

## Market Overview

Higher level of interest from foreigners helped market to close the last trading session in green zone. The benchmark KSE-100 index closed up by 35.13 point to close at 34,443.87 points.

## OGDC: Result Preview for 1HFY15

Oil & Gas Development Company limited (OGDC) is going to announce its results for 1HFY15 on February 4, 2014. Below we are presenting our results anticipation.

### Earning likely to down 25%

Company profit after taxation is expected to dip by 25% to Rs 50.74 billion (EPS: Rs 11.80) during 1HFY15 as against Rs 67.22 billion (EPS: Rs 15.63) in 1HFY14. Earning is expected to decline due to lower oil prices which declined by 17%, reduction in other income expected owing to lower exchange gains and likely sharp rise in exploration expenditure. In 2QFY15, we expect earning to drop by 33% Rs 22.43 billion (EPS: Rs 5.22) compared to Rs 33.63 billion (EPS: Rs 7.82) in 2QFY14 due to record low oil prices and higher exploration cost

### Cash dividend of Rs 2 likely to announce

We expect OGDC board to announce Rs 2/share in 2QFY15 along with results. Previously OGDC paid one interim dividends totaling to 25% (Rs 2.50/share) likely full year payout to Rs 4.50/share for the year ending June 30, 2015.

### Revenue to decline

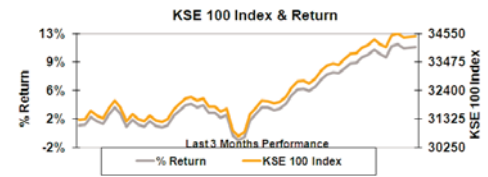
Revenue is expected to fall by 4% to Rs 120.81 billion compared with Rs 126.17 billion in 1HFY14. This is anticipated due to lower crude oil prices which decline by 17% YoY to \$88/barrel versus \$106.50/barrel in 1HFY14. However gas production to enlarge by 7% to 1,216 mmcf in 1HFY15 against 1,136 mmcf in 1HFY14 owing to rise in production from Uch and Nashpa. Furthermore, oil production to up by 2% at 41k bpd versus 40.2k bpd in 1HFY14 due to surge in production from Nashpa, Rajian and Lashari.

Rs in million	1HFY15E	1HFY14A	YoY	2QFY15E	2QFY14A	YoY
Net Sales	120,813	126,170	-4%	56,418	63,754	-12%
Royalty	13,988	14,509	-4%	6,573	7,384	-11%
Operating Expenses	25,898	20,313	27%	12,685	10,005	27%
Transportation Charges	1,218	1,198	2%	603	583	3%
Gross Profit	79,710	90,149	-12%	36,558	45,781	-20%
Exploration Expenditure	7,128	4,825	48%	3,376	2,870	18%
Other Income	10,297	12,120	-15%	4,017	4,695	-14%
General & Admin. Exp	2,677	1,144	134%	1,345	390	245%
WPPF	4,011	4,763	-16%	1,823	2,339	-22%
Financial Charges	1,192	1,093	9%	581	461	26%
Share of Profit	61	56	9%	30	34	-12%
Profit before Taxation	75,059	90,501	-17%	33,479	44,449	-25%
Taxation	24,318	23,274	4%	11,048	10,811	2%
Profit after Taxation	50,741	67,227	-25%	22,431	33,638	-33%
EPS (Rs)	11.80	15.63		5.22	7.82	

Source: AZEE Research

## Recommendation

At yesterday price of Rs 210.94/share, the scrip is trading at a discount of 11% to our December '15 target price of Rs 237/share.



## News Update

Governor, State Bank of Pakistan (SBP) Ashraf Mahmood Wathra Friday unveiled Rs 20 commemorative coin at SBP Museum to mark 'Pakistan-China Year of Friendly Exchange 2015.' The ceremony was also attended by Vice Consul General Chinese Consulate, Dr. Mu Yong Peng, and Chinese media and dignitaries, said SBP statement here. The SBP Governor said: "In the financial sector, we find footprints of our friendly relations over a long period of time. The most recent among these is the establishment of Industrial and Commercial Bank of China."

With over 100 million people below the age of 30 aspiring to change their lives, the rise of Pakistan is just a matter of time, Morgan Stanley Chief Investment Strategist David M Darst said during a university lecture. He said Pakistan is located in a region that will bring major changes in the world economy in coming decades primarily due to its demographics. "Demographics will play a major role in coming decades.

