

LUCK: Earnings beat on higher than expected other income

- Lucky Cement Company Limited (LUCK) reported 3QFY22 results today posting an unconsolidated profit of PKR5.5bn (EPS PKR17.12) compared to PKR7.1bn (EPS PKR22.10), down 23%YoY. However, the same increased sequentially by 122%QoQ. The earnings came above our expectations accredited to higher than anticipated other income.
- On consolidated basis, LUCK posted an EPS of PKR23.41 compared to PKR24.31 of the same period last year, down 3.7%YoY.
- Net sales of the company registered an increase of 25%YoY/3%QoQ mainly attributable noteworthy increase in retention prices, albeit dispatches declined by 10%YoY. Similarly, during 9MFY22 revenue portrayed an increase of 25%YoY.
- Major reason for deviation in earnings is higher than anticipated other income of PKR4.1bn against our expectations of PKR1.6bn, which may be attributable to a dividend from a subsidiary.
- Gross margins declined by 13.5ppt YoY and 0.5ppt QoQ to 22.1%, which are in-line with our estimates. The massive YoY decline in gross margins is mainly due to jump in international coal prices coupled with higher sea freight of USD25-28/ton. However, local cement prices also rose significantly but were not enough to absorb elevated cost pressures.
- Distribution cost clocked in at PKR1.3bn, depicting an increase of 12%YoY/2%QoQ possibly due to higher transportation charges. Likewise, admin expense of the company portrayed an increase of 10%YoY and 4%QoQ respectively.
- Other income was significantly up sequentially to PKR4.1bn amid improved cash balances and dividend income from ICI and lucky motors. However, declined by 5%YoY.
- Effective tax rate during the quarter under review was 16% compared to 14% of 3QFY21 and 24% of 2QFY22.

LUCK Financial Highlights

PKRmn	3QFY22	QoQ	YoY	9MFY22	YoY
Net Sales	21,341	3%	25%	58,890	25%
Cost of Sales	16,630	4%	52%	44,904	39%
Gross Profit	4,712	1%	-23%	13,985	-5%
Distribution Cost	1,353	2%	12%	3,688	-5%
Administrative Cost	383	4%	10%	1,092	15%
Other Operating Cost	450	38%	-17%	1,123	10%
Other Income	4,137	455%	-5%	6,354	23%
Finance Cost	86	-6%	-5%	271	10%
Profit Before Tax	6,576	100%	-21%	14,165	3%
Taxation	1,042	31%	-8%	2,856	36%
Profit After Tax	5,535	122%	-23%	11,309	-3%
EPS (PKR)	17.12			34.97	

Source: Company Accounts, Next Research

Annexure

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