

LUCK has announced its 9MFY22 result where it posted a profit after tax of Rs11.31bn (EPS: Rs34.97) as compared to a profit after tax of Rs11.69bn (EPS: Rs36.14) in the same period last year, down by 3.2% YoY.

The company had posted a revenue of Rs58.89bn against Rs47.10bn in SPLY, recording a growth of 25% YoY.

The gross margin has been plunged to 23.7% as compared to 31.2% in SPLY due to an increase in international coal prices. SG&A expenses have increased by 1% YoY to Rs4.78bn as compared to Rs4.83bn during SPLY.

Lastly, other income and finance costs have been increased by 22.6% YoY and 10% YoY respectively.

LUCK is currently trading at a FY22E P/E of 12.41x. The scrip is also trading at a FY22E P/B of 1.44x which offers a discount of 22% relative to its historical 3-year average of 1.84x. We have a **BUY** stance on the scrip with a DCF-based Dec-22 TP of Rs700 which provides an upside potential of 23%. Further, the scrip also provides a dividend yield of 2% which makes the total return of 25%.

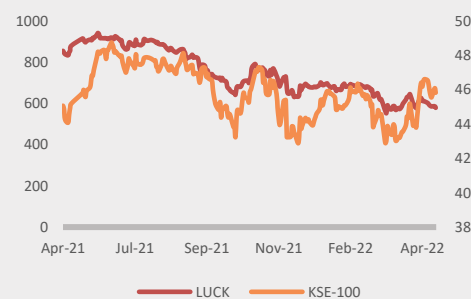
Rupees' millions	3QFY22	3QFY21	YoY	9MFY22	9MFY21	YoY
Net Sales	21,341	17,027	25.3% ▲	58,890	47,103	25.0% ▲
Cost of Sales	-16,630	-10,908	52.4% ▲	-44,904	-32,399	38.6% ▲
Gross Profit	4,712	6,119	23.0% ▼	13,985	14,704	4.9% ▼
SG&A Expenses	-1,736	-1,557	11.5% ▲	-4,781	-4,830	1.0% ▼
Operating Profit	2,976	4,562	34.8% ▼	9,205	9,873	6.8% ▼
Other Income	4,137	4,349	4.9% ▼	6,354	5,185	22.6% ▲
Finance Cost	-86	-91	5.2% ▼	-271	-246	10.0% ▲
Profit Before Taxation	6,576	8,278	20.6% ▼	14,165	13,795	2.7% ▲
Taxation	-1,042	-1,132	7.9% ▼	-2,856	-2,108	35.5% ▲
Profit After Taxation	5,535	7,146	22.6% ▼	11,309	11,688	3.2% ▼
Earnings Per Share	17.12	22.10	22.6% ▼	34.97	36.14	3.2% ▼
Dividend	0.00	0.00		0.00	0.00	
Bonus	-	-		0%	0%	
Gross Margin	22.1%	35.9%	13.9% ▼	23.7%	31.2%	7.5% ▼
SG&A Expenses to Sales	-8.1%	-9.1%	1.0% ▼	-8.1%	-10.3%	2.1% ▼
Other Income to Sales	19.4%	25.5%	6.2% ▼	10.8%	11.0%	0.2% ▼
Ex. Gain / (Loss) to Sales	-8.1%	-9.1%	1.0% ▼	-8.1%	-10.3%	2.1% ▼
Effective Taxation	-15.8%	-13.7%	2.2% ▲	-20.2%	-15.3%	4.9% ▲
Net Margin	25.9%	42.0%	16.0% ▼	19.2%	24.8%	5.6% ▼

Source: ACPL Research, Company Financials

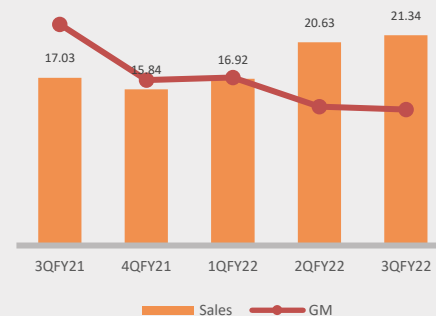
Key Statistics

Symbol	LUCK
TP - Dec 22	700.00
LDGP	571.12
Upside (%)	23
Free Float ('mn)	113
Market Cap. (Rs. 'mn)	181,251

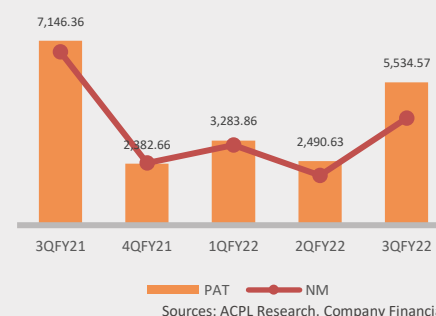
LUCK vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	48,021	41,871	62,941	79,009	91,561	112,610	133,998
Cost of sale	34,038	35,794	43,985	60,281	68,542	82,554	100,013
Gross profit	13,984	6,077	18,956	18,728	23,019	30,056	33,985
Selling and promotion expenses	1,228	1,190	1,257	1,493	1,730	2,128	2,533
Administration expenses	2,729	3,699	4,859	4,938	5,723	7,038	8,375
Other operating expenses	1,048	378	1,361	1,414	1,639	2,016	2,399
Operating Profit	8,980	810	11,479	10,882	13,927	18,874	20,679
Other operating income	3,242	3,186	5,846	9,628	9,628	9,628	9,628
Finance cost	-	176	333	947	818	704	624
Profit before taxation	12,221	3,820	16,992	19,563	22,737	27,798	29,682
Taxation	1,731	476	2,922	4,675	5,434	6,644	7,094
Profit after taxation	10,490	3,344	14,070	14,887	17,303	21,154	22,588
EPS	32.44	10.34	43.51	46.04	53.51	65.42	69.85

