

Market Overview

Market witnessed an absolute massacre as almost 85 per cent of trading scrips closed in negative zone. The benchmark KSE-100 index closed down by 817.28 point to close at 31,524.98 points.

FCCL - Earnings growth remains strong

Fauji Cement Company Limited (FCCL) showed respectable growth in profitability as company posted earning of Rs 1,668 million (EPS: Rs 1.25) in 1HFY15 compared to Rs 1,251 million (EPS: Rs 0.94) in 1HFY14, depicting surge by 33%. This is mainly due to higher retention prices, better volumes, hike in other income and reduction in financing cost. In 2QFY15, company recorded PAT of Rs 1,066 million (EPS: Rs 0.80) against Rs 669 million (EPS: Rs 0.50) in 2QFY14, up by 59% YoY. This is due to higher cement prices by 5% and 9% surge in volumetric sales. Furthermore, company announce cash dividend of Rs 1/share.

Higher cement prices drives revenue

Net sales of the company hike by 9% to Rs 8.99 billion in 1HFY15 against Rs 8.23 billion owing to the higher cement price which increase by 7%. Volumetric sales up by 6% to 1.25 million tons versus 1.18 million tons in 1HFY14 mainly due to higher local sales. Domestic sales increased by 8% to 1,023k tons versus 948k tons in 1HFY14. However, exports sales fall by 3% to 229k tons in 1HFY15 owing to reduction of sale in Afghanistan.

Higher retention prices drive gross profit

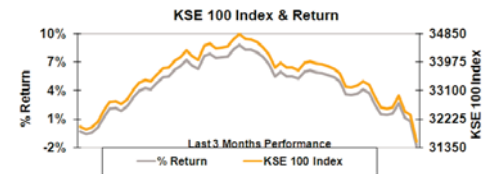
Company posted 14% growth in gross profit as it hike at Rs 3.16 billion versus Rs 2.77 million in 1HFY14 mainly due to higher retention prices. Cost of good sold rise by 7% to Rs 5.82 billion against Rs 5.46 billion in 1HFY14. Gross margin increased to 35.2% from 33.7% in 1HFY14. Similarly, retention prices increase by 3% to Rs 7,181/ton from Rs 6,945/ton in 1HFY14.

Rs in million	1HFY15	1HFY14	YoY	2QFY15	2QFY14	YoY
Net Sales	8,991	8,237	9%	4,817	4,359	10.5%
Cost of goods sold	5,823	5,460	7%	2,981	2,851	5%
Gross Profit	3,168	2,777	14%	1,835	1,508	22%
Distribution Cost	76	55	39%	41	28	46%
Admin Expenses	130	103	27%	63	49	27%
Other Expenses	182	140	30%	117	78	50%
Other Income	90	80	13%	45	28	59%
Operating Profit	2,870	2,560	12%	1,660	1,381	20%
Finance Cost	402	665	-39%	72	321	-77%
Profit before Taxation	2,468	1,895	30%	1,588	1,060	50%
Taxation	799	644	24%	521	391	33%
Profit after Taxation	1,668	1,251	33%	1,066	669	59%
EPS (Rs)	1.25	0.94		0.80	0.50	

Source: Company Report & AZEE Research

Recommendation

The scrip is currently trading at a price of Rs 29/share offering an upside potential of just 7% to our Dec'15 target price of Rs 31/share. Therefore we have a 'neutral' stance on the scrip. However, installation of 10MW Waste Heat Recovery Plant to convert waste heat into energy to reduce load on national grid would further decrease production cost of the company.



News Update

Pakistan received foreign direct investment (FDI) of \$615.4 million in the first eight months of 2014-15, which is 3.8% less than the FDI received during July-February of the preceding fiscal year. According to data released by the State Bank of Pakistan (SBP), FDI decreased by \$24.6 million year-on-year in July-February, as it amounted to \$640.1 million in the first eight months of 2013-14. FDI in February was \$74.9 million as opposed to the net flows of \$86.8 million in the preceding month.

Reports of a big foreign fund selling its Pakistan holdings took a heavy toll on the stock market on Wednesday, with the benchmark index recording the biggest single-day drop in six months. The Karachi Stock Exchange (KSE)-100 Index declined 2.5%, or 817.28 points, to close at 31,524.98 points. Speaking to a local media, a broker said panic selling on Wednesday was in response to the massive offloading of shares on the Karachi bourse by an American hedge fund in recent weeks.

