

AHL Brief Note: Cement

Lucky Cement Limited (LUCK)

Analyst Briefing Takeaways

The management of Lucky Cement Ltd (LUCK) held a corporate briefing session today where they discussed the company's performance and future outlook.

Brief Takeaways:

- **Energy Mix:** The company has approximately 100 MW of renewable energy capacity. Renewables contributes 55% to the company's energy mix, with the remaining 45% coming from captive power.
- **Cement Industry Dispatches:** During 4MFY25, local cement dispatches fell by 15% YoY, attributed to higher cement prices and elevated inflation dampening demand.
- **LUCK Market Share:** In 1QFY25, the company's domestic market share stood at 16.9%, down from 17.5% in the same period last year.
- **Foreign Cement Operations:** Capacity utilization in Iraq and Congo remained ~90%, driven by higher demand supported by improved economic conditions.
- **Coal Prices:** The company utilized a blend of imported and domestic coal, resulting in a weighted average cost of ~PKR 38,000/ton. Afghan coal prices are expected to decrease by PKR 5,000-6,000/ton due to decline in border taxes and royalties.
- **Cement Prices:** Retention prices for cement are around PKR 15,500-16,000/ton, while export prices remain steady from the previous quarter.
- **Other Income:** The company's other income rose by 25% YoY to PKR 3.9bn in 1QFY25, mainly due to dividends from Lucky Core Industries (PKR 1.7bn), Yunus Energy Limited (PKR 0.3bn), and remaining from investments in mutual funds.
- **Mining Project:** The mining project is currently two stages away from the feasibility study, with expected materialization within 2-3 years.
- **Lucky Electric Receivables:** Currently receivables for Lucky Electric is 4-5 months of sales.
- **Cement Expansion:** With current cement industry utilization at around 50%, the management does not anticipate expansion cycle to commence in a couple of years.
- **Auto Sales:** In an answer to a question, the management explained that the Auto sector is currently in recovery phase.
- **Investment Outlook:** As a cash-rich company, management always seek investment opportunities across various sectors.
- **Demand Outlook:** Management expects that easing in inflation and reduction in interest rates will boost local cement dispatches in the coming period.

Lucky Cement Limited (LUCK) Analyst Briefing Takeaways

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