

Friday, January 23, 2015

[Morning Report]

Market Overview

After witnessing bullish trend for past few trading sessions most of the players preferred to book profit which led market to close in negative zone. The benchmark KSE-100 index closed down by 182.53 point to close at 34,146.97 points.

Result Previews of PPL & APL

In our today's morning report we will discuss the upcoming board meeting of Pakistan Petroleum Limited and Attock Petroleum Limited for 1HFY15 to be held on January 29 & January 27 respectively.

PPL to post PAT of Rs 25.21bn; EPS of Rs 12.79

PPL profitability is expected to decrease by 5% to Rs 25.21 billion in 1HFY15 as against Rs 26.50 billion in the respective period of last year. Earning per share is expected to Rs 12.79 in 1HFY15 compared to Rs 13.44 per share during the same period last year mainly due to lower crude oil prices which decreases massively. Similarly, earnings to drop by 16% QoQ growth to Rs 11.52 billion (EPS: Rs 5.84), from Rs 13.68 billion (EPS: Rs 6.94) in 1QFY15 mainly due to huge decrease in crude oil prices by 27% QoQ and PKR appreciation by 2% QoQ. However, higher crude oil production by 26% YoY to 14.9kbpd against 11.85kbpd in 1HFY14 and surge in other income by 20% YoY would provide much needed support. We expect company to announce cash dividend of Rs 5/share.

Rs in million	1HFY15E	1HFY14A	YoY	2QFY15E	1QFY15A	QoQ
Net Sales	58,511	58,476	0.1%	27,544	30,967	-11%
Field Expenditure	16,818	13,557	24%	8,104	8,714	-7%
Operating Profit	34,702	37,888	-8%	16,135	18,567	-13%
Other Income	4,410	3,688	20%	2,130	2,280	-7%
Profit before Taxation	36,871	39,295	-6%	17,197	19,674	-13%
Profit after Taxation	25,210	26,506	-5%	11,522	13,688	-16%
EPS (Rs)	12.79	13.44		5.84	6.94	

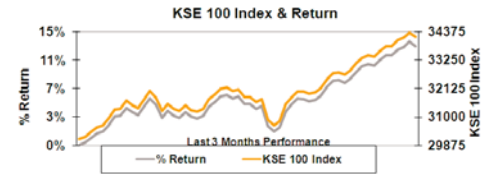
Source: Company Report, AZEE Research

APL: 1HFY15 profits to show hefty decline; DPS of Rs 15

We expect company to post decline in profitability by 34% as after tax earnings to reach at Rs 1.76 billion for the 1HFY15, translating into an EPS (earning per share) of Rs 21.20 as against Rs 2.67 billion (EPS: Rs 32.18) recorded in 1HFY14. Lower profitability expected due to record lower prices of crude oil which incurred inventory losses of around Rs 1,179 million (per share impact of Rs 13.31) despite higher volumetric sales of 11%, swell in regulated product margins and higher other income. The top line is likely to increase by 6.2% to Rs 104.73 billion mainly due to surge in volumetric sales by 11% at 1,067k tons driven by higher Mogas and furnace oil. Gross profit likely to decline by 26% to Rs 2.78 billion as against Rs 3.78 billion in 1HFY14. The corporate results are expected to be accompanied with a cash dividend of Rs 15/share.

Rs in million	1HFY15E	1HFY14A	YoY	2QFY15E	1QFY15A	QoQ
Net Sales	104,731	98,611	6%	49,384	55,347	-11%
Gross Profit	2,786	3,780	-26%	848.26	1,937	-56%
Other Income	688	646	6%	345.91	341.81	1%
Finance Income	632	522	21%	307.74	324	-5%
Profit after Taxation	1,759	2,669	-34%	500.15	1,259	-60%
EPS (Rs)	21.20	32.18		6.03	15.17	

Source: AZEE Research & Company Report



News Update

Despite challenges on different fronts, major economic indicators have shown positive signs of sustainable growth, mainly owing to improved foreign exchange reserves, workers' remittances and investments because of political stability. For the first time in six years, GDP growth rate exceeded 4 percent (4.14%) in the financial year 2013-14. A considerable improvement has been witnessed in Large Scale Manufacturing (LSM) while the inflation was recorded at single digit, according to official data.

