

## Market Overview

Market carried on from where it left previous day witnessing yet another volatile bearish day. The benchmark KSE-100 index closed down by 189.89 point to close at 33,533.64 points.

## Crude free-fall dents E&P earning

In our today's morning report we would discuss the performance of E&P sector during the 9MFY15 as we have taken three liquid listed companies in consideration which constitutes 95% of the market capitalization of the sector.

## Bottom-line shrinks 24% YoY in 9MFY15

Overall profitability of the Exploration & Production (E&P) companies witnessed a decline by 24.3% to Rs 105.32 billion during 9MFY15 against Rs 139.12 billion same period last year. This is primarily due to lower oil prices which plunge by 22% YoY on average, decline in well head gas prices, surge in exploration cost owing to dry well, impairment of assets and drop in other income.

## QoQ earnings rise by 3%

Some respite were seen in 3QFY15 on QoQ basis, as earnings surge by 3% QoQ to Rs 30.01 billion versus Rs 29.15 billion due to higher other income and lack of impairment of assets in 3QFY15. However higher operating expenses and lower crude oil prices restricts large increase in earnings growth.

## Revenue fall by 12%

Top-line of three listed companies decrease by 12.4% YoY to Rs 267.68 billion from Rs 305.47 billion over the same period last year mainly due to plunge in oil prices by average 22% YoY to \$75/barrel versus \$106/barrel in 9MFY14. Cumulative oil production increase by 7% to 62.5kbpd as against 58.6kbpd same period last year mainly due to higher production from Nim, Nashpa, Rajian and Lashari fields. However, gas production decreases by 4% to 1.93bcfd owing to natural decline of Sui and Qadirpur field.

Rs in million	9MFY15	9MFY14	YoY	3QFY15	2QFY15	QoQ
Net Sales	267,681	305,477	-12.4%	73,304	89,170	-17.8%
Operating Expenses	83,137	70,324	18.2%	35,282	28,919	22.0%
Other Income	22,899	20,620	11.1%	7,706	5,803	32.8%
Profit after Taxation	105,321	139,129	-24.3%	30,007	29,150	2.9%
Operating Margin	56.2%	63.7%	-7.5%	51.8%	54.9%	-3.1%
Net Margin	39.3%	45.5%	-6.2%	40.9%	32.7%	8.2%

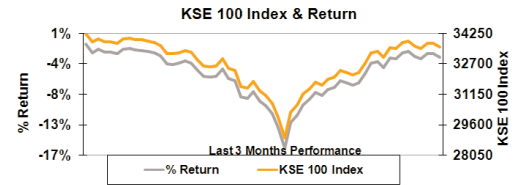
Source: Company Reports & AZEE Research

## All companies earnings decline

In terms of percentage decline in earning, Pakistan Oilfields Limited (POL) was the worst performer as its PAT dropped by 27% YoY to Rs 7.36 billion (EPS: Rs 31.14) due to sharp decline in global crude oil prices and higher exploration cost on account of dry well. POL was followed by Oil & Gas Development Company Limited (OGDC) whose bottom-line fell by 25% YoY to Rs 68.01 billion (EPS: Rs 15.81) owing to higher effective taxation and drop in crude prices. Similarly, Pakistan Petroleum limited (PPL), earnings dip by 21.4% YoY to Rs 29.94 billion in 9MFY15 (EPS: Rs 15.19) on account of higher other operating expenses as company booked impairment losses on assets.

## Recommendation

Despite lower oil price assumption of \$60/barrel, we maintain market weight stance on OGDC, PPL & POL with Dec'15 target prices of Rs 226/share, Rs 207/share and Rs 430/share respectively due to expectation of new discoveries in Nashpa-5 and Makori East- 4&5.



## News Update

The pace of annual inflation further slowed down to 2.1% in April and it remained glued to an 11-and-a-half-year low, raising the chances of a third cut in the key discount rate in less than a year in the upcoming monetary policy announcement. Inflation measured by the Consumer Price Index (CPI) rose just 2.11% in April over the same month of previous year, the Pakistan Bureau of Statistics (PBS) announced on Monday. In March, inflation was recorded at 2.5%.

After inaugurating the first unit of the Quaid-e-Azam Solar Park in Bahawalpur, Prime Minister Nawaz Sharif promised on Tuesday that load-shedding is expected to end by 2018, media reported. "Load-shedding will end by 2017-2018," the prime minister said while addressing the inauguration ceremony of 100 megawatt solar project.