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Net sales	1.0%	-12.8%	50.3%	25.5%	15.9%	23.0%	19.0%
Cost of sale	11.3%	5.2%	22.9%	37.0%	13.7%	20.4%	21.1%
Gross profit	-17.5%	-56.5%	211.9%	-1.2%	22.9%	30.6%	13.1%
Selling and promotion expenses	12.7%	-3.1%	5.7%	18.8%	15.9%	23.0%	19.0%
Administration expenses	37.0%	35.6%	31.4%	1.6%	15.9%	23.0%	19.0%
Other operating expenses	-22.2%	-64.0%	260.5%	3.9%	15.9%	23.0%	19.0%
Operating Profit	-28.3%	-91.0%	1316.3%	-5.2%	28.0%	35.5%	9.6%
Other operating income	24.9%	-1.7%	83.5%	64.7%	0.0%	0.0%	0.0%
Finance cost	0.0%	0.0%	88.7%	184.6%	-13.7%	-13.9%	-11.3%
Profit before taxation	-19.2%	-68.7%	344.8%	15.1%	16.2%	22.3%	6.8%
Taxation	-40.8%	-72.5%	513.9%	60.0%	16.2%	22.3%	6.8%
Profit after taxation	-14.0%	-68.1%	320.8%	5.8%	16.2%	22.3%	6.8%
EPS	-14.0%	-68.1%	320.8%	5.8%	16.2%	22.3%	6.8%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
GP Margin	%	29.12	14.51	30.12	23.70	25.14	26.69	25.36
NP Margin	%	21.84	7.99	22.35	18.84	18.90	18.79	16.86
OP Margin	%	18.70	1.94	18.24	13.77	15.21	16.76	15.43
ROE	%	11.12	3.37	12.43	11.59	12.17	13.29	12.74
ROCE	%	10.79	3.11	11.38	10.83	11.54	12.73	12.31
ROA	%	8.39	2.46	9.00	8.78	9.27	10.06	9.56
Cost per ton	'mn	5.20	5.30	4.82	8.06	8.46	9.34	10.28
EBITDA per ton	'mn	1.80	0.72	1.73	1.99	2.20	2.57	2.51

Liquidity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Current	x	1.42	0.98	1.34	2.29	2.84	3.33	3.68
Acid-test	x	0.89	0.62	0.84	1.44	1.92	2.33	2.65
Cash to current liab.	x	0.66	0.27	0.09	0.54	1.05	1.53	1.93

Activity Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Average Inventory		3,524,839	3,584,286	3,010,295	4,393,630	6,012,444	7,000,142	8,145,435
Inventory Turnover	x	10	10	15	14	11	12	12
Inventory Days		38	37	25	27	32	31	30
Receivables Days		16	30	16	16	16	16	16
Payables Days		206	197	173	104	104	104	104
Operating Cycle		-152	-131	-132	-62	-56	-57	-59
Utilization	%	73	53	75	62	53	58	64
Export Revenue	%	0	83	83	82	82	82	83
Local Revenue	%	0	17	17	18	18	18	17
Export Market Share	%	0	0	0	0	0	0	0
Local Market Share	%	0	0	0	0	0	0	0
Total Market Share	%	0	0	0	0	0	0	0

Investment Ratios		FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
EPS		32.44	10.34	43.51	46.04	53.51	65.42	69.85
DPS		6.50	0.00	0.00	9.00	11.00	13.00	14.00
Div. Yield	%	1.11	0.00	0.00	1.58	1.93	2.28	2.45
Dividend Cover		4.99	0.00	0.00	5.12	4.86	5.03	4.99
BVPS		291.67	306.71	350.06	397.12	439.66	492.19	548.14
Payout	%	20.04	0.00	0.00	19.55	20.56	19.87	20.04
Retention	%	79.96	100.00	100.00	80.45	79.44	80.13	79.96
No. of Shares	'mn	323	323	323	323	323	323	323
P/E		18.10	55.23	13.13	12.41	10.67	8.73	8.18
Sales per share		148.50	129.48	194.64	244.33	283.14	348.23	414.37
P/BV		2.01	1.86	1.63	1.44	1.30	1.16	1.04
Price to Sales		3.95	4.41	2.93	2.34	2.02	1.64	1.38

Gearing Ratios		FY19A	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E
Debt to Equity	x	0.03	0.09	0.09	0.07	0.05	0.04	0.03
L.T. Debt to Equity	x	0.00	0.00	0.03	0.02	0.01	0.01	0.01
Total Debt to Assets		0.02	0.06	0.07	0.05	0.04	0.03	0.03
L.T. Debt to Assets		0.00	0.00	0.02	0.01	0.01	0.01	0.01
Interest Cover	x	0.00	4.59	34.48	11.49	17.03	26.81	33.11

Source: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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