

Market Overview

Market was previous trading at its all time high and looked overbought due to which most investors preferred to book profits. The benchmark KSE-100 index closed down by 89.06 point to close at 32,668.73 points.

LUCK - Shining star of the sector

We reiterate our liking for Lucky Cement (LUCK) on expectation of stable cement prices, lower coal prices and expected rise in local demand on higher utilization of PSDP. We maintain positive stance for the sector and Lucky particularly with December end 2015 target price of Rs 499.84/share provide upside potential of 25%.

Earnings likely to jump 19% in FY15

Due to higher cement prices, we expect the earnings of the company to reach Rs 13.48 billion (EPS: Rs 41.69) in FY15 depicting growth of 19% in FY14. It should be noted that company earned a profit after tax of Rs 11.34 billion (EPS: Rs 35.08) in FY14. The presence in the region of the country and nearness to sea are the advantages for the company. This is primarily expected due to higher retention prices.

Strong pricing scenario would uphold higher margin

Gross profit likely to surge by 16% to Rs 21.63 billion versus Rs 18.69 billion due to higher cement prices. Average cement prices of lucky likely to increase by 11% to Rs 485/bag in FY15 versus Rs 436/bag in FY14. Similarly, retention price is expected to surge by 6% to Rs 7,022/ton versus Rs 6,838/ton in FY14. Thus margin to improve to 46% from 43.4% recorded in FY14.

Local dispatches to remain higher

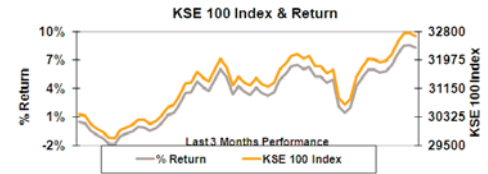
Due to expected increase in local cement demand following the likely higher allocation to PSDP, we believe that the cement dispatches of Lucky Cement would rise by 4% during FY15 to 6.87 million tons as compared to 6.62 million tons in FY14. Local dispatches likely to swell by 5.3% to 4.35 million tons compared to 4.13 million tons in FY14. Similarly, export volume is expected to increase by 1.3% to 2.52 million tons versus 2.49 million tons in FY14. We expect net revenue of the company in FY15 is likely to touch Rs 47.07 billion which is 9.3% more when compared to net revenue of Rs 43.08 billion in FY14.

Lucky would invest in coal project

Company has announced to invest directly in coal project though Lucky Electric Power Company Limited instead of investing in Lucky Holdings Limited (LHL) with stake of 75%. Company planned to invest in 660MW coal based power plant with equity of Rs 27 billion (\$ 270 million) and total estimated investment of Rs \$1.08 billion having debt/equity ratio of 75:25. We expect company would comfortably manage to meet cash flow as company generate above Rs 10 billion in each fiscal year.

	FY13A	FY14A	FY15E	FY16F
EPS (Rs)	30.15	35.08	41.69	47.42
Book Value (Rs/share)	126.90	153.98	186.66	222.08
DPS (Rs)	8.00	9.00	10.00	12.00
P/E (x)	16.58	14.25	11.99	10.54
P/BV(x)	3.94	3.25	2.68	2.25
Dividend Yield (%)	1.6	1.8	2.0	2.4
Payout (%)	26.5	25.7	24.0	25.3

Source: Company Reports & AZEE Research



News Update

The Pakistan Textile Exporters Association (PTEA) has demanded immediate approval of new textile policy which carries the measures to increase country's textile exports to US\$ 26 billion by the year 2019. In a statement here on Tuesday, Sohail Pasha, Chairman and Rizwan Riaz, Vice Chairman of the Association said that inordinate delay in the announcement of new textile policy was depriving textile sector of its due benefits, besides causing serious apprehensions and uncertainty in the major export-oriented sector. They said the government announced several schemes in the budget 2014-15 as integral part of the new textile policy, but in the absence of any textile policy; the sector was not getting benefits from these schemes to improve its efficacy.

The federal government has made a hefty cut in development spending, slicing it by Rs61 billion in the first half of the current fiscal year, slowing down disbursements to power, infrastructure and social uplift schemes. The step has been taken in an effort to remain within the budget deficit ceiling of 4.9% of gross domestic product, agreed with the International Monetary Fund (IMF), after tax revenues fell short of the target.