Sindh government under the visionary leadership of Syed Qaim Ali Shah, Chief Minister Sindh has been granted SEZ status for three industrial zones in the province namely Khairpur Special Economic Zone, Korangi Creek Industrial Park and Bin Qasim Industrial Park in 3rd meeting of Board of Approval of the Special Economic Zones (SEZs) chaired by Minister Finance, Revenue, Economic Affairs, Statistic & Privatization, Government of Pakistan. It may be mentioned that all three SEZs are located in Sindh province.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	March 18, 2015
FIPI (18-Mar-2015)	-7.88	Yearly(Jul, 2014 up to 17-Mar-2015)	73.99	Indices	
Local Companies (18-Mar-2015)	0.51	Monthly(Mar, 2015 up to 17-Mar-2015)	-47.99	All Share Index	22,466.24
Banks / DFI (18-Mar-2015)	3.03			KSE-30TM Index	20,139.38
Mutual Funds (18-Mar-2015)	-1.31	Daily (17-Mar-2015)	-2.61	KSE-100TM Index	31,524.98
NBFC (18-Mar-2015)	3.64	Total Portfolio Investment (06-Mar-2015)	6251	Turnover	
Local Investors (18-Mar-2015)	-0.28			All Share Index	208,094,740
Other Organization (18-Mar-2015)	2.29			KSE-30TM Index	81,845,800
				KSE-100TM Index	140,746,350

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Thursday, March 19, 2015

[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	31524.98	22.26	31,101	30,678	32,183	32,841	31,759
Attock Cement	184.95	36.72	181.95	179.00	188.95	193.00	186.00
Adamjee Insurance	46.52	21.35	45.30	44.10	48.10	49.70	46.90
Askari Bank	20.49	28.63	19.90	19.30	21.50	22.50	20.90
Azgard Nine	4.27	16.66	3.85	3.40	4.85	5.40	4.40
Attock Petroleum	534.79	48.03	531.25	527.70	539.15	543.55	535.65
Attock Refinery	169.01	23.91	166.75	164.50	173.40	177.75	171.15
Bank Al-Falah	29.16	27.52	28.75	28.35	29.65	30.15	29.25
BankIslami Pak	9.67	44.19	9.45	9.20	9.90	10.10	9.65
Bank.Of.Punjab	9.60	29.26	9.20	8.75	10.15	10.70	9.75
Fauji Cement	29.02	38.47	28.50	27.95	29.80	30.55	29.25
Fauji Fert Bin	49.89	41.40	48.65	47.40	51.35	52.80	50.10
Fauji Fertilizer	131.35	40.59	130.15	128.95	133.30	135.20	132.05
Habib Bank Ltd	187.64	30.03	185.10	182.55	189.10	190.55	186.55
Hub Power	88.63	51.34	88.05	87.45	89.60	90.55	89.00
ICI Pakistan	425.10	32.77	416.60	408.05	440.80	456.50	432.30
Jah Siddiq Co	15.82	44.21	15.40	14.95	16.70	17.55	16.25
Lucky Cement	463.76	28.65	452.45	441.20	473.60	483.40	462.30
MCB Bank Ltd	270.96	25.81	263.30	255.65	278.30	285.65	270.65
Maple Leaf Cement	50.62	42.22	49.45	48.30	52.50	54.35	51.30
National Bank	62.93	30.30	61.40	59.90	64.65	66.40	63.15
NIB Bank	1.98	34.16	1.95	1.90	2.05	2.10	2.00
Oil & Gas Dev. XD	188.23	19.73	184.65	181.10	194.15	200.05	190.60
P.S.O. XD	364.82	33.42	355.80	346.80	374.40	384.00	365.40
Sui North Gas	23.83	34.40	23.30	22.80	24.65	25.50	24.15

Board Meetings

Company	DATE	TIME
Adamjee Insurance Co. Ltd	19-03-2015	12:00
Pak Gum & Chemicals Ltd	19-03-2015	10:00
KSB Pumps Comp Ltd	19-03-2015	11:15
United Insurance Co.	19-03-2015	11:00
KASB Securities Ltd	19-03-2015	11:00
Highnoon Laboratories Ltd	20-03-2015	11:30

Key Data
Money Market

T-Bills (3 Mths)	04-Mar-2015	8.24%
T-Bills (6 Mths)	04-Mar-2015	8.16%
T-Bills (12 Mths)	04-Mar-2015	7.99%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	18-Mar-2015	8.37%
Kibor (3 Mths)	18-Mar-2015	8.22%
Kibor (6 Mths)	18-Mar-2015	8.18%
Kibor (9 Mths)	18-Mar-2015	8.41%
Kibor (1 Yr)	18-Mar-2015	8.38%
P.I.B (3 Yrs)	18-Mar-2015	8.12%
P.I.B (5 Yrs)	18-Mar-2015	8.35%
P.I.B (10 Yrs)	18-Mar-2015	9.14%
P.I.B (15 Yrs)	18-Mar-2015	10.10%
P.I.B (20 Yrs)	18-Mar-2015	10.50%
P.I.B (30 Yrs)	18-Mar-2015	11.00%

