LUCKY CEMENT

LCL/ANNO/2017-18/

April 26, 2018

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, 2018

This is to inform you that the Board of Directors of our Company in their Meeting held on Thursday, April 26, 2018 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

(I)	**Cash Dividend**	**Nil**
(ii)	**Bonus Issue**	**Nil**
(iii)	**Right Issue**	**Nil**
(iv)	**Interim Dividend**	**Nil**

The financial results of the Company consisting of Balance Sheet, Profit and Loss Account and Directors' Report are annexed.

We will be sending you the requisite copies of printed financial statements in due course of time.

Yours truly
for **LUCKY CEMENT LIMITED**

IRFAN CHAWALA
Director Finance / CFO

Lucky Cement Limited
6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.
U.A.N: 111-786-555 T: (92-21) 34537390, 34530175, 34522554 & 34530450 F: 34534302 E: info@lucky-cement.com
URL: www.lucky-cement.com

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LUCKY CEMENT

Unconsolidated Condensed Interim Balance Sheet
As at March 31, 2018

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	**40,847,447**	37,488,137
Intangible assets	**50,001**	79,657
	40,897,448	37,567,794
Long-term investments	**14,876,094**	13,313,520
Long-term loans and advances	**88,416**	84,951
Long-term deposits	**3,175**	3,175
	55,865,133	50,969,440
CURRENT ASSETS		
Stores and spares	**7,951,804**	5,894,079
Stock-in-trade	**1,891,056**	2,509,273
Trade debts	**2,310,911**	1,582,689
Loans and advances	**506,162**	619,161
Trade deposits and short term prepayments	**96,273**	39,774
Accrued return	**161,649**	165,289
Other receivables	**1,772,234**	1,235,019
Tax refunds due from the Government	**538,812**	538,812
Short term investment	**45,859**	45,452
Cash and bank balances	**34,925,319**	33,738,377
	50,200,079	46,367,925
TOTAL ASSETS	**106,065,212**	97,337,365
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid-up capital	**3,233,750**	3,233,750
Reserves	**80,855,888**	76,551,231
	84,089,638	79,784,981
NON-CURRENT LIABILITIES		
Long-term deposits	**88,740**	84,630
Deferred liabilities	**7,273,080**	7,124,127
	7,361,820	7,208,757
CURRENT LIABILITIES		
Trade and other payables	**13,350,159**	9,269,882
Taxation - net	**1,263,595**	1,073,745
	14,613,754	10,343,627
	21,975,574	17,552,384
TOTAL EQUITY AND LIABILITIES	**106,065,212**	97,337,365

LUCKY CEMENT

Unconsolidated Condensed Interim Profit and Loss Account
For the 3rd quarter and nine months ended March 31, 2018 (Un-audited)

	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
	(PKR in '000')		**(PKR in '000')**	
Gross sales	**50,626,090**	47,291,416	**17,774,013**	16,048,908
Less: Sales tax and federal excise duty	**14,240,681**	11,523,809	**5,090,856**	4,063,627
Rebates and commission	**714,820**	526,476	**266,396**	185,824
	14,955,501	12,050,285	**5,357,252**	4,249,451
Net sales	**35,670,589**	35,241,131	**12,416,761**	11,799,457
Cost of sales	**(22,578,034)**	(18,289,927)	**(8,209,947)**	(6,514,414)
Gross profit	**13,092,555**	16,951,204	**4,206,814**	5,285,043
Distribution cost	**(1,348,647)**	(1,399,721)	**(535,464)**	(361,763)
Administrative expenses	**(813,960)**	(767,791)	**(257,457)**	(253,736)
Other expenses	**(985,349)**	(1,575,331)	**(368,600)**	(418,762)
Other income	**2,034,900**	1,460,442	**839,562**	511,585
Profit before taxation	**11,979,499**	14,668,803	**3,884,855**	4,762,367
Taxation				
- current	**(2,170,216)**	(3,770,955)	**(683,533)**	(997,381)
- deferred	**(7,597)**	(476,008)	**53,231**	(380,562)
	(2,177,813)	(4,246,963)	**(630,302)**	(1,377,943)
Profit after taxation	**9,801,686**	10,421,840	**3,254,553**	3,384,424
Other comprehensive income:				
Other comprehensive income which may be reclassified to profit and loss account in subsequent periods				
Unrealized loss on remeasurement of available for sale investment	**407**	-	**6,212**	-
Deferred tax thereon	**(61)**	-	**(932)**	-
	346	-	**5,280**	-
Total comprehensive income for the period	**9,802,032**	10,421,840	**3,259,833**	3,384,424
	(Rupees)		**(Rupees)**	
Earnings per share - basic and diluted	**30.31**	32.23	**10.06**	10.47