Seven Projects worth 180.79 billion rupees including landmark Lahore Orange Line Metro were cleared in the CDWP meeting chaired by the Federal Minister Planning, Development and Reform Prof. Ahsan Iqbal. Lahore Orange Line Metro Train project is Government of Punjab project from its own resources with concessional loan from China Government.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics		May 5, 2015	
FIPI (05-May-2015)	4.32	Yearly(Jul, 2014 up to 04-May-2015)	793.92	<b>Indices</b>			
Local Companies (05-May-2015)	-53.80	Monthly(May, 2015 up to 04-May-2015)	0.29	All Share Index		23,396.46	
Banks / DFI (05-May-2015)	7.32	Daily (04-May-2015)	0.29	KSE-30TM Index		21,553.13	
Mutual Funds (05-May-2015)	10.43	Total Portfolio Investment (17-Apr-2015)	6672	KSE-100TM Index		33,533.64	
NBFC (05-May-2015)	1.27			<b>Turnover</b>			
Local Investors (05-May-2015)	32.25			All Share Index		172,649,180	
Other Organization (05-May-2015)	-1.79			KSE-30TM Index		72,763,100	
				KSE-100TM Index		131,965,220	

## MILESTONE

Wednesday, May 6, 2015

**[ Morning Report ]**
**Pivot Analysis**

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	33533.64	59.77	33,356	33,178	33,740	33,946	33,562
Attock Cement	207.52	60.99	204.10	200.65	210.35	213.15	206.90
Adamjee Insurance	45.54	46.13	45.05	44.60	45.90	46.30	45.45
Askari Bank	21.15	54.85	21.00	20.85	21.30	21.45	21.15
Azgard Nine	4.38	40.99	4.25	4.20	4.35	4.40	4.30
Attock Petroleum	555.20	58.60	551.45	547.75	557.45	559.75	553.75
Attock Refinery	207.44	65.15	204.30	201.15	211.30	215.15	208.15
Bank Al-Falah	29.14	55.43	28.75	28.40	29.65	30.20	29.30
BankIslami Pak	9.71	51.19	9.55	9.35	9.80	9.90	9.65
Bank.Of.Punjab	9.33	50.79	9.10	8.90	9.60	9.90	9.40
Fauji Cement	33.29	55.85	32.80	32.35	33.95	34.60	33.45
Fauji Fert Bin	47.93	43.62	47.55	47.10	48.45	48.90	48.00
Fauji Fertilizer	143.79	64.09	142.30	140.85	145.05	146.30	143.60
Habib Bank Ltd	199.29	58.83	197.30	195.30	202.00	204.70	200.00
Hub Power	96.04	63.24	95.15	94.30	96.80	97.60	95.95
ICI Pakistan	405.86	45.22	403.55	401.25	409.15	412.40	406.85
Jah Siddiq Co	20.12	44.21	19.80	19.50	20.60	21.05	20.25
Lucky Cement	483.05	52.12	480.35	477.65	485.65	488.20	482.90
MCB Bank Ltd	276.01	51.34	273.40	270.75	280.35	284.65	277.70
Maple Leaf Cement	63.88	61.40	63.30	62.75	64.45	65.05	63.90
National Bank	57.00	42.43	56.45	55.85	57.50	58.05	56.95
NIB Bank	2.04	52.64	2.00	1.90	2.10	2.15	2.05
Oil & Gas Dev. XD	182.23	47.94	181.10	180.00	183.15	184.10	182.05
P.S.O. XD	378.75	52.99	374.90	371.05	381.30	383.85	377.45
Sui North Gas	22.68	39.75	22.50	22.30	22.90	23.15	22.75

**Board Meetings**

Company	DATE	TIME
Dandot Cement Co. Ltd	06-05-2015	3:30
Crescent Cotton Mills Ltd	07-05-2015	10:30
Khairpur Sugar Mills Ltd.	07-05-2015	2:00
Fatima Enterprises Ltd	09-05-2015	11:30
Siemens (Pak) Engineer Co. Ltd.	28-05-2015	2:30

**Key Data**
**Money Market**

T-Bills (3 Mths)	29-Apr-2015	7.38%
T-Bills (6 Mths)	29-Apr-2015	7.30%
T-Bills (12 Mths)	29-Apr-2015	7.22%
Discount Rate	21-Mar-2015	8.00%
Kibor (1 Mth)	05-May-2015	7.78%
Kibor (3 Mths)	05-May-2015	7.27%
Kibor (6 Mths)	05-May-2015	7.21%
Kibor (9 Mths)	05-May-2015	7.48%
Kibor (1 Yr)	05-May-2015	7.42%
P.I.B (3 Yrs)	05-May-2015	7.50%
P.I.B (5 Yrs)	05-May-2015	7.95%
P.I.B (10 Yrs)	05-May-2015	9.05%
P.I.B (15 Yrs)	05-May-2015	10.00%
P.I.B (20 Yrs)	05-May-2015	10.30%
P.I.B (30 Yrs)	05-May-2015	10.85%

**Commodities**

Crude Oil (brent)\$/bbl	68.14
Crude Oil (WTI)\$/bbl	60.93
Cotton \$/lb	66.46
Gold \$/ozs	1,193.23
Silver \$/ozs	16.59
Malaysian Palm \$	602
GOLD (PMEX) PKR	39,526
KHI Cotton 40Kg PKR	5,734

CR = Yesterday's Closing Rate; RSI = 14 day RSI.

