

LCK/ANNOUNCE/2019-20

April 23, 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 3RD QUARTER ENDED MARCH 31, 2020

This is to inform you that the Board of Directors of our Company in their Meeting held on Thursday, April 23, 2020 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 and Loss and Other Comprehensive Income and Directors' Report are annexed.

The 3rd quarterly report of the Company for the period ended March 31, 2020 will also be transmitted through PUCARS separately, within the specified time.

Yours truly
for **LUCKY CEMENT LIMITED**



Atif Kaludi
CFO/Director Finance

**Unconsolidated Condensed Interim Statement of Financial Position
As at March 31, 2020**

	(Un-audited) March 31, 2020	(Audited) June 30, 2019
	(PKR in'000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	60,856,953	57,276,184
Intangible assets	14,205	18,152
	60,871,158	57,294,336
Long-term investments	44,044,485	34,313,588
Long-term loans and advances	91,213	99,316
Long-term deposits	3,175	3,175
	105,010,031	91,710,415
CURRENT ASSETS		
Stores and spares	7,598,535	6,809,724
Stock-in-trade	2,802,882	4,253,020
Trade debts	2,613,238	2,058,719
Loans and advances	523,370	686,525
Trade deposits and short term prepayments	81,672	74,223
Accrued return	105,409	113,869
Other receivables	2,547,157	2,130,907
Tax refunds due from the Government	538,812	538,812
Short term investment	2,917,749	1,055,754
Cash and bank balances	11,803,046	15,657,246
	31,531,870	33,378,799
TOTAL ASSETS	136,541,901	125,089,214
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital	3,233,750	3,233,750
Reserves	95,369,371	91,084,667
	98,603,121	94,318,417
NON-CURRENT LIABILITIES		
Long-term deposits	230,597	90,264
Deferred liabilities	7,131,996	7,102,483
	7,362,593	7,192,747
CURRENT LIABILITIES		
Trade and other payables	21,170,544	19,195,617
Short term borrowings	7,846,639	2,900,000
Unclaimed dividend	55,989	53,953
Unpaid dividend	23,706	91,119
Taxation - net	1,479,309	1,337,361
	30,576,187	23,578,050
	37,938,780	30,770,797
TOTAL EQUITY AND LIABILITIES	136,541,901	125,089,214

**Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
For the nine months ended March 31, 2020 (Un-audited)**

	Nine Months Ended		Quarter Ended	
	March 31,	March 31,	March 31,	March 31,
	2020	2019	2020	2019
	(PKR in '000')		(PKR in '000')	
Gross sales	47,947,798	52,314,992	16,852,237	17,429,651
Less: Sales tax and federal excise duty	14,688,143	14,061,754	5,327,336	4,577,359
Rebates, incentive and commission	811,609	732,154	288,235	286,283
	15,499,752	14,793,908	5,615,571	4,863,642
Net sales	32,448,046	37,521,084	11,236,666	12,566,009
Cost of sales	(27,921,847)	(26,261,232)	(9,934,705)	(8,730,172)
Gross profit	4,526,199	11,259,852	1,301,961	3,835,837
Distribution cost	(2,931,117)	(2,101,175)	(1,036,697)	(726,666)
Administrative expenses	(922,872)	(870,017)	(325,544)	(312,270)
Finance cost	(92,421)	(11,671)	(44,475)	(9,773)
Other expenses	(290,758)	(875,770)	(96,447)	(305,168)
Other income	2,989,318	2,349,194	1,280,287	742,623
Profit before taxation	3,278,349	9,750,413	1,079,085	3,224,583
Taxation				
-current	(568,205)	(2,203,674)	(201,522)	(770,084)
-deferred	225,272	747,199	121,277	338,650
	(342,933)	(1,456,475)	(80,245)	(431,434)
Profit after taxation	2,935,416	8,293,938	998,840	2,793,149
Other comprehensive income:				
Other comprehensive (loss) / income which will not be reclassified to statement of profit or loss in subsequent periods				
Unrealized (loss) / income on remeasurement of equity instrument at fair value through other comprehensive income	(9,027)	(5,912)	(8,107)	5,026
Deferred tax thereon	1,354	887	1,216	(753)
	(7,673)	(5,025)	(6,891)	4,273
Total comprehensive income for the period	2,927,743	8,288,913	991,949	2,797,422
	(PKR)		(PKR)	
Earnings per share - basic and diluted	9.08	25.65	3.09	8.64