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Condensed Interim Consolidated Balance Sheet
As at March 31, 2018

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	66,940,305	59,601,233
Intangible assets	8,015,740	7,388,387
	74,956,045	66,989,620
Long-term investments	13,016,970	11,098,870
Long-term loans and advances	529,589	467,373
Long-term deposits and prepayments	67,154	44,972
	88,569,758	78,600,835
CURRENT ASSETS		
Stores, spares and consumables	9,065,451	7,041,171
Stock-in-trade	8,973,424	8,423,173
Trade debts	4,957,854	4,172,567
Loans and advances	1,616,757	1,061,146
Trade deposits and short-term prepayments	779,730	675,814
Other receivables	3,498,423	2,881,844
Tax refunds due from the Government	538,812	538,812
Taxation - receivable	1,742,792	1,093,972
Accrued return	174,073	181,355
Short term investments	45,859	45,452
Cash and bank balances	39,249,313	36,273,319
	70,642,488	62,388,625
TOTAL ASSETS	159,212,246	140,989,460
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid-up-capital	3,233,750	3,233,750
Reserves	90,880,714	83,736,475
Attributable to the owners of the Holding Company	94,114,464	86,970,225
Non-controlling interests	11,978,991	9,235,325
Total equity	106,093,455	96,205,550
NON-CURRENT LIABILITIES		
Long-term finances	10,373,088	8,825,140
Long-term deposits	88,740	84,630
Liabilities against assets subject to finance lease	37	798
Deferred liabilities	10,134,557	9,864,932
Other long term liabilities	3,365,948	2,752,510
	23,962,370	21,528,010
CURRENT LIABILITIES		
Trade and other payables	21,800,381	19,225,920
Provision for taxation	1,312,185	1,073,745
Accrued return	171,408	177,654
Short-term borrowings and running finance	4,573,168	2,128,905
Current portion of liabilities against assets subject to finance lease	1,179	2,009
Current portion of long-term finance	1,298,100	647,667
	29,156,421	23,255,900
TOTAL EQUITY AND LIABILITIES	159,212,246	140,989,460

LUCKY CEMENT

Condensed Interim Consolidated Profit and Loss Account
For the 3rd quarter and nine months ended March 31, 2018 (Un-audited)