Falling global oil prices are expected to make their presence felt across petrol pumps in Pakistan in an even bigger way next month, with petrol prices expected to decline by 13.7% in February, down to levels not seen in the last seven years. The Oil and Gas Regulatory Authority (Ogra), the agency charged with regulating prices, has recommended a significant drop in prices across the board for petroleum products to the government. According to Ogra's recommendations, petrol prices in February will drop by Rs10.75 per litre, or 13.7% to Rs67.53 per litre. High speed diesel (HSD) prices are expected to drop by Rs8.80 (10.2%) to Rs77.43 per litre.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	January 30, 2015
FIPI (30-Jan-2015)	3.58	Yearly(Jul, 2014 up to 28-Jan-2015)	101.27	<b>Indices</b>	
Local Companies (30-Jan-2015)	2.97	Monthly(Jan, 2015 up to 28-Jan-2015)	15.19	All Share Index	24,730.26
Banks / DFI (30-Jan-2015)	-0.42			KSE-30TM Index	22,291.68
Mutual Funds (30-Jan-2015)	-1.21	Daily (28-Jan-2015)	5.92	KSE-100TM Index	34,443.87
NBFC (30-Jan-2015)	0.01			<b>Turnover</b>	
Local Investors (30-Jan-2015)	-3.27	Total Portfolio Investment (23-Jan-2015)	6476	All Share Index	348,782,820
Other Organization (30-Jan-2015)	-1.65			KSE-30TM Index	162,561,050
				KSE-100TM Index	274,973,170

## MILESTONE

Monday, February 2, 2015

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

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	34443.87	73.69	34,321	34,199	34,594	34,743	34,471
Attock Cement	214.59	67.48	213.60	212.60	216.00	217.40	215.00
Adamjee Insurance	56.11	73.88	55.05	53.95	57.15	58.15	56.05
Askari Bank	24.53	61.90	24.05	23.60	24.95	25.35	24.45
Azgard Nine	6.01	46.43	5.95	5.85	6.10	6.20	6.05
Attock Petroleum	537.88	41.37	535.10	532.30	541.60	545.30	538.80
Attock Refinery	195.89	42.94	192.00	188.10	202.40	208.90	198.50
Bank Al-Falah	33.75	55.66	33.40	33.05	34.10	34.45	33.75
BankIslami Pak	9.86	41.19	9.80	9.75	9.90	9.95	9.85
Bank.Of.Punjab	10.80	57.20	10.70	10.60	10.95	11.05	10.85
Fauji Cement	30.33	74.67	29.50	28.70	30.90	31.45	30.10
Fauji Fert Bin	52.24	75.24	50.50	48.80	53.30	54.35	51.55
Fauji Fertilizer	131.87	66.86	128.40	124.95	135.45	139.00	132.00
Habib Bank Ltd	210.47	43.82	208.40	206.30	212.10	213.70	210.00
Hub Power	84.14	59.10	83.40	82.70	85.15	86.10	84.40
ICI Pakistan	485.87	43.91	480.50	475.10	492.80	499.70	487.40
Jah Siddiq Co	18.52	44.21	18.30	18.10	18.80	19.10	18.60
Lucky Cement	519.52	56.57	512.35	505.15	529.35	539.15	522.15
MCB Bank Ltd	334.82	70.55	333.30	331.75	336.20	337.55	334.65
Maple Leaf Cement	52.61	73.60	51.25	49.90	53.40	54.25	52.05
National Bank	70.07	59.44	69.75	69.45	70.65	71.20	70.30
NIB Bank	2.33	45.59	2.30	2.25	2.40	2.45	2.35
Oil & Gas Dev. XD	210.94	45.49	209.30	207.65	213.30	215.65	211.65
P.S.O. XD	375.62	56.21	372.25	368.85	381.50	387.35	378.10
Sui North Gas	28.24	53.67	27.90	27.50	28.70	29.15	28.35

**Board Meetings**

Company	DATE	TIME
MCB-Arif Habib Savings and Invest Ltd	02-02-2015	3:30
TPL Direct Insurance Ltd	02-02-2015	2:00
Engro Powergen Qadirpur	02-02-2015	10:00
Abdullah Shah Ghazi Sugar Mills Ltd	02-02-2015	12:00
Engro Polymer & Chemicals Ltd	03-02-2015	9:30
Oil & Gas Development Co	04-02-2015	11:00

**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)	30-Jan-2015	8.76%
Kibor (3 Mths)	30-Jan-2015	8.56%
Kibor (6 Mths)	30-Jan-2015	8.58%
Kibor (9 Mths)	30-Jan-2015	8.85%
Kibor (1 Yr)	30-Jan-2015	8.86%
P.I.B (3 Yrs)	30-Jan-2015	8.80%
P.I.B (5 Yrs)	30-Jan-2015	9.15%
P.I.B (10 Yrs)	30-Jan-2015	9.75%
P.I.B (15 Yrs)	30-Jan-2015	10.55%
P.I.B (20 Yrs)	30-Jan-2015	10.70%
P.I.B (30 Yrs)	30-Jan-2015	10.90%