Women Business Development Centre (WBDC) Peshawar conducted an informative and interactive session on 'Business Plan' here the other day. Asif Saeed Khan, Managing Director, founder of "Brand Front" was Trainer of the event. The participants were included young girls and women entrepreneurs from the province. Asif Saeed gave a detailed presentation on the importance of business plan for the success of business ventures and how to make an effective business plan.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics		January 6, 2015	
FIPI (06-Jan-2015)	-3.70	Yearly(Jul, 2014 up to 05-Jan-2015)	87.83	Indices			
Local Companies (06-Jan-2015)	0.97	Monthly(Jan, 2015 up to 05-Jan-2015)	1.74	All Share Index		23,763.82	
Banks / DFI (06-Jan-2015)	6.09	Daily (05-Jan-2015)	-5.72	KSE-30TM Index		21,151.63	
Mutual Funds (06-Jan-2015)	-1.68	Total Portfolio Investment (26-Dec-2014)	6095	KSE-100TM Index		32,668.73	
NBFC (06-Jan-2015)	-1.22			Turnover			
Local Investors (06-Jan-2015)	3.11			All Share Index		255,431,760	
Other Organization (06-Jan-2015)	-3.59			KSE-30TM Index		104,994,200	
				KSE-100TM Index		173,641,810	

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Wednesday, January 7, 2015

[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	32668.73	67.03	32,540	32,411	32,816	32,963	32,687
Attock Cement	210.40	73.75	207.60	204.80	213.60	216.75	210.80
Adamjee Insurance	51.04	60.21	50.65	50.20	51.60	52.15	51.20
Askari Bank	23.06	58.68	22.90	22.75	23.30	23.60	23.15
Azgard Nine	6.03	51.43	5.90	5.75	6.25	6.45	6.10
Attock Petroleum	529.51	48.42	522.70	515.85	538.70	547.85	531.85
Attock Refinery	202.01	66.28	198.50	195.00	206.00	210.00	202.50
Bank Al-Falah	33.12	57.79	32.80	32.45	33.70	34.35	33.40
BankIslami Pak	9.97	47.47	9.85	9.70	10.05	10.10	9.90
Bank.Of.Punjab	10.88	71.65	10.70	10.55	11.10	11.35	10.95
Faysal Bank	18.19	61.62	18.05	17.85	18.30	18.45	18.15
Fauji Cement	27.62	77.25	27.20	26.80	28.20	28.80	27.80
Fauji Fert Bin	46.99	66.69	46.60	46.20	47.45	47.85	47.05
Fauji Fertilizer	119.75	56.99	118.55	117.30	120.95	122.10	119.70
Habib Bank Ltd	218.46	58.17	217.10	215.75	220.85	223.25	219.50
Hub Power	80.45	65.18	79.80	79.15	81.15	81.85	80.50
ICI Pakistan	495.41	50.90	478.95	462.45	512.95	530.45	496.45
Jah Siddiq Co	15.68	44.21	15.40	15.15	16.10	16.50	15.85
Lucky Cement	499.84	56.67	493.70	487.55	509.00	518.15	502.85
MCB Bank Ltd	309.95	67.30	306.30	302.70	312.30	314.65	308.65
Maple Leaf Cement	47.48	79.06	46.80	46.15	48.20	48.95	47.55
National Bank	68.49	64.21	67.85	67.20	69.30	70.10	68.65
NIB Bank	2.32	61.19	2.30	2.25	2.40	2.45	2.35
Oil & Gas Dev. XD	210.04	45.47	205.35	200.70	214.35	218.70	209.70
P.S.O. XD	356.84	47.16	354.45	352.10	360.85	364.85	358.45
Sui North Gas	28.07	58.68	27.90	27.70	28.35	28.60	28.15

Board Meetings

Company	DATE	TIME
IGI Life Insurance Ltd	07-01-2015	10:00
Baba Farid Sugar Mills Ltd	08-01-2015	3:00
Jahangir Siddiqui & Co Ltd	08-01-2015	11:30
Sanghar Sugar Mills Ltd	08-01-2015	11:00
Haseeb Waqas Sugar Mills Ltd	08-01-2015	4:00
Colony Sugar Mills Ltd	08-01-2015	4:30

Key Data
Money Market

T-Bills (3 Mths)	24-Dec-2014	9.48%
T-Bills (6 Mths)	24-Dec-2014	9.48%
T-Bills (12 Mths)	24-Dec-2014	9.47%
Discount Rate	15-Nov-2014	9.50%
Kibor (1 Mth)	06-Jan-2015	9.85%
Kibor (3 Mths)	06-Jan-2015	9.57%
Kibor (6 Mths)	06-Jan-2015	9.55%
Kibor (9 Mths)	06-Jan-2015	9.81%
Kibor (1 Yr)	06-Jan-2015	9.75%
P.I.B (3 Yrs)	06-Jan-2015	9.50%
P.I.B (5 Yrs)	06-Jan-2015	10.00%
P.I.B (10 Yrs)	06-Jan-2015	10.55%
P.I.B (15 Yrs)	06-Jan-2015	11.20%
P.I.B (20 Yrs)	06-Jan-2015	11.45%
P.I.B (30 Yrs)	06-Jan-2015	11.75%

Commodities

Crude Oil (brent)\$/bbl	51.97
Crude Oil (WTI)\$/bbl	48.97
Cotton \$/lb	61.16
Gold \$/ozs	1,210.65
Silver \$/ozs	16.26
Malaysian Palm \$	650
GOLD (PMEX) PKR	39,293
KHI Cotton 40Kg PKR	5,144

CR = Yesterday's Closing Rate; RSI = 14 day RSI.
 RSI Indication: Less than 30 Indicate oversold position & Greater than 70
 Indicate overbought position.