	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
	(PKR in '000')		(PKR in '000')	
Turnover	**92,601,630**	82,425,546	**32,835,542**	28,548,300
Less: Sales tax and excise duty	**16,469,999**	13,525,363	**5,915,584**	4,760,378
Rebates and commission	**3,784,476**	3,234,518	**1,327,170**	1,178,691
	20,254,475	16,759,881	**7,242,754**	5,939,069
Net sales	**72,347,155**	65,665,665	**25,592,788**	22,609,231
Cost of turnover	**(52,539,849)**	(43,183,155)	**(18,952,235)**	(15,287,224)
Gross profit	**19,807,306**	22,482,510	**6,640,553**	7,322,007
Distribution cost	**(3,333,525)**	(3,161,148)	**(1,181,237)**	(1,029,497)
Administrative expenses	**(2,070,348)**	(1,584,964)	**(628,271)**	(546,708)
Finance costs	**(534,989)**	(526,852)	**(220,394)**	(162,701)
Other expenses	**(1,760,266)**	(1,834,002)	**(649,076)**	(510,628)
Other income	**3,502,495**	2,605,366	**1,305,814**	864,382
Profit before taxation	**15,610,673**	17,980,910	**5,267,389**	5,936,855
Taxation				
- current	**(2,423,620)**	(4,519,165)	**(507,111)**	(1,199,290)
- deferred	**(119,736)**	(406,036)	**(269,840)**	(422,027)
	(2,543,356)	(4,925,201)	**(776,951)**	(1,621,317)
Profit after taxation	**13,067,317**	13,055,709	**4,490,438**	4,315,538
Attributable to:				
Owners of the Holding Company	**11,935,141**	12,052,781	**4,020,905**	3,930,038
Non-controlling interests	**1,132,176**	1,002,928	**469,533**	385,500
	13,067,317	13,055,709	**4,490,438**	4,315,538
Other comprehensive income for the period				
Items to be reclassified to profit and loss account in subsequent periods :				
Foreign exchange differences on translation of foreign operations	**704,626**	852	**341,548**	14,191
Unrealised loss on remeasurement of available-for-sale investment	**407**	-	**6,212**	-
Deferred tax thereon	**(61)**	-	**(932)**	-
	346	-	**5,280**	-
Total comprehensive income for the period	**13,772,289**	13,056,561	**4,837,266**	4,329,729
Attributable to:				
Owners of the Holding Company	**12,640,113**	12,053,633	**4,367,733**	3,944,229
Non-controlling interests	**1,132,176**	1,002,928	**469,533**	385,500
	13,772,289	13,056,561	**4,837,266**	4,329,729
	(PKR)		(PKR)	
Earnings per share - basic and diluted	**36.91**	37.27	**12.43**	12.15

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Directors' Report

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include both, stand-alone and consolidated unaudited financial statements for the nine months ended March 31, 2018.

Overview

Cement industry in Pakistan grew by 14.7% to 34.76 million tons during the current nine months in comparison to 30.30 million tons during the same period last year. While local sales volume registered a growth of 17.9% to 31.31 million tons during the current nine months in comparison to 26.55 million tons during the same period last year; export sales volume registered a decline of 8.2% to 3.44 million tons during the current nine months under review as compared to 3.75 million tons in the same period last year.

Your Company achieved an overall growth of 5.6% with total sales volume of 5.84 million tons during the current nine months as compared to 5.53 million tons sold in same period last year. While local cement sales volume registered a growth of 16.9% (North 19.7% and South 13.7%) to reach 5.04 million tons as compared to 4.31 million tons during the same period last year, whereas, local clinker sales volumes declined by 79.5% to 0.06 million tons during the current nine months as compared to 0.29 million tons in the same period last year, resulting in the overall local sales growth of 10.9% to reach 5.10 million tons during the nine months period as compared to 4.60 million tons during the same period last year; export sales volume declined by 20.3% to 0.74 million tons during the current nine months as compared to 0.93 million tons during the same period last year.

The EPS for the current nine months was recorded at PKR 30.31, which is 6.0% lower than the same period last year's EPS of PKR 32.23.

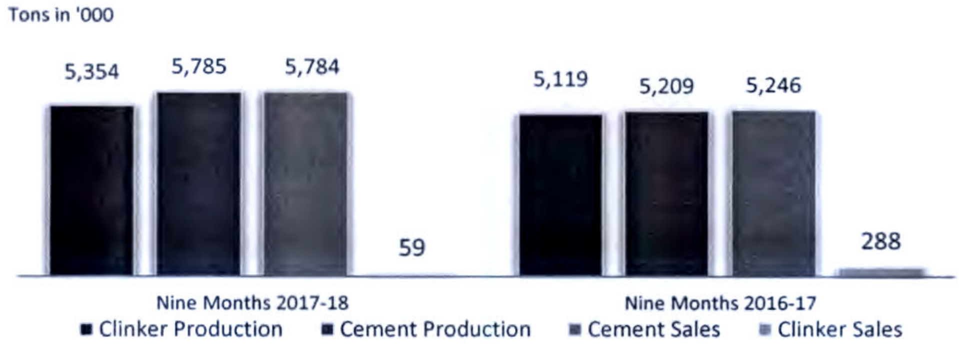
Business Performance

a. Production & Sales Volume Performance

The production and sales statistics of your Company for the nine months ended 2017-18 compared to the same period last year are as follows:

Particulars	Nine Months 2017-18	Nine Months 2016-17	Growth/ (Decline)
	Tons in '000'		%
Clinker Production	5,354	5,119	**4.6%**
Cement Production	5,785	5,209	**11.1%**
Cement Sales	5,784	5,246	**10.2%**
Clinker Sales	59	288	**(79.5%)**

The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the industry and your Company for the nine months ended 2017-18 with the same period last year is presented below:

Particulars	Nine Months 2017-18 (Tons in '000')	Nine Months 2016-17 (Tons in '000')	Growth / (Decline)	%
Cement Industry				
Local Sales	**31,314**	**26,551**	**4,763**	**17.9%**
Export Sales				
- Bagged	3,300	3,590	(290)	(8.1%)
- Loose	144	163	(19)	(11.7%)
Total Exports	**3,444**	**3,753**	**(309)**	**(8.2%)**
Grand Total	**34,758**	**30,304**	**4,454**	**14.7%**
Lucky Cement				
Local Sales				
- Cement	5,039	4,311	728	16.9%
- Clinker	59	288	(229)	(79.5%)
Total Local Sales	**5,098**	**4,599**	**499**	**10.9%**
Export Sales				
- Bagged	601	772	(171)	(22.2%)
- Loose	144	163	(19)	(11.7%)
Total Exports	**745**	**935**	**(190)**	**(20.3%)**
Grand Total	**5,843**	**5,534**	**309**	**5.6%**

Market Share	Nine Months 2017-18	Nine Months 2016-17	Growth / (Decline) %
Local Sales	**16.3%**	**17.3%**	**(5.8%)**
Export Sales			
- Bagged	18.2%	21.5%	(15.3%)
- Loose	100.0%	100.0%	-
Total Export	**21.6%**	**24.9%**	**(13.3%)**
Grand Total	**16.8%**	**18.3%**	**(8.2%)**

Industry Source: APCMA website

b. Financial Performance

The financial performance of your Company for the nine months ended 2017-18 as compared to the same period last year is presented below:

Numbers in PKR million except EPS

Particulars	Nine Months FY 2017-18	Nine Months FY 2016-17	% Change
Gross Revenue	50,626	47,291	7.1%
Net Revenue	35,671	35,241	1.2%
GP	13,093	16,951	(22.8%)
OP	10,930	14,784	(26.1%)
EBITDA	13,122	16,745	(21.6%)
NP	9,802	10,422	(6.0%)
EPS	30.31 / Share	32.23 /Share	(6.0%)

