

AHL Brief Note: 12-Sep-2025

Cement: Lucky Cement Limited

Corporate Briefing Takeaways

Management Conference Call

REP-300

LUCK senior management held an analyst briefing today to discuss financial performance of FY25 and the future outlook.

Brief Takeaways

Financial Performance

- LUCK posted consolidated earnings of PKR 84.5bn (EPS: PKR 52.53) in FY25, up 17% YoY due to improved performance from its business segments including local and foreign cement, Autos, Mobiles, and Chemicals; the company announced a final dividend of PKR 4/share.
- On unconsolidated basis gross profit rose from PKR 38.8bn in FY24 to PKR 42.7bn in FY25, driven by, stable coal price and exchange rate, contribution from the new 28.8 MW wind project, and higher energy efficiency through renewables.
- Other income rose significantly by 23% YoY in FY25, from returns on large surplus cash reserves, which are maintained for strategic expansions and contingency buffers.

Local Cement Operations

- Lucky commissioned a 28.8 MW wind power project at the Karachi plant, with a capital cost of ~PKR 9bn. This project began contributing in Oct'24 and only impacted 9 months of FY25 results; full-year benefits will be realized in FY26.
- Including this project, renewables now make up ~55% of the company's energy mix (wind, solar, and waste heat recovery combined).
- A Battery Energy Storage System (BESS) has been deployed to smooth fluctuations in renewable output; its payback period is estimated at 4–5 years. It improves operational efficiency by reducing backup thermal use.
- Grid power currently costs ~PKR 36/unit and is expected to fall to ~PKR 33/unit, according to the management, as reliance rises and capacity charges are spread over more users.
- South plant (Karachi) is currently using imported coal (South Africa/Tanzania) at USD 100/ton + 12% incidentals (~PKR 33k/ton). North plant uses ~75–80% local and 20–25% Afghan coal, at ~PKR 38k/ton (including transport).
- Management is expecting 5% volumetric growth in local cement dispatches in FY26. Demand will be impacted in 2-3 months post floods and after that the demand will recover.

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- Average retention prices in FY25 stood at PKR 16k/ton in North and PKR 15k/ton in South with average retention prices of PKR 15.5k/ton. Current retention prices are at same levels.
- Lucky remained Pakistan's largest cement exporter, with 3.4mn tons out of 9.2mn tons national exports in FY25. African market now accounts for 62% of company's export share compared to 41% in FY24.
- Exports surged partly because Egypt exited the African market after removal of subsidies that were previously provided to exporters, freeing up market share that Pakistani manufacturers captured. FY25 average export prices stood at USD 41/ton for Cement and USD 31/ton for clinker.

Foreign Cement Operations

- LUCK Iraq cement plants are operating at 95% capacity and Congo plant is operating at 85% capacity. Due to high utilization in Iraq management has undertaken expansion.

Lucky Electric

- Management expects Lucky Electric switch to local Thar coal in FY26. This will improve the merit order of the plant.

Lucky Motors

- Kia Lucky Motors posted ~40% volumetric sales growth in FY25. Consumer spending is recovering due to falling inflation, lower interest rates, and political stability, which has started benefiting autos (Kia, Peugeot).

Mining Business (National Resources Limited)

- Management expects at least 2.5–3 years to reach a Mineral Resource Estimate (MRE), followed by 2–2.5 years for construction, meaning commercial mining is at least 4–5 years away.

Capital Allocation

- LUCK plans to utilize cash on its balance sheet to make further investments which includes investment in NRL and a bid along with a consortium for Pakistan International Airlines.

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