, 2019

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 1st Quarter ended September 30, 2019

We have to inform you that the Board of Directors of our Company in their Meeting held on Wednesday, October 30, 2019 at 11:30 a.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>Any other Entitlement / Corporate Action</u>	Nil
(v)	<u>Any other Price-Sensitive information</u>	Nil

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

We will be transmitting the quarterly report of the Company for the period ended September 30, 2019 in electronic form, according to Clause 5.6.4 of PSX Regulations as per your notice reference # PSX/N-4207 dated July 13, 2018.

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



IRFAN CHAWALA
Director Finance / CFO

**Unconsolidated Condensed Interim Statement of Financial Position
As at September 30, 2019**

	<u>(Un-audited)</u> September 30, 2019	<u>(Audited)</u> June 30, 2019
	(PKR in'000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	58,772,644	57,276,184
Intangible assets	15,635	18,152
	<u>58,788,279</u>	<u>57,294,336</u>
Long-term investments	35,115,887	34,313,588
Long-term advances	90,222	99,316
Long-term deposits	3,175	3,175
	<u>93,997,563</u>	<u>91,710,415</u>
CURRENT ASSETS		
Stores and spares	7,916,161	6,809,724
Stock-in-trade	3,601,161	4,253,020
Trade debts	2,469,849	2,058,719
Loans and advances	808,511	686,525
Trade deposits and short term prepayments	68,438	74,223
Accrued return	88,845	113,869
Other receivables	2,126,888	2,130,907
Tax refunds due from the Government	538,812	538,812
Short term investment	1,074,044	1,055,754
Cash and bank balances	12,948,027	15,657,246
	<u>31,640,736</u>	<u>33,378,799</u>
TOTAL ASSETS	<u><u>125,638,299</u></u>	<u><u>125,089,214</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital	3,233,750	3,233,750
Reserves	89,931,698	91,084,667
	<u>93,165,448</u>	<u>94,318,417</u>
NON-CURRENT LIABILITIES		
Long-term deposits	188,297	90,264
Deferred liabilities	7,096,935	7,102,483
	<u>7,285,232</u>	<u>7,192,747</u>
CURRENT LIABILITIES		
Trade and other payables	18,218,724	19,195,617
Short term borrowings	3,350,000	2,900,000
Unclaimed dividend	52,745	53,953
Unpaid dividend	2,193,057	91,119
Taxation - net	1,373,093	1,337,361
	<u>25,187,619</u>	<u>23,578,050</u>
	<u>32,472,851</u>	<u>30,770,797</u>
TOTAL EQUITY AND LIABILITIES	<u><u>125,638,299</u></u>	<u><u>125,089,214</u></u>

**Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
For the 1st quarter ended September 30, 2019 (Un-audited)**

	September 30, 2019	September 30, 2018
	(PKR in'000')	
Gross sales	13,929,982	16,011,063
Less: Sales tax and federal excise duty	4,083,620	4,390,612
Rebates and commission	217,386	215,383
	4,301,006	4,605,995
Net sales	9,628,976	11,405,068
Cost of sales	(8,137,147)	(7,980,649)
Gross profit	1,491,829	3,424,419
Distribution cost	(975,317)	(657,519)
Administrative expenses	(300,427)	(273,776)
Finance cost	(19,866)	-
Other expenses	(104,537)	(245,456)
Other income	930,231	644,329
Profit before taxation	1,021,913	2,891,997
Taxation		
-current	(170,064)	(550,355)
-deferred	103,995	151,189
	(66,068)	(399,166)
Profit after taxation	955,845	2,492,831
Other comprehensive income:		
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods		
Unrealized loss on remeasurement of equity instrument at fair value through other comprehensive income	(8,089)	(6,336)
Deferred tax thereon	1,213	950
	(6,876)	(5,386)
Total comprehensive income for the period	948,969	2,487,445
	(PKR)	
Earnings per share - basic and diluted	2.96	7.71




**Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2019**

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	149,808,675	135,475,796
Intangible assets	7,571,722	7,653,720
	<u>157,380,397</u>	<u>143,129,516</u>
Long-term investments	18,549,191	18,554,210
Long-term loans and advances	518,714	551,354
Long-term deposits and prepayments	55,134	51,076
	<u>176,503,436</u>	<u>162,286,156</u>
CURRENT ASSETS		
Stores, spares and consumables	9,517,589	8,193,401
Stock-in-trade	18,314,829	18,299,229
Trade debts	4,898,810	4,508,468
Loans and advances	2,295,352	1,997,339
Trade deposits and short-term prepayments	1,991,305	2,092,112
Other receivables	7,465,300	6,935,242
Tax refunds due from the Government	538,812	538,812
Taxation receivable	2,422,932	2,687,513
Accrued return	99,789	156,948
Short term investments	1,074,044	1,055,754
Cash and bank balances	17,872,045	18,270,313
	<u>66,490,807</u>	<u>64,735,131</u>
TOTAL ASSETS	<u>242,994,243</u>	<u>227,021,287</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	104,689,423	105,787,478
Attributable to the owners of the Holding Company	107,923,173	109,021,228
Non-controlling interests	16,592,463	16,249,228
Total equity	<u>124,515,636</u>	<u>125,270,456</u>
NON-CURRENT LIABILITIES		
Long-term finances	45,956,175	32,771,993
Long-term deposits	188,297	90,264
Deferred liabilities	11,314,007	11,431,338
Other long term liabilities	4,961,036	5,078,003
	<u>62,419,515</u>	<u>49,371,598</u>
CURRENT LIABILITIES		
Current portion of long-term finances	1,926,253	1,694,503
Trade and other payables	36,068,532	36,059,184
Provision for taxation	1,752,534	1,699,742
Accrued return	592,373	619,500
Short-term borrowings and running finance	13,378,862	12,161,232
Unclaimed dividend	147,481	53,953
Unpaid dividend	2,193,057	91,119
	<u>56,059,092</u>	<u>52,379,233</u>
	<u>118,478,607</u>	<u>101,750,831</u>
TOTAL EQUITY AND LIABILITIES	<u>242,994,243</u>	<u>227,021,287</u>


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

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 1st quarter ended September 30, 2019 (Un-audited)**

	September 30, 2019	September 30, 2018
	(PKR in '000')	
Revenue	34,429,646	31,315,454
Less Sales tax and excise duty	5,683,102	5,242,966
Rebates and commission	1,566,605	1,227,866
	<u>7,249,707</u>	<u>6,470,832</u>
	27,179,939	24,844,622
Cost of sales	<u>(22,836,297)</u>	<u>(19,256,664)</u>
Gross profit	4,343,642	5,587,958
Distribution cost	(1,846,745)	(1,383,702)
Administrative expenses	(1,018,820)	(755,830)
Finance cost	(625,003)	(357,213)
Other expenses	(191,640)	(341,773)
Other income	1,385,695	1,152,742
Profit before taxation	2,047,129	3,902,182
Taxation		
- current	(748,827)	(1,063,608)
- deferred	228,721	323,216
	<u>(520,106)</u>	<u>(740,392)</u>
Profit after taxation	1,527,023	3,161,790
Attributable to:		
Owners of the Holding Company	1,272,179	2,955,800
Non-controlling interests	254,844	205,990
	<u>1,527,023</u>	<u>3,161,790</u>
Other comprehensive income for the period		
Other comprehensive (loss) / income which may be reclassified to statement of profit or loss in subsequent periods		
Foreign exchange differences on translation of foreign operations	(261,420)	189,113
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods		
Unrealized loss on remeasurement of equity investment at fair value through other comprehensive income	(8,089)	(6,336)
Deferred tax thereon	1,213	950
	<u>(6,876)</u>	<u>(5,386)</u>
Total comprehensive income for the period	1,258,727	3,345,517
Attributable to:		
Owners of the Holding Company	1,003,883	3,139,527
Non-controlling interests	254,844	205,990
	<u>1,258,727</u>	<u>3,345,517</u>
	(PKR)	
Earnings per share - basic and diluted	3.93	9.14



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Directors' Report

The Directors have the pleasure in presenting to you the financial results of your Company which include both, **stand-alone** and **consolidated unaudited financial statements** for the first quarter ended September 30, 2019.

Overview

Cement industry in Pakistan grew by 3.0% to 11.13 million tons during the first quarter ended September 30, 2019 in comparison to 10.81 million tons during the same period last year. While local sales volumes registered a growth of 1.0% to 9.11 million tons during the first quarter in comparison to 9.02 million tons during the same period last year, export sales volumes registered an increase of 12.6% to 2.01 million tons during the quarter under review as compared to 1.79 million tons in the same period last year.

In comparison to the Cement Industry, your Company's overall sales volumes declined by 13.6% to 1.64 million tons during first quarter ended September 30, 2019. The local sales volume registered a decline of 19.4% and were 1.12 million tons in comparison to 1.40 million tons during the same period last year, however, the export sales volumes of the Company improved by 2.6% to 0.51 million tons as compared to 0.50 million tons during the same period last year.