RSI Indication: Less than 30 Indicate oversold position &amp; Greater than 70 Indicate overbought position.

## MILESTONE

Wednesday, May 6, 2015

# MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
4-May-15	80,282,750	4,036,313,877	5,846,300	408,157,779	86,129,050	4,444,471,656	12.39
30-Apr-15	82,215,550	4,173,380,040	6,209,800	416,317,289	88,425,350	4,589,697,330	13.44
Chg DoD %	-2.35%	-3.28%	-5.85%	-1.96%	-2.60%	-3.16%	-105 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	1,000	25,970	-	-	1,000	25,970	-
AICL	881,100	33,074,664	62,500	2,423,299	943,600	35,497,963	11.98
AKBL	2,115,500	36,492,606	27,500	495,751	2,143,000	36,988,357	14.83
ATRL	227,800	39,070,570	62,100	10,877,773	289,900	49,948,343	13.63
BAFL	1,275,500	30,351,554	14,500	362,111	1,290,000	30,713,665	12.76
BAHL	34,000	1,322,850	6,000	239,221	40,000	1,562,070	12.49
BOP	7,701,600	60,057,353	168,500	1,375,455	7,870,100	61,432,808	13.17
CHCC	510,000	31,726,465	2,500	158,369	512,500	31,884,834	12.99
DGKC	2,751,000	307,017,056	361,000	41,683,801	3,112,000	348,700,858	11.89
EFERT	681,700	48,595,926	318,700	24,004,428	1,000,400	72,600,355	13.02
EFOODS	1,721,100	201,842,950	413,900	51,825,969	2,135,000	253,668,918	12.47
ENGRO	2,729,400	666,196,498	353,300	92,224,163	3,082,700	758,420,661	12.09
FABL	1,155,500	16,881,714	60,500	889,948	1,216,000	17,771,662	12.17
FATIMA	6,143,000	195,535,538	232,500	7,611,056	6,375,500	203,146,594	11.97
FCCL	6,169,500	167,723,368	1,730,400	49,599,095	7,899,900	217,322,463	12.36
FFBL	1,118,000	45,556,024	54,000	2,222,316	1,172,000	47,778,340	12.47
FFC	215,400	25,305,002	70,300	8,607,625	285,700	33,912,628	12.33
GATM	30,500	1,331,055	-	-	30,500	1,331,055	-
HUBC	1,340,000	100,887,965	19,000	1,544,417	1,359,000	102,432,382	11.25
KEL	9,808,500	61,341,881	297,000	1,906,752	10,105,500	63,248,632	13.67
LPCL	4,214,000	58,674,257	16,500	238,516	4,230,500	58,912,773	13.99
LUCK	97,700	39,203,271	5,800	2,377,072	103,500	41,580,343	12.47
MLCF	2,020,000	103,146,404	279,000	15,180,745	2,299,000	118,327,149	13.26
NBP	778,500	37,148,572	65,000	3,150,840	843,500	40,299,412	12.31
NCL	1,487,000	48,134,710	63,000	2,067,304	1,550,000	50,202,014	11.58
NML	728,700	66,872,264	1,100	105,600	729,800	66,977,865	13.35
OGDC	69,200	10,569,097	2,600	403,480	71,800	10,972,577	14.00
PAEL	3,148,000	163,842,291	329,500	17,230,717	3,477,500	181,073,008	12.93
PIOC	550,000	37,286,169	70,500	4,771,693	620,500	42,057,861	12.72
PKGP	738,000	18,438,885	6,500	171,283	744,500	18,610,169	13.59
PPL	281,900	38,869,576	111,300	16,939,432	393,200	55,809,008	11.08
PSO	517,300	162,902,756	22,900	7,342,653	540,200	170,245,409	11.94
PTC	1,628,500	28,816,374	31,000	547,656	1,659,500	29,364,030	11.52
SEARL	95,700	21,082,214	40,000	8,809,543	135,700	29,891,757	14.69
SNGP	3,026,500	59,090,494	250,000	4,846,555	3,276,500	63,937,050	11.78
SSGC	8,390,500	254,040,996	159,500	4,993,118	8,550,000	259,034,114	13.29
UBL	5,901,150	817,858,539	137,900	20,930,023	6,039,050	838,788,561	12.46
<b>TOTAL</b>	<b>80,282,750</b>	<b>4,036,313,877</b>	<b>5,846,300</b>	<b>408,157,779</b>	<b>86,129,050</b>	<b>4,444,471,656</b>	<b>12.39</b>

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