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MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
6-Jan-15	72,930,920	3,074,424,023	9,474,600	443,007,533	82,405,520	3,517,431,556	15.83
5-Jan-15	68,455,520	2,934,087,400	10,372,900	444,882,326	78,828,420	3,378,969,727	15.52
Chg DoD %	6.54%	4.78%	-8.66%	-0.42%	4.54%	4.10%	31 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	119,700	2,866,734	21,000	511,683	140,700	3,378,417	17.02
AICL	2,137,700	90,535,925	89,400	3,876,523	2,227,100	94,412,448	16.12
AKBL	1,513,500	29,082,372	168,000	3,296,358	1,681,500	32,378,730	16.94
ATRL	347,500	55,180,521	32,000	5,510,275	379,500	60,690,795	15.08
BAFL	2,308,000	65,139,764	279,000	7,888,615	2,587,000	73,028,379	15.65
BAHL	86,000	3,507,057	-	-	86,000	3,507,057	-
BOP	17,488,700	149,710,807	2,792,500	26,114,077	20,281,200	175,824,885	17.74
CHCC	281,500	16,895,462	99,000	6,547,898	380,500	23,443,360	16.36
DGKC	1,854,000	173,259,458	260,500	25,004,197	2,114,500	198,263,654	15.79
EFOODS	838,200	77,627,015	233,100	23,299,468	1,071,300	100,926,483	14.77
ENGRO	4,544,400	851,551,746	673,200	138,291,195	5,217,600	989,842,941	16.15
FABL	4,596,500	68,418,685	181,500	2,802,806	4,778,000	71,221,491	15.14
FATIMA	5,302,000	157,518,472	167,500	5,270,041	5,469,500	162,788,513	15.04
FCCL	1,886,000	40,642,087	1,040,500	24,370,078	2,926,500	65,012,165	14.49
FFBL	1,438,500	57,218,179	216,000	8,632,629	1,654,500	65,850,808	14.52
FFC	178,500	18,033,210	8,100	824,125	186,600	18,857,335	14.85
HUBC	1,816,000	116,579,850	-	-	1,816,000	116,579,850	-
KEL	3,681,500	27,593,617	382,500	3,350,311	4,064,000	30,943,928	16.62
LPCL	5,705,500	84,427,939	416,500	6,375,309	6,122,000	90,803,248	16.40
LUCK	62,700	26,258,542	8,900	3,791,704	71,600	30,050,246	15.78
MCB	20,100	5,176,136	5,000	1,320,896	25,100	6,497,032	17.50
MLCF	1,589,000	61,475,422	181,500	7,340,060	1,770,500	68,815,482	17.39
NBP	1,217,000	69,238,698	149,000	8,679,552	1,366,000	77,918,250	16.03
NCL	744,500	28,388,503	694,500	29,462,916	1,439,000	57,851,419	14.39
NML	492,580	50,199,120	119,200	12,898,307	611,780	63,097,427	14.92
NPL	6,000	233,552	-	-	6,000	233,552	-
OGDC	78,100	13,622,406	10,600	1,897,384	88,700	15,519,790	15.00
PAEL	1,070,500	37,027,478	585,000	23,114,837	1,655,500	60,142,314	17.68
PIOC	1,108,500	78,179,123	148,500	11,028,188	1,257,000	89,207,311	17.50
PKGP	145,000	3,326,324	135,000	3,386,770	280,000	6,713,094	17.81
PPL	801,340	120,134,364	88,200	13,179,137	889,540	133,313,501	15.09
PSO	521,800	159,238,208	79,500	24,100,831	601,300	183,339,039	14.51
PTC	1,435,500	28,352,544	56,000	1,158,100	1,491,500	29,510,644	14.75
SNGP	639,500	14,834,907	3,000	71,532	642,500	14,906,439	15.38
SSGC	6,200,000	195,103,770	109,000	3,456,172	6,309,000	198,559,942	16.46
UBL	675,100	97,846,026	41,400	6,155,562	716,500	104,001,587	14.01
TOTAL	72,930,920	3,074,424,023	9,474,600	443,007,533	82,405,520	3,517,431,556	15.83

Risk Disclosure

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