JS Research Beep

Pakistan Cement Sector

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JS Global Capital Limited

LUCK: Corporate analyst briefing takeaways

LUCK Cement Limited (LUCK) conducted its corporate briefing today to discuss FY26 performance and outlook. To recall, the company reported stand-alone EPS of Rs31.83 in FY26, up 41% YoY, largely led by an 10% YoY growth in domestic dispatches, gross margins expansion on cost efficiencies (+3.2ppts YoY) and higher other income amid higher dividends from 100% owned LEPCL (Rs12bn).

We maintain our buy stance on the stock with a Jun-2027 TP of Rs550 with a 48% contribution from the company's diversified investment portfolio offering 38% upside from current levels. Additionaly, the stock trades at an attractive FY27 PE of 5.8x.

- LUCK recorded a 10% YoY increase in domestic cement dispatches to 6.5mn tons in FY26, broadly in line with the 9.5% YoY growth in domestic industry sales to 41.5MT (FY25: 37.9MT) while maintaining a stable market share of 15.7%.
- Export volumes, however, witnessed an 8.2% YoY decline to 3.1mn tons in FY26, following the strong base from FY25, where LUCK benefited from supply constraints faced by competing exporters. Management considers current export volumes sustainable. Africa accounted for 78% of total exports in FY26 (FY25: 61%), while the USA's share increased to 8% (FY25: 2%). Conversely, Afghanistan's share declined to 2% (FY25: 8%) and Sri Lanka's to 8% (FY25: 13%), while Brazil remained unchanged at 2%.
- The management apprised that the company met 55% of its FY26 total power requirement through its strong renewable capacity (89.3MW solar + 28.8MW wind power and WHR). Rest was procured from grid at around Rs30–32/unit.
- The company also commissioned UC3 technology across all four production lines at its Karachi plant during FY26 to improve coal efficiency and optimize clinker output. Following the BMR, installed cement capacity increased to 15.6MTPA.
- Management noted that average coal cost stood at approximately Rs35,000/ton in FY26 across the North and South plants, although prices have increased recently. While alternative fuels have become more economical, their adoption remains constrained by the North plant's location and the South plant's existing technology; management indicated that initiatives in this area could be undertaken over the coming quarters.

Bloomberg Code: LUCK PA

Target Price: Rs550

Market Price: Rs398.05

Market Cap: Rs583bn, US$2,107mn

1-yr ADTO: 1.9mn shrs, Rs816mn, US$2.9mn

1-yr High / Low: Rs512.70 / 342.91

Estimated free float: 439mn shares (30%)

LUCK Key Statistics

Rs mn	FY25	FY26	FY27F
Sales	**124,512**	**136,527**	**165,124**
Sales Growth	8%	10%	21%
Gross Margins	22%	25%	25%
PAT	**33,092**	**46,629**	**59,299**
EPS (Rs)	**22.59**	**31.83**	**40.48**
EPS Growth	18%	41%	27%
DPS (Rs)	4.00	5.00	6.00
PAT Consol	**76,956**	**89,042**	**100,118**
EPS Consol (Rs)	**52.53**	**60.78**	**68.34**
P/E (x)	4.59	6.55	5.82
D/Y	2%	1%	2%

Source: Company accounts, JS Research

- Average cement retention prices stood at Rs15,500/ton in FY26, increasing by a further Rs700/ton in 4QFY26. Meanwhile, transportation costs remain volatile amid fluctuations in diesel prices, with recent freight costs from the South market to the North plant ranging between Rs9,000–11,000/ton.

- On international expansion, management apprised that construction of cement manufacturing plant with a capacity of 1.6MTPA in the Democratic Republic of Congo (DRC) is expected to commence in 1QFY27, with completion targeted within 18 months of commencement. Regarding Iraq, management noted that operations had been affected by weaker demand and disruptions to oil exports following the onset of the war. However, business conditions have improved recently, alongside a recovery in oil supply and the availability and pricing of gas and furnace oil.

- On capital allocation, management highlighted LUCK's interest in participating in the privatization of DISCOs through a consortium, while maintaining a cautious approach to deploying its cash-rich balance sheet until a commercially feasible opportunity emerges.

- In the automotive segment, management noted that competition has intensified significantly, particularly due to the influx of Chinese CBU imports in the EV segment. The number of vehicle models in the market has increased to approximately 60–80 from 20–25 two years ago, while the new auto policy remains under consideration.

- LUCK plans to enter the EV segment with its partners and commence local production in the next calendar year, with one new GAC model expected to be introduced each quarter over the following three to four quarters.

- In the power segment, rapid solar adoption, transmission constraints and declining grid demand continue to pose near-term challenges. Management expects LEPCL's transition to 100% Thar coal and improved rail logistics to enhance cost competitiveness and operational resilience.

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