Lucky Cement Limited

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**Condensed Interim Consolidated Statement of Financial Position
As at March 31, 2020**

	(Un-audited) March 31, 2020	(Audited) June 30, 2019
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	178,659,389	135,475,796
Intangible assets	7,419,549	7,653,720
Right of use assets	216,195	-
	<u>186,295,133</u>	<u>143,129,516</u>
Long-term investments	22,276,009	18,554,210
Long-term loans and advances	615,517	551,354
Long-term deposits and prepayments	54,473	51,076
	<u>209,241,132</u>	<u>162,286,156</u>
CURRENT ASSETS		
Stores, spares and consumables	9,209,749	8,193,401
Stock-in-trade	20,113,865	18,299,229
Trade debts	6,009,864	4,508,468
Loans and advances	2,252,453	1,997,339
Trade deposits and short-term prepayments	1,580,020	2,092,112
Other receivables	7,460,469	6,935,242
Tax refunds due from the Government	538,812	538,812
Taxation receivable	2,131,056	2,687,513
Accrued return	114,364	156,948
Short term investments	2,917,749	1,055,754
Cash and bank balances	23,129,582	18,270,313
	<u>75,457,983</u>	<u>64,735,131</u>
TOTAL ASSETS	<u>284,699,115</u>	<u>227,021,287</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	108,755,713	105,787,478
Attributable to the owners of the Holding Company	111,989,463	109,021,228
Non-controlling interests	17,575,976	16,249,228
Total equity	<u>129,565,439</u>	<u>125,270,456</u>
NON-CURRENT LIABILITIES		
Long-term finances	69,904,395	32,771,993
Long-term deposits	230,597	90,264
Deferred liabilities	11,225,328	11,431,338
Lease Liabilities	178,620	-
Other long term liabilities	5,289,042	5,078,003
	<u>86,827,982</u>	<u>49,371,598</u>
CURRENT LIABILITIES		
Current portion of long-term finances	1,551,006	1,694,503
Trade and other payables	48,061,360	36,059,184
Provision for taxation	1,865,540	1,699,742
Accrued return	347,602	619,500
Short-term borrowings and running finance	16,272,116	12,161,232
Current portion of liabilities against assets subject to finance lease	39,845	-
Unclaimed dividend	144,519	53,953
Unpaid dividend	23,706	91,119
	<u>68,305,694</u>	<u>52,379,233</u>
	<u>155,133,676</u>	<u>101,750,831</u>
TOTAL EQUITY AND LIABILITIES	<u>284,699,115</u>	<u>227,021,287</u>



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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 3rd quarter and nine months ended March 31, 2020 (Un-audited)