**Commodities**

Crude Oil (brent)\$/bbl	49.40
Crude Oil (WTI)\$/bbl	44.96
Cotton \$/lb	59.27
Gold \$/ozs	1,259.66
Silver \$/ozs	16.95
Malaysian Palm \$	591
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

Monday, February 2, 2015

# MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
30-Jan-15	85,010,250	3,655,065,810	12,590,200	630,495,923	97,600,450	4,285,561,733	13.17
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
Chg DoD %	-5.83%	-2.10%	76.93%	17.64%	0.22%	0.38%	-0.03 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	1,034,000	27,821,518	313,000	9,613,312	1,347,000	37,434,829	13.57
AICL	1,536,200	68,111,812	237,000	11,369,044	1,773,200	79,480,856	13.14
AKBL	3,803,000	77,674,670	581,500	12,137,887	4,384,500	89,812,558	15.73
ATRL	252,500	43,066,794	26,800	4,478,037	279,300	47,544,831	14.40
BAFL	1,054,500	29,779,793	364,500	10,461,255	1,419,000	40,241,048	12.44
BAHL	46,500	1,961,253	-	-	46,500	1,961,253	-
BOP	20,997,300	188,019,381	2,372,400	21,934,570	23,369,700	209,953,951	16.46
CHCC	883,000	60,109,860	334,000	24,304,704	1,217,000	84,414,564	12.83
DGKC	1,152,000	115,784,433	253,500	28,440,912	1,405,500	144,225,345	12.28
EFOODS	562,400	64,167,672	100,500	11,741,480	662,900	75,909,153	12.70
ENGRO	5,108,700	1,133,641,180	411,000	104,226,062	5,519,700	1,237,867,242	12.58
FABL	3,352,000	51,701,002	322,000	5,024,095	3,674,000	56,725,097	12.39
FATIMA	4,123,000	128,485,632	608,500	20,070,140	4,731,500	148,555,773	12.73
FCCL	2,479,700	59,678,034	420,000	10,884,353	2,899,700	70,562,387	13.02
FFBL	651,500	27,468,680	904,500	40,183,550	1,556,000	67,652,229	12.50
FFC	1,712,500	187,591,208	192,700	21,665,912	1,905,200	209,257,120	12.30
HUBC	1,911,000	131,213,082	43,000	3,074,901	1,954,000	134,287,984	12.43
KEL	6,526,750	48,709,518	397,000	2,949,276	6,923,750	51,658,794	15.27
LPCL	6,246,000	93,081,069	140,500	2,144,363	6,386,500	95,225,432	14.84
LUCK	112,200	49,289,137	63,100	28,006,365	175,300	77,295,502	12.30
MCB	5,000	1,355,482	1,000	283,244	6,000	1,638,725	14.00
MLCF	2,069,000	84,910,257	969,000	43,570,529	3,038,000	128,480,786	13.58
NBP	1,971,500	116,545,514	185,000	11,035,828	2,156,500	127,581,342	12.58
NCL	1,719,000	66,788,448	91,500	3,516,615	1,810,500	70,305,063	12.30
NML	414,500	44,929,865	74,800	8,331,756	489,300	53,261,621	12.17
NPL	-	-	100,000	3,813,560	100,000	3,813,560	12.50
OGDC	20,400	3,683,741	2,200	393,791	22,600	4,077,532	12.79
PAEL	2,950,000	121,123,757	1,094,000	49,522,396	4,044,000	170,646,153	15.99
PIOC	1,109,500	82,014,732	404,500	31,509,469	1,514,000	113,524,201	13.53
PKGP	46,500	1,219,629	-	-	46,500	1,219,629	-
PPL	845,900	127,093,583	123,200	17,813,510	969,100	144,907,094	12.03
PSO	270,300	85,317,514	125,100	39,945,315	395,400	125,262,829	12.02
PTC	3,004,500	64,639,272	125,500	2,762,156	3,130,000	67,401,428	12.71
SNGP	713,500	16,922,298	158,000	3,802,118	871,500	20,724,415	13.72
SSGC	5,966,500	197,105,721	1,012,000	35,531,560	6,978,500	232,637,280	12.99
UBL	359,400	54,060,267	38,900	5,953,859	398,300	60,014,126	12.31
<b>TOTAL</b>	<b>85,010,250</b>	<b>3,655,065,810</b>	<b>12,590,200</b>	<b>630,495,923</b>	<b>97,600,450</b>	<b>4,285,561,733</b>	<b>13.17</b>

## Risk Disclosure

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