

LUCK has announced its FY22 result where it posted a profit after tax of Rs15.29bn (EPS: Rs47.31) as compared to a profit after tax of Rs14.07bn (EPS: Rs43.51) in the same period last year, up by 8.7% YoY.

The company had posted a revenue of Rs81.09bn against Rs62.94bn in SPLY, recording a growth of 28.8% YoY amid an increase in retention prices.

The gross margin has been plunged to 27.8% as compared to 30.1% in SPLY due to an increase in international coal prices. SG&A expenses have increased by 2.6% YoY to Rs6.27bn as compared to Rs6.11bn during SPLY.

Lastly, other income and finance costs have been increased by 26.4% YoY and 18.5% YoY respectively. Moreover, effective tax has jumped to 45% as compared to 25.5% in the same period last year due to the imposition of super tax by the government.

LUCK is currently trading at a FY23E P/E of 7.39x. The scrip is also trading at a FY23E P/B of 0.94x which offers a discount of 14% relative to its historical 3-year average of 1.33x. We have a **BUY** stance on the scrip with a DCF-based Jun-23 TP of Rs600 which provides an upside potential of 29%.

Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Net Sales	22,204	15,838	40.2% ▲	81,094	62,941	28.8% ▲
Cost of Sales	-13,637	-11,586	17.7% ▲	-58,542	-43,985	33.1% ▲
Gross Profit	8,566	4,252	101.5% ▲	22,552	18,956	19.0% ▲
SG&A Expenses	-1,496	-1,286	16.4% ▲	-6,277	-6,116	2.6% ▲
Operating Profit	5,223	2,966	76.1% ▲	14,428	12,840	12.4% ▲
Other Income	1,034	661	56.2% ▲	7,388	5,846	26.4% ▲
Finance Cost	-124	-87	42.6% ▲	-395	-333	18.5% ▲
Profit Before Taxation	7,256	3,197	127.0% ▲	21,421	16,992	26.1% ▲
Taxation	-3,267	-814	301.1% ▲	-6,123	-2,922	109.5% ▲
Profit After Taxation	3,990	2,383	67.4% ▲	15,299	14,070	8.7% ▲
Earnings Per Share	12.34	7.37	67.4% ▲	47.31	43.51	8.7% ▲
Dividend	0.00	0.00		0.00	0.00	
Bonus	-	-		-	-	
Gross Margin	38.6%	26.8%	11.7% ▲	27.8%	30.1%	2.3% ▼
SG&A Expenses to Sales	-6.7%	-8.1%	1.4% ▼	-7.7%	-9.7%	2.0% ▼
Other Income to Sales	4.7%	4.2%	0.5% ▲	9.1%	9.3%	0.2% ▼
Ex. Gain / (Loss) to Sales	-6.7%	-8.1%	1.4% ▼	-7.7%	-9.7%	2.0% ▼
Effective Taxation	-45.0%	-25.5%	19.5% ▲	-28.6%	-17.2%	11.4% ▲
Net Margin	18.0%	15.0%	2.9% ▲	18.9%	22.4%	3.5% ▼

Source: ACPL Research, Company Financials

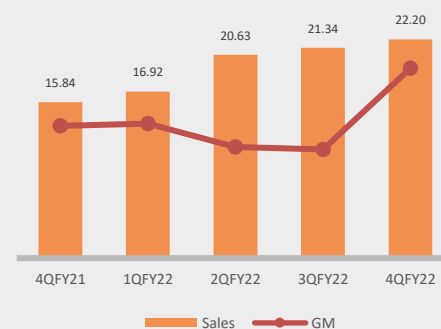
Key Statistics

Symbol	LUCK
TP - Jun 23	600.00
LDCP	466.15
Upside (%)	29
Free Float ('mn)	113,181
Market Cap. (Rs. 'mn)	150,741

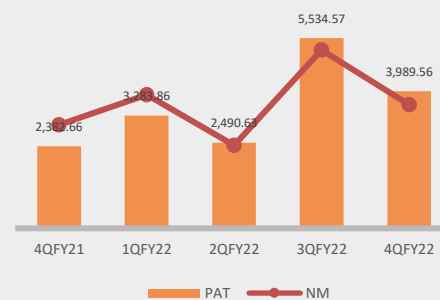
LUCK vs KSE 100



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	FY22A	FY23E	FY24E	FY25E
Net sales	48,021	41,871	62,941	81,094	100,435	102,302	102,692
Cost of sale	34,038	- 35,794	- 43,985	- 58,542	- 74,486	- 77,760	- 80,302
Gross profit	13,984	6,077	18,956	22,552	25,949	24,542	22,390
Selling and promotion expenses	1,228	- 1,190	- 1,257	- 1,512	- 1,898	- 1,933	- 1,941
Administration expenses	2,729	- 3,699	- 4,859	- 4,765	- 4,871	- 4,962	- 4,981
Other operating expenses	1,048	- 378	- 1,361	- 1,847	- 3,274	- 3,335	- 3,348
Operating Profit	8,980	810	11,479	14,428	15,905	14,312	12,121
Other operating income	3,242	3,186	5,846	7,388	9,628	9,628	9,628
Finance cost	-	- 176	- 333	- 395	- 911	- 777	- 687
Profit before taxation	12,221	3,820	16,992	21,421	24,622	23,163	21,062
Taxation	1,731	- 476	- 2,922	- 6,123	- 4,234	- 3,983	- 3,622
Profit after taxation	10,490	3,344	14,070	15,299	20,388	19,180	17,440
EPS	32.44	10.34	43.51	47.31	63.05	59.31	53.93