Commodities

Crude Oil (brent)\$/bbl	53.44
Crude Oil (WTI)\$/bbl	42.24
Cotton \$/lb	59.91
Gold \$/ozs	1,148.75
Silver \$/ozs	15.49
Malaysian Palm \$	592
GOLD (PMEX) PKR	37,945
KHI Cotton 40Kg PKR	5,412

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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Thursday, March 19, 2015

MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
18-Mar-15	87,756,200	3,932,138,434	5,197,200	233,599,834	92,953,400	4,165,738,268	11.95
17-Mar-15	90,740,900	4,196,193,792	6,641,300	281,180,376	97,382,200	4,477,374,168	12.48
Chg DoD %	-3.29%	-6.29%	-21.74%	-16.92%	-4.55%	-6.96%	-53 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	890,000	24,539,006	-	-	890,000	24,539,006	-
AICL	1,198,600	49,417,525	44,000	1,743,364	1,242,600	51,160,888	11.73
AKBL	3,908,000	71,634,126	-	-	3,908,000	71,634,126	-
ATRL	149,700	22,925,024	10,100	1,450,275	159,800	24,375,299	13.24
BAFL	1,192,500	30,231,244	-	-	1,192,500	30,231,244	-
BAHL	144,500	5,620,384	3,500	133,706	148,000	5,754,089	11.80
BOP	22,302,500	193,513,369	1,053,000	8,698,078	23,355,500	202,211,447	15.04
CHCC	687,000	43,581,020	105,500	6,792,224	792,500	50,373,244	11.88
DGKC	1,026,000	108,376,676	99,500	10,466,901	1,125,500	118,843,577	11.71
EFERT	737,000	50,426,983	8,500	575,304	745,500	51,002,287	12.29
EFOODS	514,500	53,690,844	111,800	11,050,826	626,300	64,741,670	11.86
ENGRO	4,652,300	1,112,625,648	239,300	54,622,333	4,891,600	1,167,247,981	11.55
FABL	527,300	8,132,863	-	-	527,300	8,132,863	-
FATIMA	5,529,500	173,911,640	108,000	3,641,965	5,637,500	177,553,605	11.75
FCCL	3,039,700	77,759,353	388,000	9,567,212	3,427,700	87,326,565	11.99
FFBL	2,823,500	120,993,794	-	-	2,823,500	120,993,794	-
FFC	452,500	51,090,040	11,100	1,240,532	463,600	52,330,573	11.64
HUBC	1,782,500	132,377,746	-	-	1,782,500	132,377,746	-
KAPCO	3,000	207,572	-	-	3,000	207,572	-
KEL	5,960,500	39,185,157	348,000	2,180,825	6,308,500	41,365,981	13.89
LPCL	1,942,100	27,801,011	3,500	50,741	1,945,600	27,851,752	12.00
LUCK	212,400	85,675,398	11,900	4,707,292	224,300	90,382,690	11.80
MLCF	2,791,500	122,005,149	247,000	10,605,829	3,038,500	132,610,978	11.57
NBP	1,572,000	86,888,934	-	-	1,572,000	86,888,934	-
NCL	1,524,000	53,015,237	7,000	239,302	1,531,000	53,254,539	11.84
NML	408,100	39,803,842	30,000	2,831,409	438,100	42,635,251	11.74
OGDC	20,300	3,419,990	-	-	20,300	3,419,990	-
PAEL	4,289,000	192,096,758	1,349,500	57,619,907	5,638,500	249,716,666	11.85
PIOC	735,000	51,529,473	17,500	1,205,262	752,500	52,734,734	11.70
PKGP	895,500	22,174,837	1,500	35,179	897,000	22,210,015	14.50
PPL	655,800	89,786,733	92,300	12,276,827	748,100	102,063,560	11.65
PSO	772,200	247,714,925	14,900	4,612,655	787,100	252,327,580	11.66
PTC	3,448,000	66,875,038	410,500	7,511,152	3,858,500	74,386,190	11.85
SEARL	82,700	15,392,345	16,500	3,127,542	99,200	18,519,887	16.00
SNGP	2,540,500	53,459,796	170,000	3,487,828	2,710,500	56,947,624	11.79
SSGC	7,023,000	224,767,250	256,000	8,085,151	7,279,000	232,852,402	11.84
UBL	1,323,000	179,491,706	38,800	5,040,215	1,361,800	184,531,921	11.75
TOTAL	87,756,200	3,932,138,434	5,197,200	233,599,834	92,953,400	4,165,738,268	11.95

Risk Disclosure

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