Revenue

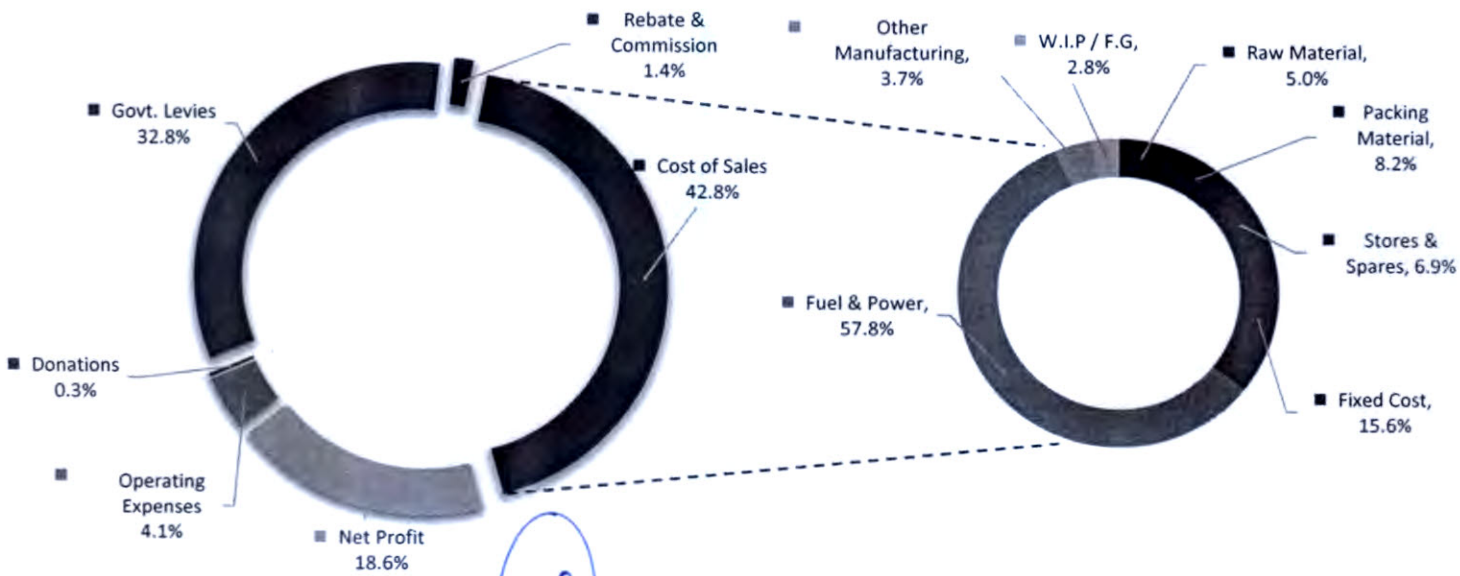
During the nine months of 2017-18 under review, your Company achieved an overall gross sales revenue growth of 7.1% as compared to the same period last year. This was mainly due to the impact of higher Federal Excise Duty and Sales Tax.

Cost of Sales

During the period under review, per ton cost of sales of your Company increased by 16.9% as compared to the same period last year. The increase was mainly attributable to increase in coal and other fuel prices.

Distribution of Gross Revenue

Distribution of Cost of Sales



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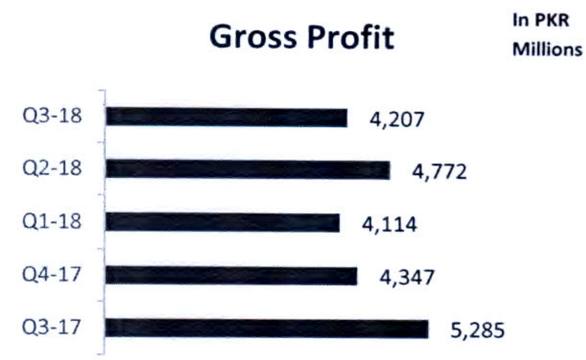
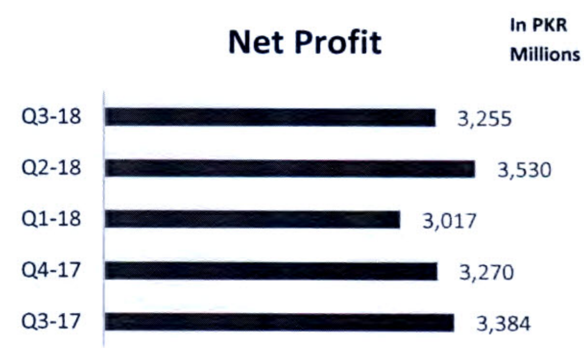
Gross Profit

Your Company achieved gross profit margin of 36.7% for the nine months under review as compared to 48.1% reported during the same period last year.



