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REP 019

LUCK: 1QFY27 Result Review — Profitability improved on higher sales and other income

AKD Securities Limited

Lucky Cement Ltd. (LUCK) announced its 1QFY27 financial results, reporting unconsolidated earnings of PkR17.1bn (EPS: PkR11.7), compared to PkR14.6bn (EPS: PkR10.0) in SPLY, up 17%YoY. Earnings came in above our expectations mainly due to higher-than-expected offtakes. On a consolidated basis, EPS declined 2%YoY to PkR14.8, amid lower share of profit from JVs and associates along with weaker LCI operations, partially offset by growth in core cement operations.

- Standalone revenue clocked in at PkR41.1bn, up 21%YoY from PkR33.9bn in SPLY, led by 8%YoY growth in total offtakes and 10%YoY higher retention prices during the period.
- Gross margins contracted to 36.8% from 39.2% in SPLY (37.6% in 4QFY26), as cost of sales rose 26%YoY amid higher coal prices, packing material and energy costs.
- Operating expenses increased by 20%YoY to PkR3.4bn, compared to PkR2.8bn in SPLY, with administrative expenses up 34%YoY and distribution costs up 16%YoY.
- Other income increased by 19%YoY to PkR10.8bn, largely driven by higher dividend income from subsidiaries and associate (PkR9.0bn vs. PkR7.6bn in SPLY) and returns on short-term investments.
- Finance cost declined by 7%YoY to PkR233mn, aided by 11%YoY lower outstanding borrowings.
- Effective tax rate during the quarter stood at 23.1%, compared to 24.2% in SPLY.
- Alongside the result, the board approved a 3.2n TPA brownfield expansion at the Karachi plant (COD: Dec'27), taking Karachi capacity to 8.6mn TPA and total Pakistan capacity to 18.8mn TPA (+20% vs. 15.6mn TPA currently). The board also approved 22.5MW of wind and 10MW of WHR at Karachi (COD: 2QFY28) and 15MW of solar (COD: 4QFY27) plus 15MW of BESS at Pezu, lifting renewable capacity to 221.6MW, expected to meet ~60% of energy requirements. We estimated the CAPEX for aforesaid projects at ~PkR60bn. Notably, the company has cash & ST investments of PkR114bn as of Sep'26. However, we haven't incorporated this in our base case.
- We have a 'BUY' stance on the stock with Dec'26 SOTP target price of PkR731/sh. Our liking for LUCK stems from; i) improvement in core margins, ii) increase in dividend from power segment and iii) expected recovery in cyclical segments benefiting its subsidiaries.

LUCK: Income Statement (Unconsol)

PkRmn	1QFY27	1QFY26	YoY	4QFY26	QoQ
Sales	41,074	33,862	21%	35,560	16%
COGS	25,947	20,580	26%	22,203	17%
Gross Profit	15,127	13,282	14%	13,357	13%
Gross Margins	36.8%	39.2%		37.6%	-
Opex	3,359	2,793	20%	3,318	1%
Other Income	10,752	9,044	19%	6,798	58%
Finance Cost	233	252	-7%	213	9%
PBT	22,287	19,282	16%	12,898	73%
Taxation	5,156	4,664	11%	3,001	72%
ETR	23.1%	24.2%		23.3%	
NPAT	17,131	14,618	17%	9,898	73%
EPS (PkR)	11.7	10.0	-	6.8	-
EPS (PkR) Consol	14.8	15.0	-2%	17.3	-15%
DPS (PkR)	0.0	0.0	n.m	5.0	-100%

Source: PSX & AKD Research

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To arrive at our period end target prices, AKDS uses different

valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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