	Nine Months Ended		Quarter Ended	
	March 31,	March 31,	March 31,	March 31,
	2020	2019	2020	2019
	(PKR in '000')		(PKR in '000')	
Revenue	123,988,042	103,320,389	44,429,995	35,466,328
Less: Sales tax and excise duty	24,234,883	16,764,874	8,783,377	5,463,025
Rebates, incentives and commission	5,319,131	4,489,902	1,951,896	1,657,541
	29,554,014	21,254,776	10,735,273	7,120,566
	94,434,028	82,065,613	33,694,722	28,345,762
Cost of sales	(79,678,132)	(63,799,985)	(28,585,408)	(21,779,033)
Gross profit	14,755,896	18,265,628	5,109,314	6,566,729
Distribution cost	(5,799,983)	(4,296,137)	(2,050,617)	(1,458,307)
Administrative expenses	(3,185,645)	(2,308,421)	(1,147,744)	(776,794)
Finance cost	(2,015,548)	(1,151,277)	(830,024)	(376,944)
Other expenses	(603,830)	(1,313,476)	(208,580)	(411,496)
Other income	4,066,636	3,061,838	1,274,347	1,138,122
Profit before taxation	7,217,526	12,258,155	2,146,696	4,681,310
Taxation				
- current	(2,005,596)	(3,332,147)	(603,474)	(1,209,033)
- deferred	469,905	1,071,569	215,798	388,038
	(1,535,691)	(2,260,578)	(387,676)	(820,995)
Profit after taxation	5,681,835	9,997,577	1,759,020	3,860,315
Attributable to:				
Owners of the Holding Company	4,650,969	9,260,243	1,438,851	3,464,738
Non-controlling interests	1,030,866	737,334	320,169	395,577
	5,681,835	9,997,577	1,759,020	3,860,315
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	557,938	1,339,539	933,363	138,983
Other comprehensive (loss) / income which will not be reclassified to statement of profit or loss in subsequent periods				
Unrealized (loss) / gain on remeasurement of equity investment at fair value through other comprehensive income	(9,027)	(5,912)	(8,107)	5,026
Deferred tax thereon	1,354	887	1,216	(753)
	(7,673)	(5,025)	(6,891)	4,273
Total comprehensive income for the period	6,232,100	11,332,091	2,685,492	4,003,571
Attributable to:				
Owners of the Holding Company	5,201,234	10,594,757	2,365,323	3,607,994
Non-controlling interests	1,030,866	737,334	320,169	395,577
	6,232,100	11,332,091	2,685,492	4,003,571
	(PKR)	(PKR)	(PKR)	(PKR)
Earnings per share - basic and diluted	14.38	28.64	4.45	10.71



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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 financial statements** for the nine months ended March 31, 2020.

Overview

Cement industry in Pakistan grew by 7.1% to 37.04 million tons during the nine months ended March 31, 2020 in comparison to 34.58 million tons during the same period last year. Local sales volume registered a growth of 3.9% to 30.59 million tons during the current nine months in comparison to 29.44 million tons during the same period last year. Export sales volumes registered an increase of 25.7% to 6.45 million tons during the nine months under review as compared to 5.13 million tons reported in the same period last year.

In comparison to the Cement Industry, your Company's overall sales volumes declined by 2.6% to 5.80 million tons during the current nine months ended March 31, 2020. This was due to decline in local sales volumes by 7.0% which were 4.11 million tons in comparison to 4.42 million tons during the same period last year, due to competition arising from new capacities coming online. On the other hand, export sales volumes of the Company improved by 10.4% to 1.69 million tons as compared to 1.53 million tons during the same period last year.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 123.99 billion which is 20.0% higher as compared to the same period last year's turnover of PKR 103.32 billion. The increase in turnover is mainly attributable to commencement of operations of KIA Lucky Motors.

Moreover, **consolidated** Net Profit of the Company was PKR 5.68 billion of which PKR 1.03 billion is attributable to non-controlling interests which translates into an EPS of PKR 14.38 during the current nine months ended March 31, 2020 as compared to PKR 28.64 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 nine months ended March 31, 2020, compared to the same period last year are as follows:

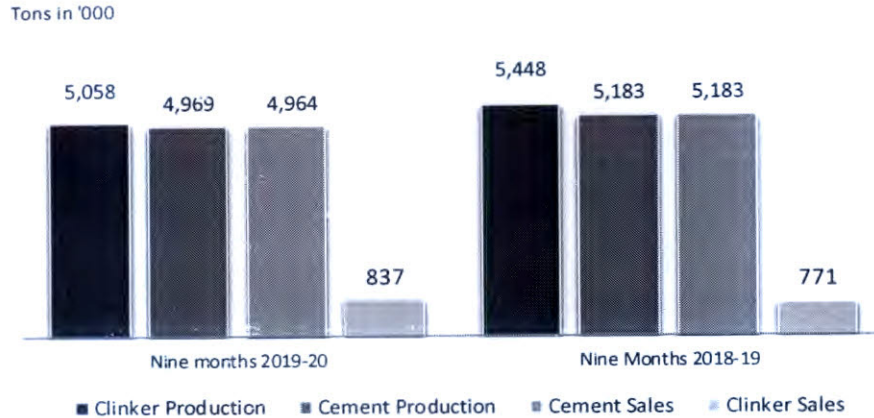
Particulars	Nine Months 2019-20	Nine Months 2018-19	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	5,058	5,448	(7.2%)
Cement Production	4,969	5,183	(4.1%)
Cement Sales	4,964	5,183	(4.2%)
Clinker Sales	837	771	8.6%