Rice exports from the country during first two quarters of current financial year witnessed 3.46 percent growth as compared to the corresponding period of last year. During the period from July-December, 2014 about 1,781,401 metric tons of rice worth \$976.784 million exported as compared to 1,709,883 metric tons valuing \$944.077 million exported in same period of last financial year. According the latest figures released by Pakistan Bureau of Statistics (PBS), exports of basmati rice recorded 2.63 percent increase as about 260,481 metric tons of basmati rice worth \$302.265 million exported as compared to the 269,272 metric tons valuing \$294.517 million of same period last year.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics		January 22, 2015	
FIPI (22-Jan-2015)	-1.00	Yearly(Jul, 2014 up to 21-Jan-2015)	85.55	Indices			
Local Companies (22-Jan-2015)	-0.29			All Share Index	24,597.15		
Banks / DFI (22-Jan-2015)	1.03	Monthly(Jan, 2015 up to 21-Jan-2015)	-0.54	KSE-30TM Index	22,206.25		
Mutual Funds (22-Jan-2015)	-4.75			KSE-100TM Index	34,146.97		
NBFC (22-Jan-2015)	0.61	Daily (21-Jan-2015)	1.18	Turnover			
Local Investors (22-Jan-2015)	2.43	Total Portfolio Investment (09-Jan-2014)	5551	All Share Index	307,779,360		
Other Organization (22-Jan-2015)	1.96			KSE-30TM Index	74,538,200		
				KSE-100TM Index	212,302,410		

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Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	34146.97	76.40	34,026	33,906	34,341	34,536	34,221
Attock Cement	210.17	61.71	209.30	208.40	211.90	213.60	211.00
Adamjee Insurance	52.26	57.45	52.05	51.80	52.65	53.00	52.40
Askari Bank	24.42	66.36	24.30	24.15	24.65	24.85	24.50
Azgard Nine	6.21	54.11	6.05	5.90	6.40	6.60	6.25
Attock Petroleum	580.40	65.63	576.35	572.25	586.25	592.05	582.15
Attock Refinery	211.02	63.59	208.20	205.35	215.45	219.85	212.60
Bank Al-Falah	33.98	60.59	33.70	33.45	34.20	34.45	33.95
BankIslami Pak	9.93	44.42	9.80	9.65	10.10	10.25	9.95
Bank.Of.Punjab	10.51	51.99	10.40	10.25	10.70	10.85	10.55
Faysal Bank	18.47	56.07	18.30	18.15	18.65	18.80	18.50
Fauji Cement	28.54	66.37	28.30	28.00	28.95	29.35	28.70
Fauji Fert Bin	48.22	61.77	47.70	47.15	49.15	50.10	48.65
Fauji Fertilizer	129.63	74.93	128.35	127.05	131.60	133.55	130.30
Habib Bank Ltd	212.82	43.35	212.35	211.90	213.65	214.45	213.20
Hub Power	85.00	66.38	83.60	82.15	86.10	87.15	84.65
ICI Pakistan	488.02	42.96	483.35	478.65	495.35	502.65	490.65
Lucky Cement	501.99	52.17	498.15	494.30	507.90	513.80	504.05
MCB Bank Ltd	334.85	77.03	332.45	330.10	336.35	337.85	334.00
Maple Leaf Cement	48.40	65.34	47.60	46.85	49.60	50.80	48.80
National Bank	69.37	57.26	68.50	67.65	70.65	71.95	69.80
Nishat Mills	133.68	63.83	132.10	130.55	136.10	138.55	134.55
Pak Petroleum	180.90	49.70	179.50	178.15	181.90	182.90	180.50
P.T.C.L.A	25.49	59.27	24.90	24.30	26.05	26.60	25.45

Board Meetings

Company	DATE	TIME
Arif Habib Ltd	23-01-2015	4:30
International Industries Ltd	23-01-2015	10:30
Sindh Abadgar's Sugar Mills	24-01-2015	11:00
JDW Sugar Mills Ltd	24-01-2015	11:30
Engro Foods Ltd	26-01-2015	9:30
Engro Foods	26-01-2015	9:30

Key Data
Money Market

T-Bills (3 Mths)	07-Jan-2015	9.14%
T-Bills (6 Mths)	07-Jan-2015	9.25%
T-Bills (12 Mths)	07-Jan-2015	9.15%
Discount Rate	15-Nov-2014	9.50%
Kibor (1 Mth)	22-Jan-2015	6.53%
Kibor (3 Mths)	22-Jan-2015	9.11%
Kibor (6 Mths)	22-Jan-2015	9.11%
Kibor (9 Mths)	22-Jan-2015	9.35%
Kibor (1 Yr)	22-Jan-2015	9.34%
P.I.B (3 Yrs)	22-Jan-2015	9.20%
P.I.B (5 Yrs)	22-Jan-2015	9.45%
P.I.B (10 Yrs)	22-Jan-2015	10.20%
P.I.B (15 Yrs)	22-Jan-2015	11.10%
P.I.B (20 Yrs)	22-Jan-2015	11.40%
P.I.B (30 Yrs)	22-Jan-2015	11.60%

