

Market Overview

Due to uncertain Law & order state of Karachi market witnessed an overall mix to range bounded trading session. The benchmark KSE-100 index closed up by 21.88 point to close at 34,408.74 points.

LOTCHEM: Another murky year likely to end

In continuation with last two years, we expect another dull year likely to end of Lotte Chemical Pakistan Limited (LOTCHEM), as company to show loss after taxation of Rs 1,026 million (LPS: Rs 0.68) for the CY14 against loss after taxation Rs 546 million (LPS: Rs 0.36) in CY13 owing to lower primary margin and increase in financing cost. In 4QCY14, it is expected that company would post profit of Rs 49 million (EPS: Rs 0.03) against Rs 659 million (LPS: Rs 0.44) in 4QCY13. This is expected due to higher other income from Lotte Powergen despite lower primary margin of \$77/ton in 4QCY14 against \$94/ton recorded in 4QCY13, depicting decline of 18%

Net sales to drop by 18%

Revenue likely to decrease by 18% at Rs 46.65 billion against Rs 57.07 billion during CY13 owing to lower PTA prices and marginal dip in volumetric sales. PTA prices down by 20% YoY to \$978/ton in CY14 against \$ 1,216/ton in CY13. Similarly, PTA volumetric sales decrease by 1.2% to 485k tons in CY14 versus 491k tons in CY13. Company would post gross loss of Rs 1,574 million against gross loss of Rs 711 million in CY13 mainly due to low average primary margin.

Other income to provide breather

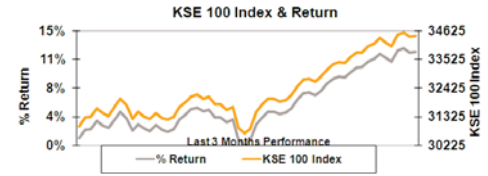
Other income likely to swell by 31% to Rs 1,273 million versus Rs 970 million owing to dividend income from the Lotte Powergen (Private) Limited. Finance costs likely to rise by 109% YoY to Rs 266 million in CY14 mainly on account of net exchange loss.

Rs in million	CY14E	CY13A	YoY	4QCY14E	4QCY13A	YoY
Net sales	46,648	57,070	-18%	8,969	14,849	-40%
Cost of Sales	48,222	57,780	-17%	9,290	15,291	-39%
Gross Profit	(1,574)	(711)	122%	(321)	(442)	-27%
Distribution & Selling Exp	179	120	49%	34	22	55%
Administration Expenses	399	329	21%	88	98	-10%
Other Income	1,273	970	31%	588	259	127%
Other Expenses	12	32	-62%	4	24	-83%
Operating Profit	(892)	(221)	NM	141	(327)	NM
Finance cost	266	127	109%	66	(50)	NM
Profit before Taxation	(1,158)	(348)	NM	75	(277)	NM
Taxation	(132)	198	NM	26	382	NM
Profit after Taxation	(1,026)	(546)	NM	49	(659)	NM
EPS (Rs)	(0.68)	(0.36)		0.03	(0.44)	

Source: AZEE Research

Recommendation

Our DCF based target price of LOTCHEM for December 2015 is Rs 8.20/share, which provides an upside potential of 9% from yesterday closing price of Rs 7.48/share.



News Update

State Bank governor has urged the country's Islamic banks to develop ways to reward their customers in line with a surge in the sector's profitability, or face regulatory action. Islamic finance is experiencing a revival in the country, aided by an ambitious five-year plan that regulators hope will double the industry's share of the banking sector to 20 percent by 2020. A growing client base and improving asset quality helped Islamic banks post profits before tax of Rs12 billion in the third quarter of last year, almost double the year-earlier amount, central bank data shows.

Minister for Planning, Development and Reforms, Professor Ahsan Iqbal Thursday said the speed of development at Gawadar would increase with every single project coming on ground under China-Pakistan Economic Corridor. He said the Gawadar would be made a smart port city having commercial and tourist facilities like Singapore or Dubai. Addressing at a seminar on potentials and prospects of Gawadar here, he also appreciated Pakistan Institute for conflict & Security Studies (PICSS) for organizing the seminar on such an important theme and highlighting the strength of Gawadar to become model port city in the future.