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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 nine months ended March 31, 2020 compared with the same period last year is presented below:

Particulars	Nine months 2019-20	Nine Months 2018-19	Growth / (Decline) %	
(Tons in '000')				
Cement Industry*				
Local Sales	30,588	29,461	1,127	3.8%
Export Sales				
- Bagged	3,211	3,353	(142)	(4.2%)
- Loose	39	95	(56)	(58.9%)
- Clinker	3,197	1,684	1,513	89.8%
Total Exports	6,447	5,132	1,315	25.6%
Grand Total	37,035	34,593	2,442	7.1%
Lucky Cement				
Local Sales				
- Cement	4,061	4,423	(362)	(8.2%)
- Clinker	51	-	51	100.0%
Total Local Sales	4,112	4,423	(311)	(7.0%)
Export Sales				
- Bagged	865	665	200	30.1%
- Loose	39	95	(56)	(58.9%)
- Clinker	786	771	15	1.9%
Total Exports	1,690	1,531	159	10.4%
Grand Total	5,802	5,954	(152)	(2.6%)
Market Share				
	Nine months 2019-20	Nine Months 2018-19	Growth / (Decline) %	
Local Sales	13.4%	15.0%	(10.7%)	
Export Sales				
- Bagged	26.9%	19.8%	35.9%	
- Loose	100.0%	100.0%	0.0%	
- Clinker	24.6%	45.8%	(46.3%)	
Total Export	26.2%	29.8%	(12.1%)	
Grand Total	15.7%	17.2%	(8.7%)	

*Industry Source: APCMA website

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Financial Performance - Standalone

The **standalone financial performance** of your Company for the nine months ended March 31, 2020, as compared to the same period last year is presented below:

PKR in millions except EPS

Particulars-	Nine months 2019-20	Nine Months 2018-19	% Change
Gross Revenue	47,948	52,315	(8.3%)
Net Revenue	32,448	37,521	(13.5%)
Gross Profit	4,526	11,260	(59.8%)
Operating Profit	672	8,289	(91.9%)
EBITDA	3,457	10,773	(67.9%)
Profit before Tax	3,278	9,750	(66.4%)
Net Profit	2,935	8,294	(64.6%)
EPS	9.08 / Share	25.65 / Share	(64.6%)

Revenue

During the nine months of 2019-20 under review, your Company's overall gross sales revenue declined by 8.3% as compared to the same period last year. Where, although the export sales revenue showed an increase of 18.6% (PKR 9.87 billion vs PKR 8.32 billion) but the local sales revenue decline of 13.4% (PKR 38.08 billion vs PKR 43.99 billion) lead to the overall drop of 8.3% in the gross sales revenue.

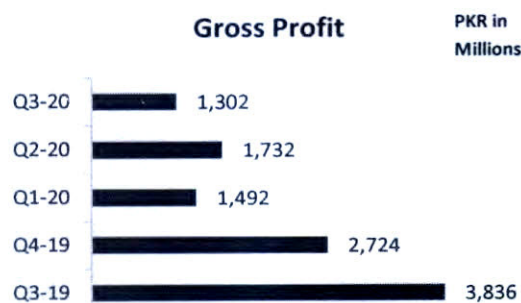
This was mainly due to lower sales volumes as a result of competition arising from new capacities and low retentions due to higher transportation and logistics costs.

