Pakistan Cement

29 October 2026

Lucky Cement Ltd (LUCK PA)

1QFY27 Review: Core beats, subsidiaries drag

Lucky Cement (LUCK) posted unconsolidated NPAT of PKR17.1bn (EPS: PKR11.69) in 1QFY27, up 17% YoY and 73% QoQ, above our EPS estimate of PKR10.40 on higher-than-expected margins. The company also announced a 3.2MTPA brownfield expansion at its Karachi plant, alongside renewable energy additions of 22.5MW wind and 10MW WHR at Karachi, and 15MW solar with a 15MW BESS at Pezu, which together are expected to meet 60% of its energy requirements on completion.

On a consolidated basis, LUCK posted NPAT of PKR22.6bn (EPS: PKR14.76), down 2% YoY and below our EPS estimate of PKR16.43, likely reflecting weaker sales in Iraq amid the ongoing Middle East tensions, and in DRC on the back of a slowing economy.

Key highlights for 1QFY27 result:

- Net sales came in at PKR41.1bn, exceeding our our estimates, up 21% YoY and 16% QoQ, driven by higher retention prices and a 2% QoQ increase in dispatches.
- Gross margin slipped 0.7ppt QoQ to c.36.8%, reflecting higher coal costs during the quarter, though it remained above our 35% estimate.
- Distribution expenses fell 3% QoQ to PKR2.5bn, following a 9% QoQ decline in exports.
- Other income rose 19% YoY, driven by dividend income of PKR9.0bn (SPLY: PKR7.6bn), along with returns on short-term investments in Islamic mutual funds.
- The effective tax rate stood at 23% versus 24% in SPLY, as substantial other income helped to pull down the tax rate.

LUCK continues to show resilience, supported by its diversified portfolio and strong balance sheet, which position it well across cycles. The 3.2MTPA brownfield expansion at Karachi should bring efficiency gains and as indicated by management, enable a greater shift towards alternative fuels, while also helping the company grow its share of both domestic and export markets. Renewable energy remains a priority, with the planned additions expected to meet 60% of the company's energy requirements once complete.

LUCK – 1QFY27 Result Review - Unconsolidated

PKRmn	1QFY27	1QFY26	YoY	QoQ
Net Sales	41,074	33,862	21%	16%
COGS	25,947	20,580	26%	17%
Gross Profit	15,127	13,282	14%	13%
GMs	*36.8%*	*39.2%*		
Distribution Expenses	2,527	2,172	16%	-3%
Administrative Expenses	832	621	34%	18%
Operating Profit	11,768	10,488	12%	44%
Other Income	10,752	9,044	19%	117%
Finance Cost	233	252	-7%	9%
PBT	22,287	19,281	16%	73%
Taxation	5,156	4,664	11%	72%
Profit after Tax	17,131	14,617	17%	73%
EPS (PKR)	11.69	9.98		
Consolidated EPS (PKR)	14.76	15.01		

Source: Company Announcement, IMS Research

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Ratings Guide*	Criteria
Buy	Total return expectation of ≥ 15% or expected to outperform the KSE-100 index
Neutral	Total return expectation of > -5% or expected to match the return of KSE-100 index
Sell	Expected downside of more than 5% or expected to underperform the KSE-100 index

*Based on 12 month horizon unless stated otherwise in the report.

Valuation Methodology: We use multiple valuation methodologies in arriving at a Target Price including, but not limited to, Discounted Cash Flow (DCF), Dividend Discount Model (DDM) and relative multiples based valuations.

Risks: i) Slower than expected growth coming from other than cement operations, (ii) cement pricing indiscipline, and (iii) Increase in international coal prices

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