In a bid to address the woes of the CNG industry, it has been announced that the sector in Punjab will receive the first shipment of liquefied natural gas (LNG) in March this year, which will be imported from Qatar. "LNG import will provide a boost to the CNG industry and the first cargo may go to the sector," Petroleum Minister Shahid Khaqan Abbasi said while addressing a press conference.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	January 29, 2015
FIPI (28-Jan-2015)	-3.21	Yearly(Jul, 2014 up to 28-Jan-2015)	101.27	Indices	
Local Companies (28-Jan-2015)	2.12	Monthly(Jan, 2015 up to 28-Jan-2015)	15.19	All Share Index	24,688.92
Banks / DFI (28-Jan-2015)	-2.53			KSE-30TM Index	22,353.38
Mutual Funds (28-Jan-2015)	0.72	Daily (28-Jan-2015)	5.92	KSE-100TM Index	34,408.74
NBFC (28-Jan-2015)	-1.28	Total Portfolio Investment (09-Jan-2014)	5551	Turnover	
Local Investors (28-Jan-2015)	3.96			All Share Index	206,588,120
Other Organization (28-Jan-2015)	0.22			KSE-30TM Index	81,458,900
				KSE-100TM Index	147,269,920

MILESTONE

Friday, January 30, 2015

[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	34408.74	73.26	34,351	34,292	34,485	34,560	34,426
Attock Cement	213.29	65.69	211.80	210.30	214.90	216.50	213.40
Adamjee Insurance	55.02	70.25	53.45	51.85	56.00	56.95	54.40
Askari Bank	24.04	55.15	23.85	23.65	24.40	24.70	24.20
Azgard Nine	6.04	47.71	6.00	5.95	6.10	6.15	6.05
Attock Petroleum	544.60	44.54	540.90	537.20	547.65	550.70	543.95
Attock Refinery	203.65	50.26	201.45	199.20	205.95	208.20	203.70
Bank Al-Falah	33.42	51.68	33.10	32.85	33.85	34.25	33.55
BankIslami Pak	9.90	43.46	9.85	9.75	9.95	10.05	9.90
Bank.Of.Punjab	10.79	56.96	10.70	10.60	10.95	11.05	10.85
Faysal Bank	18.24	49.07	17.95	17.70	18.40	18.60	18.15
Fauji Cement	29.27	68.32	28.95	28.65	29.45	29.65	29.15
Fauji Fert Bin	50.12	68.15	49.40	48.70	50.90	51.70	50.20
Fauji Fertilizer	132.94	70.96	131.40	129.85	135.50	138.05	133.95
Habib Bank Ltd	207.95	37.99	207.15	206.30	208.65	209.30	207.80
Hub Power	84.10	58.97	83.40	82.75	84.90	85.70	84.20
ICI Pakistan	491.00	46.50	488.35	485.70	494.30	497.65	491.65
Lucky Cement	526.11	60.74	518.10	510.05	540.05	554.05	532.05
MCB Bank Ltd	334.81	70.54	332.55	330.30	336.55	338.25	334.25
Maple Leaf Cement	50.37	67.43	49.35	48.35	51.05	51.70	50.05
National Bank	70.24	61.12	69.70	69.20	70.75	71.25	70.25
Nishat Mills	131.64	54.27	130.20	128.80	132.60	133.60	131.20
Pak Petroleum	175.54	40.58	174.00	172.50	177.70	179.90	176.20
P.T.C.L.A	26.27	63.60	25.95	25.60	26.50	26.75	26.20

Board Meetings

Company	DATE	TIME
Security Papers Ltd	30-01-2015	10:30
Fauji Fertilizer Co. Ltd	30-01-2015	11:00
Ansari Sugar Mills Ltd	30-01-2015	3:00
Sanghar Sugar Mills Ltd	30-01-2015	10:00
Exide Pak Ltd	30-01-2015	11:00
Haseeb Waqas Sugar Mills Ltd	30-01-2015	4:00

Key Data
Money Market

T-Bills (3 Mths)	21-Jan-2015	8.96%
T-Bills (6 Mths)	21-Jan-2015	8.99%
T-Bills (12 Mths)	21-Jan-2015	8.86%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	28-Jan-2015	8.81%
Kibor (3 Mths)	28-Jan-2015	8.63%
Kibor (6 Mths)	28-Jan-2015	8.62%
Kibor (9 Mths)	28-Jan-2015	8.89%
Kibor (1 Yr)	28-Jan-2015	8.96%
P.I.B (3 Yrs)	28-Jan-2015	8.94%
P.I.B (5 Yrs)	28-Jan-2015	9.30%
P.I.B (10 Yrs)	28-Jan-2015	10.00%
P.I.B (15 Yrs)	28-Jan-2015	10.90%
P.I.B (20 Yrs)	28-Jan-2015	10.95%
P.I.B (30 Yrs)	28-Jan-2015	11.10%