Commodities

Crude Oil (brent)\$/bbl	49.08
Crude Oil (WTI)\$/bbl	47.40
Cotton \$/lb	57.81
Gold \$/ozs	1,302.47
Silver \$/ozs	18.29
Malaysian Palm \$	642
GOLD (PMEX) PKR	42,560
KHI Cotton 40Kg PKR	5,198

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
22-Jan-15	86,871,050	3,856,390,032	6,992,450	323,705,775	93,863,500	4,180,095,807	16.26
21-Jan-15	86,546,700	3,693,253,966	9,535,400	572,333,965	96,082,100	4,265,587,932	16.73
Chg DoD %	0.37%	4.42%	-26.67%	-43.44%	-2.31%	-2.00%	-47 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	500,200	12,813,066	48,500	1,252,605	548,700	14,065,670	17.59
AICL	2,291,700	100,125,099	132,500	5,887,291	2,424,200	106,012,390	16.31
AKBL	2,574,000	52,220,027	216,000	4,484,105	2,790,000	56,704,132	17.48
ATRL	239,300	40,298,527	43,600	7,836,166	282,900	48,134,693	16.48
BAFL	1,223,500	34,659,832	18,000	520,429	1,241,500	35,180,261	15.99
BAHL	48,000	2,038,277	-	-	48,000	2,038,277	-
BOP	19,183,200	169,887,907	1,112,500	10,058,189	20,295,700	179,946,096	17.59
CHCC	606,500	39,442,516	36,000	2,326,682	642,500	41,769,198	16.96
DGKC	1,465,500	145,127,373	146,500	15,227,562	1,612,000	160,354,935	14.66
EFOODS	1,212,000	128,266,379	135,700	14,212,442	1,347,700	142,478,821	16.84
ENGRO	4,900,600	1,013,993,872	170,000	38,779,549	5,070,600	1,052,773,421	16.40
FABL	2,988,500	46,110,026	136,000	2,119,933	3,124,500	48,229,959	16.97
FATIMA	5,296,000	162,875,738	463,500	14,819,604	5,759,500	177,695,341	15.06
FCCL	3,020,200	71,875,670	277,000	6,704,075	3,297,200	78,579,744	17.26
FFBL	1,431,000	58,474,733	140,000	5,766,911	1,571,000	64,241,644	16.18
FFC	1,665,200	180,967,184	225,200	24,828,012	1,890,400	205,795,196	15.31
HUBC	1,622,000	109,717,518	141,000	10,131,493	1,763,000	119,849,010	15.03
KEL	4,145,500	33,940,633	576,000	4,734,484	4,721,500	38,675,117	17.27
LPCL	7,001,000	103,580,705	766,500	11,512,292	7,767,500	115,092,997	17.17
LUCK	115,500	49,535,548	18,300	7,827,794	133,800	57,363,342	16.93
MCB	5,500	1,497,217	-	-	5,500	1,497,217	-
MLCF	2,990,000	123,083,585	267,000	10,948,617	3,257,000	134,032,202	16.96
NBP	2,295,000	136,288,458	154,000	9,099,095	2,449,000	145,387,552	15.96
NCL	1,818,000	71,649,518	161,000	6,339,169	1,979,000	77,988,687	17.33
NML	402,100	43,389,148	56,600	6,405,774	458,700	49,794,922	17.07
NPL	220,000	8,193,120	-	-	220,000	8,193,120	-
OGDC	44,300	7,827,683	5,400	996,445	49,700	8,824,128	16.89
PAEL	3,649,500	150,053,891	387,500	15,764,475	4,037,000	165,818,366	17.59
PIOC	1,408,000	101,689,962	58,500	4,209,249	1,466,500	105,899,210	17.48
PKGP	121,000	3,009,856	7,500	204,417	128,500	3,214,273	17.59
PPL	821,150	124,018,407	26,850	4,134,717	848,000	128,153,124	16.63
PSO	479,800	146,153,049	129,500	41,197,437	609,300	187,350,486	15.69
PTC	2,956,000	62,551,545	579,500	12,585,788	3,535,500	75,137,332	15.76
SNGP	584,000	13,803,072	15,500	361,431	599,500	14,164,502	17.50
SSGC	7,028,000	229,172,732	247,500	8,188,061	7,275,500	237,360,793	16.39
UBL	519,300	78,058,162	93,300	14,241,485	612,600	92,299,647	15.99
TOTAL	86,871,050	3,856,390,032	6,992,450	323,705,775	93,863,500	4,180,095,807	16.26

Risk Disclosure

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