Cost of Sales

Moreover, during the nine months under review, per ton cost of sales of your Company increased by 9.1% 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

In view of the lower sales volumes & retentions and higher input costs, as mentioned above, Gross profit margins of the company for the nine months under review were 13.9% as compared to 30.0% reported during the same period last year.




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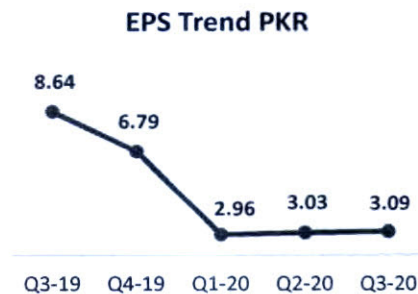
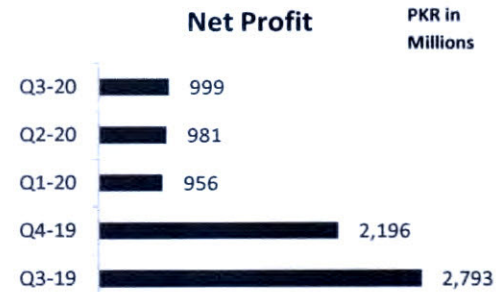
Net Profit

Similarly, your Company achieved a profit before tax of PKR 3,278.3 million during the nine months under review as compared to PKR 9,750.4 million reported during the same period last year.

Accordingly, after tax profit of PKR 2,935.4 million was achieved during the nine months under review as compared to PKR 8,293.9 million reported during the same period last year.

Earnings per share

As a result of factors discussed above, the earnings per share of your Company for the nine months ended March 31, 2020 was PKR 9.08 in comparison to PKR 25.65 reported during the same period last year.



Projects – New and Ongoing

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 was moving as per Schedule before the outbreak of COVID-19 in China with the targeted Commercial Operation on 1st March, 2021. On 6th February 2020, the Construction and Supply Contractors of the Company declared other Force Majeure Event (FME) under the provisions of their respective agreements due to outbreak of COVID-19 and notified that there is possible risk of delay in Project implementation. On 27th March, 2020, the Company also received FME notice on the same account from Central Power Purchasing Agency (CPPA) notifying possible delay in COD of Lahore Matiari transmission Line and thus may cause delayed provision of interconnection facility which is required to be provided by CPPA not later than 120 days prior to Commercial Operation Date. The precise assessment of FME on the project commercial operation timeline could not be made at this stage as FME is still in place. However, the Company in coordination with its Contractors and the CPPA is taking mitigating measures to contain the delay.



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

While major shipments of plant and machinery have reached site and erection work is under progress, some critical refractory, mechanical and electrical items are however under shipment and will reach during the month of June as per current understanding with the suppliers. Other necessary materials and resources are available at SITE and work is in progress during the locked down period arising out of COVID 19 pandemic situation.

As earlier envisaged, project completion is still targeted in the 2nd quarter of financial year 2020-21. However, if the situation of COVID 19 pandemic worsens, project completion timelines would be delayed.

Corporate Social Responsibility

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

Education / Scholarships

In continuation of 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

To empower women through education has been an ongoing process with the collaboration of Zindagi Trust in which your Company has been 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 pro-environment initiatives including tree-plantation drives in and around its manufacturing sites.

Outlook

Post relaxation of COVID-19 lockdown in the North, dispatches have reached 80% of pre-lockdown volumes. Dispatches in the South however continue to suffer due to lock down in Sindh province and are at one third of normal volumes. Export volumes are also very thin due to low demand from foreign buyers.



Based on the demand projections in North and the fact that majority of players are presently operating in losses, management expects that the prices in North will recover. In South due to lower economic activity as a result of COVID-19 lock down, volumes will remain under pressure. However, once the pandemic situation eases, we also expect that the package announced for the construction industry by the Federal Government will have a positive impact on the cement demand.

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: April 23, 2020