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Net sales	1.0%	-12.8%	50.3%	28.8%	23.9%	1.9%	0.4%
Cost of sale	11.3%	5.2%	22.9%	33.1%	27.2%	4.4%	3.3%
Gross profit	-17.5%	-56.5%	211.9%	19.0%	15.1%	-5.4%	-8.8%
Selling and promotion expenses	12.7%	-3.1%	5.7%	20.3%	25.5%	1.9%	0.4%
Administration expenses	37.0%	35.6%	31.4%	-1.9%	2.2%	1.9%	0.4%
Other operating expenses	-22.2%	-64.0%	260.5%	35.7%	77.3%	1.9%	0.4%
Operating Profit	-28.3%	-91.0%	1316.3%	25.7%	10.2%	-10.0%	-15.3%
Other operating income	24.9%	-1.7%	83.5%	26.4%	30.3%	0.0%	0.0%
Finance cost	0.0%	0.0%	88.7%	18.5%	131.0%	-14.7%	-11.6%
Profit before taxation	-19.2%	-68.7%	344.8%	26.1%	14.9%	-5.9%	-9.1%
Taxation	-40.8%	-72.5%	513.9%	109.5%	-30.8%	-5.9%	-9.1%
Profit after taxation	-14.0%	-68.1%	320.8%	8.7%	33.3%	-5.9%	-9.1%
EPS	-14.0%	-68.1%	320.8%	8.7%	33.3%	-5.9%	-9.1%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	%	29.12	14.51	30.12	27.81	25.84	23.99	21.80
NP Margin	%	21.84	7.99	22.35	18.87	20.30	18.75	16.98
OP Margin	%	18.70	1.94	18.24	17.79	15.84	13.99	11.80
ROE	%	11.12	3.37	12.43	11.61	12.69	10.70	8.53
ROCE	%	10.79	3.11	11.38	10.87	12.11	10.30	8.28
ROA	%	8.39	2.46	9.00	10.89	13.06	11.00	9.15
Cost per ton	'mn	5.20	5.30	4.82	10.69	9.86	9.94	9.92
EBITDA per ton	'mn	1.80	0.72	1.73	2.51	2.62	2.32	1.96

Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	1.42	0.98	1.34	-3.91	-3.55	-4.49	-5.23
Acid-test	x	0.89	0.62	0.84	-1.05	-1.48	-2.59	-3.48
Cash to current liab.	x	0.66	0.27	0.09	1.96	0.33	-0.95	-1.96

Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Average Inventory		3,524,839	3,584,286	3,010,295	4,311,646	6,205,494	7,052,831	7,072,331
Inventory Turnover	x	10	-10	-15	-14	-12	-11	-11
Inventory Days		38	-37	-25	-27	-30	-33	-32
Receivables Days		16	30	16	16	16	16	16
Payables Days		206	-197	-173	104	104	104	104
Operating Cycle		-152	191	163	-115	-119	-121	-120
Utilization	%	73	53	75	60	49	51	53
Export Revenue	%	0	83	83	84	83	83	83
Local Revenue	%	0	17	17	16	17	17	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	FY22A	FY23E	FY24E	FY25E
EPS		32.4	10.3	43.5	47.3	63.0	59.3	53.9
DPS		6.5	0.0	0.0	0.0	0.0	0.0	0.0
Div. Yield	%	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Cover		5.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS		291.7	306.7	350.1	407.4	496.7	554.5	632.5
Payout	%	20.0	0.0	0.0	0.0	0.0	0.0	0.0
Retention	%	80.0	100.0	100.0	100.0	100.0	100.0	100.0
No. of Shares	'mn	323.4	323.4	323.4	323.4	323.4	323.4	323.4
P/E		18.1	45.1	10.7	9.9	7.4	7.9	8.6
Sales per share		148.5	129.5	194.6	250.8	310.6	316.4	317.6
P/BV		2.0	1.5	1.3	1.1	0.9	0.8	0.7
Price to Sales		4.0	3.6	2.4	1.9	1.5	1.5	1.5

Gearing Ratios		FY19A	FY20E	FY21E	FY22A	FY23E	FY24E	FY25E
Debt to Equity	x	0.0	0.1	0.1	0.1	0.0	0.0	0.0
L.T. Debt to Equity	x	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Debt to Assets		0.0	0.1	0.1	0.1	0.0	0.0	0.0
L.T. Debt to Assets		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Cover	x	0.0	-4.6	-34.5	-36.6	-17.5	-18.4	-17.6

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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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
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Market Weight	Neutral
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