On a consolidated basis, your Company achieved a gross turnover of PKR 34.43 billion which is 9.9% higher as compared to the same period last year's turnover of PKR 31.32 billion.

Moreover, consolidated Net Profit of the Company was PKR 1.53 billion of which PKR 0.25 billion is attributable to non-controlling interests which translates into an EPS of PKR 3.93 during the first quarter ended September 30, 2019 as compared to PKR 9.14 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 first quarter of the financial year 2019-20 compared to the same period last year are as follows:

Particulars	1 st Quarter 2019-20	1 st Quarter 2018-19	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	1,270	1,801	(29.5%)
Cement Production	1,422	1,665	(14.6%)
Cement Sales	1,422	1,654	(14.0%)
Clinker Sales	213	239	(10.9%)



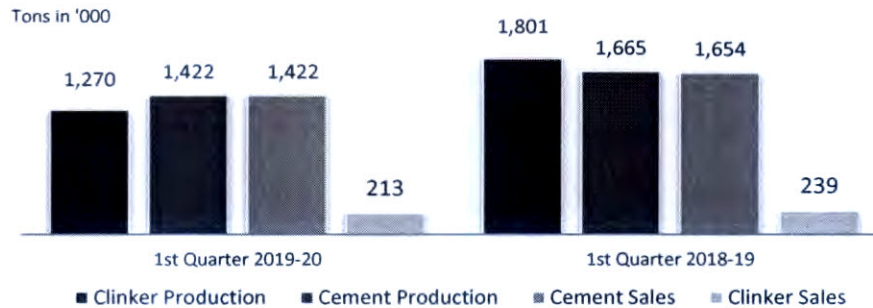
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The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the **Industry** and your **Company's standalone business** for the first quarter of the fiscal year 2019-20 compared to the same period last year is presented below:

Particulars	1st Quarter 2019-20 (Tons in '000')	1st Quarter 2018-19 (Tons in '000')	Growth / (Decline) %	
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Cement Industry

Local Sales	9,116	9,022	94	1.0%
Export Sales				
- Bagged	1,178	1,146	32	2.8%
- Loose	21	21	-	0.0%
- Clinker	818	624	194	31.1%
Total Exports	2,017	1,791	226	12.6%
Grand Total	11,133	10,813	320	3.0%

Lucky Cement

Local Sales				
- Cement	1,120	1,395	(275)	(19.7%)
- Clinker	4	-	4	100.0%
Total Local Sales	1,124	1,395	(271)	(19.4%)
Export Sales				
- Bagged	281	238	43	18.1%
- Loose	21	21	-	0.0%
- Clinker	209	239	(30)	(12.6%)
Total Exports	511	498	13	2.6%
Grand Total	1,635	1,893	(258)	(13.6%)

Market Share	1st Quarter 2019-20	1st Quarter 2018-19	Growth / (Decline) %
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Local Sales	12.3%	15.5%	(20.6%)
Export Sales			
- Bagged	23.9%	20.8%	14.9%
- Loose	100.0%	100.0%	0.0%
- Clinker	25.6%	38.3%	(33.2%)
Total Export	25.3%	27.8%	(9.0%)
Grand Total	14.7%	17.5%	(16.0%)

b. Financial Performance - Standalone

The **standalone** financial performance of your Company for the first quarter of the fiscal year 2019-20 as compared to the same period last year is presented below:

PKR in millions except EPS

Particulars	1st Quarter 2019-20	1st Quarter 2018-19	% Change
Gross Revenue	13,930	16,011	(13.0%)
Net Revenue	9,629	11,405	(15.6%)
GP	1,492	3,424	(56.4%)
OP	216	2,493	(91.3%)
EBITDA	1,084	3,325	(67.4%)
PBT	1,022	2,892	(64.7%)
NP	956	2,493	(61.7%)
EPS	2.96 / Share	7.71 / Share	(61.7%)

Revenue

During the first quarter of 2019-20 under review, your Company's overall gross sales revenue declined by 13.0% as compared to the same period last year. Where, although the exports sales revenue showed an increase of 27.8% (PKR 3.21 billion vs PKR 2.51 billion) but the local sales revenue decline of 20.6% (PKR 10.72 billion vs 13.50 billion) lead to the overall drop of 13.0% 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 on account of stringent 'Axle load' limits' implementation.