Commodities

Crude Oil (brent)\$/bbl	48.53
Crude Oil (WTI)\$/bbl	43.80
Cotton \$/lb	59.66
Gold \$/ozs	1,256.36
Silver \$/ozs	16.99
Malaysian Palm \$	597
GOLD (PMEX) PKR	42,200
KHI Cotton 40Kg PKR	5,037

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

MILESTONE

Friday, January 30, 2015

MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
29-Jan-15	90,272,850	3,733,572,464	7,116,000	535,972,909	97,388,850	4,269,545,374	13.20
28-Jan-15	90,934,550	3,758,519,938	6,999,700	380,045,985	97,934,250	4,138,565,922	13.41
Chg DoD %	-0.73%	-0.66%	1.66%	41.03%	-0.56%	3.16%	-0.21 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	1,326,200	35,922,437	319,500	9,290,616	1,645,700	45,213,053	14.04
AICL	1,605,700	70,327,801	440,500	20,550,370	2,046,200	90,878,171	13.86
AKBL	3,948,500	80,962,848	211,000	4,317,957	4,159,500	85,280,805	13.38
ATRL	247,200	42,786,826	12,900	2,232,269	260,100	45,019,095	14.58
BAFL	1,137,000	32,170,530	44,500	1,265,691	1,181,500	33,436,221	12.87
BAHL	45,500	1,917,995	1,000	42,431	46,500	1,960,426	14.00
BOP	21,798,200	195,095,014	375,000	3,469,018	22,173,200	198,564,032	16.49
CHCC	591,500	38,738,192	958,500	67,148,870	1,550,000	105,887,062	12.89
DGKC	1,095,000	109,035,641	325,000	35,077,138	1,420,000	144,112,780	12.69
EFOODS	363,800	39,449,811	345,200	40,814,833	709,000	80,264,644	13.22
ENGRO	4,808,700	1,044,619,093	702,700	178,352,825	5,511,400	1,222,971,918	12.77
FABL	3,484,000	53,741,181	45,000	696,413	3,529,000	54,437,594	13.70
FATIMA	5,778,500	180,410,327	140,500	4,562,488	5,919,000	184,972,815	13.03
FCCL	3,433,200	82,940,870	110,000	2,737,256	3,543,200	85,678,126	13.13
FFBL	1,044,000	43,818,465	149,500	6,368,649	1,193,500	50,187,114	12.98
FFC	1,880,700	206,718,137	173,700	19,665,731	2,054,400	226,383,868	12.63
HUBC	1,886,000	129,496,586	33,000	2,357,052	1,919,000	131,853,638	14.51
KEL	6,263,250	47,527,037	492,500	3,646,223	6,755,750	51,173,260	14.45
LPCL	5,717,000	84,973,277	604,500	9,196,540	6,321,500	94,169,817	14.63
LUCK	90,500	39,476,604	40,800	18,218,746	131,300	57,695,350	13.12
MCB	5,000	1,354,838	-	-	5,000	1,354,838	-
MLCF	2,705,500	111,335,234	183,500	7,910,865	2,889,000	119,246,099	13.53
NBP	2,234,000	132,023,763	119,500	7,129,009	2,353,500	139,152,772	12.80
NCL	1,611,500	62,561,113	115,000	4,493,053	1,726,500	67,054,166	12.92
NML	460,200	49,769,464	41,800	4,668,494	502,000	54,437,958	12.75
NPL	-	-	-	-	-	-	-
OGDC	13,400	2,404,762	7,700	1,401,129	21,100	3,805,891	13.00
PAEL	3,339,500	136,553,829	515,000	22,464,660	3,854,500	159,018,489	16.19
PIOC	1,075,000	79,024,173	226,000	17,295,841	1,301,000	96,320,013	14.44
PKGP	49,500	1,286,519	5,000	146,898	54,500	1,433,417	15.00
PPL	866,200	130,560,950	77,900	11,598,122	944,100	142,159,072	12.95
PSO	268,600	84,825,931	68,800	22,288,571	337,400	107,114,502	12.60
PTC	3,051,000	65,538,746	62,000	1,381,239	3,113,000	66,919,985	13.20
SNGP	667,000	15,822,319	140,000	3,324,127	807,000	19,146,446	14.29
SSGC	6,902,000	227,901,646	21,000	724,635	6,923,000	228,626,281	14.16
UBL	480,000	72,480,505	7,500	1,135,154	487,500	73,615,659	12.98
TOTAL	90,272,850	3,733,572,464	7,116,000	535,972,909	97,388,850	4,269,545,374	13.20

Risk Disclosure

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