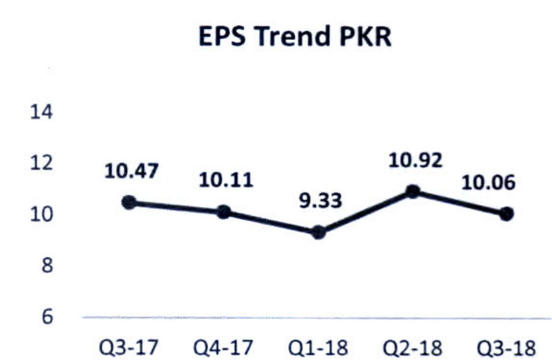
Net Profit

Your Company achieved profit before tax of PKR 11,979.5 million during the current nine months under review as compared to PKR 14,668.8 million reported during the same period last year. Similarly, after tax profit of PKR 9,801.7 million was achieved during the nine months under review as compared to PKR 10,421.8 million reported during the same period last year.



Earnings per share

The earnings per share of your Company for the nine months ended March 31, 2018 was PKR 30.31 in comparison to PKR 32.23 reported during the same period last year.



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Projects – New and Ongoing

Brownfield cement plant expansion in KPK Province of Pakistan – 2.6 million tons per annum

In view of the continued delay in expansion plans for North, your Company has decided to increase the cement production capacity at its Pezu Plant by 2.6 million tons per annum. In this regard, necessary approvals and NOC have also been secured from the KPK Government.

The project cost is estimated at PKR 17.5 billion based on current exchange rates and target for commercial production is last quarter of calendar year 2019.

Investments

Investment in 1 x 660 MW, supercritical, coal based power project

Your Company has already executed EPC contract, Power Purchase Agreement & Implementation Agreement and also finalized the draft of Coal Supply Agreement. The target for financial close and commercial operations is May 2018 and March 2021, respectively.

The consolidated unaudited financial statements of the Company for the nine months ended March 31, 2018, include the net assets of the project company i.e. Lucky Electric Power Company Limited which is 100% indirectly owned subsidiary of the Company.

Investment in automotive manufacturing plant – Kia Lucky Motors Pakistan Limited [KLM]

KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.The Project aims to start commercial production in second quarter of 2019.

Greenfield clinker production facility in Samawah, Iraq – 1.2 million tons per annum

In order to become self-reliant for clinker availability in Iraq, a greenfield clinker production facility with a capacity of 1.2 million tons per annum is planned to be setup in Samawah, Iraq as a joint venture project with the existing local partner.

The project cost is estimated at USD 109 million and is subject to all regulatory / statutory approvals required under the law. The project aims to start commercial production from the last quarter of calendar year 2019.

Corporate Social Responsibility

Your Company remains fully committed to creating value for the society in which it operates. During the third quarter of the financial year under review, your Company continued to extend a number of scholarships to deserving students from various leading universities of Pakistan. Keeping in view the importance and impact of women empowerment in Pakistan, Lucky Cement in collaboration with Zindagi Trust continued its support for two leading Government girls' schools in Karachi. With the primary focus of social intervention in the development of women education in the country, your Company aims to transform these schools into model educational institutions for the girls of Pakistan.

Your Company also continues to donate towards the cause of community development by supporting CPLC – an institution responsible for the safety and security of citizens in Sindh. Furthermore, contributions towards the community in connection with health-based initiatives and other welfare purposes were also made to highlight the true spirit of charity. Your Company is also an active supporter of Special Olympics Pakistan, Pakistan Welfare Association for the Blind and such other welfare organizations which strive for the betterment of differently abled members of the society.

Outlook

Your Company continues to remain optimistic about volumetric growth for the remaining quarter of the current financial year. Domestic sales are expected to remain strong on the back of private and public sector construction projects as well as mega infrastructure development projects under the China–Pakistan Economic Corridor (CPEC) initiative. Your Company's strong and debt-free financial position and free cash flow generating ability would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Acknowledgement

Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support.

We would like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Lucky family and also for our shareholders, who have always shown their confidence and faith in the Company.

LUCKY CEMENT

On behalf of the Board

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD ALI TABBA
Chief Executive / Director

Karachi: April 26, 2018

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