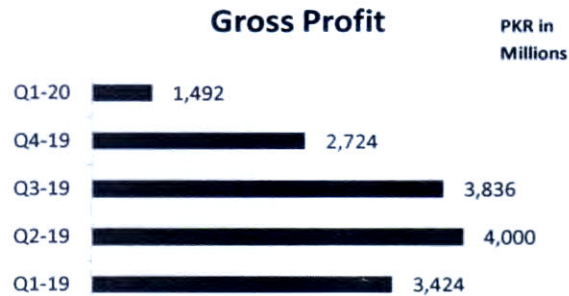
Cost of Sales

Moreover, during the first quarter under review, per ton cost of sales of your Company increased by 18.0% 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 Coal transportation costs increase due to 'Axle load' limits' implementation.



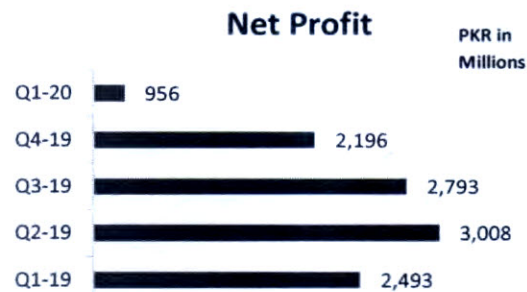
Gross Profit

In view of the lower sales volumes & retentions and higher input costs, as mentioned above, Gross profit margins of the company for the quarter under review were 15.5% as compared to 30.0% reported during the same period last year.



Net Profit

Similarly, your Company achieved a profit before tax of PKR 1021.90 million during the quarter under review as compared to PKR 2,892.0 million reported during the same period last year. Apart from adverse pricing and cost inputs the profitability of your company was further impacted due to higher transportation and distribution costs on account of 'Axle load' limits implementation.



Accordingly, after tax profit of PKR 955.8 million was achieved during the quarter under review as compared to PKR 2,492.8 million reported during the same period last year.

Earnings per share

The earnings per share of your Company for the quarter ended September 30, 2019 was PKR 2.96 in comparison to PKR 7.71 reported during the same period last year.




Lucky Cement Limited

Projects – New and Ongoing

Brownfield cement plant expansion in KPK Province of Pakistan – 2.6 million tons per annum

The construction work at project site is running satisfactorily to achieve commercial operations during the month of November 2019.

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 progressing as per project implementation schedule. Target to achieve commercial operations is 1st March 2021.

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

Keeping in view the growing demand of cement in Central and Northern Iraq, the Company in addition to clinker production has decided to further invest in setting up a grinding unit and have a fully integrated cement production capacity of 1.2 million tons per annum in Samawah, Iraq, as part of the joint venture project with the existing local partner. The revised project cost is now estimated at USD 138 million.

The first shipment of Plant and Machinery from Sinoma is expected to reach the project site in November 2019. Civil and Mechanical teams are already mobilized. Electrical works contract is expected to be signed in November 2019. Target to achieve commercial production is by the end of first quarter of financial year 2020-21.

Corporate Social Responsibility

Your Company has a history of strong commitment for the improvement of society and the communities in which it operates, with primary focus of its CSR initiatives in Education sector, Women empowerment, Health and Environment conservation.

Education / Scholarships

Continuing with its long-term objective to provide merit-based support for the deserving and less privileged segments of the society your Company continued to extend scholarships to various students of leading universities in Pakistan and abroad.

Women Empowerment

Your Company's focus on women empowerment through education has further galvanized its collaboration with 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

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

Environment Conservation

Your Company always takes responsibility towards the environment seriously and in an effort to highlight the importance of environment conservation; your Company continued with its tree-plantation drive in and around its manufacturing sites.

Outlook

With the Country's current economic challenges and macro-economic scenario, your Company believes that in the short to medium term, the outlook of the Cement industry will remain challenging and will continue to put adverse pressure on profitability, due to cut-throat pricing, especially in the North and costs escalation due to 'Axle load' limits' implementation in the South, both for local and export sales and drop in export prices due to regional competition. The Cement Industry is engaged with the Government to resolve the 'Axle load' limits' issue and is hopeful for its resolution.

Further, to mitigate the 'Axle load' limits' the Company is evaluating to increase its logistics' fleet size, so that maximum export transportation, as well as transfers of Cement from factory to warehouses can be achieved by using its own fleet. In the first phase the Company will add another 31 Prime movers to increase its fleet-size from 112 to 143. The company will also evaluate the additional need by the end of this year to add more Prime movers to overcome the challenge of high-cost of distribution and transportation.

Acknowledgement

Directors of your Company take this opportunity to express sincere gratitude and appreciation for unrelenting 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: October 30, 2019