

Lucky Core Industries Limited

Result Review: 1HFY24 EPS @ PKR 54.58

LCI: 2QFY24 earnings at PKR 27.10/share, up by 104% YoY

Lucky Core Industries Limited announced its 1HFY24 financial result today where the company posted a profit after tax (PAT) of PKR 5.0bn (EPS: PKR 54.58), compared to PAT of PKR 3.0bn (EPS: PKR 32.76) during SPLY. The rise in earnings is witnessed due to higher gross margins and a 9x YoY rise in other income. Along with the result, the company also announced a cash dividend of PKR 27/share.

Result Highlights

- During 1HFY24, net sales surged up 21% YoY to PKR 60.1bn due to higher sales across all segments, supporting the overall jump. During 2QFY24, sales also increased by 23% YoY.
- Gross margins went up by 324bps YoY to 21.4% during 1HFY24. The rise in gross margins was led by lower coal prices (-59% YoY), we view.
- During 2QFY24, LCI booked an exchange gain of PKR 98mn amid a recovery in PKR against the greenback.
- The other income of the company increased by 9x YoY to PKR 1,810mn during 1HFY24, the rise in earnings is witnessed due to the return on short-term investment.
- Finance costs of the company went up by 89% YoY to PKR 1,989mn during 1HFY24 due to augmented short-term borrowing along with higher interest rates.

Recommendation

- We have a BUY call on the scrip with a Dec'24 target price of PKR 937.1/share.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1HFY24a	1HFY23a	YoY	2QFY24a	2QFY23a	YoY	QoQ
Net Sales	60,054	49,582	21%	31,064	25,287	23%	7%
Gross profit	12,865	9,018	43%	6,527	4,090	60%	3%
Gross Margins	21.4%	18.2%		21.0%	16.2%		
SGA	4,729	3,659	29%	2,525	1,865	35%	15%
Operating Profit	8,136	5,359	52%	4,002	2,224	80%	-3%
Other Income	1,810	212	755%	898	102	777%	-1%
Finance Cost	1,989	1,054	89%	892	575	55%	-19%
PBT	7,631	4,050	88%	3,857	1,662	132%	2%
PAT*	5,041	3,026	67%	2,503	1,226	104%	-1%
EPS (PKR)	54.58	32.76		27.10	13.27		
DPS (PKR)	27.00	10.00		27.00	10.00		

Source (s): Company Financials, AHL Research,

*Attributable to owners of the Holding Company

Lucky Core Industries Limited

Result Review: 1HFY24 EPS @ PKR 54.58

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.