

Market Overview

After witnessing bearish sentiments for past few day market looked to recover in current trading session. The benchmark KSE-100 index closed up by 156.78 point to close at 33,943.20 points.

Result Preview: DGKC

In our today's morning report we will present result previews of D.G. Khan Cement Company limited for 1HFY15 which will announce result on 17th February, 2015.

Higher effective taxation would restricts profitability growth

We expect DGKC to post marginal earnings growth of 2% as profit after tax to surge at Rs 2.71 billion which translates into EPS of Rs 6.20 in 1HFY15 against Rs 2.67 billion (EPS: Rs 6.09) in 1HFY14. Lower growth expected due to higher effective taxation of 29.2% in 1HFY15 against 23.4% in 1HFY14. However 35% QoQ growth expected during 2QFY15, as company to post profit after taxation of Rs 1.55 billion versus Rs 1.15 billion in 1HFY14, depicting surge by 35%

Revenue to up by 1%

Net sales of the company is expected to hike by 1% YoY to Rs 12.57 billion in 1HFY15 compared to Rs 12.40 billion in 1HFY14 mainly due to higher domestic prices. On the other hand, we expect the volumetric sales of the company to remain flat at 1.87 million tons in 1HFY15 due to lower exports which likely to down by 23% in 1HFY15. However, local sales to up by 9% to 1.48 million tons in 1HFY15 against 1.35 million tons in 1HFY14. Cost of sales is expected to surge by 3% YoY to Rs 8.46 billion in 1HFY15 against Rs 8.19 billion in 1HFY14.

Gross profit likely to down 2%

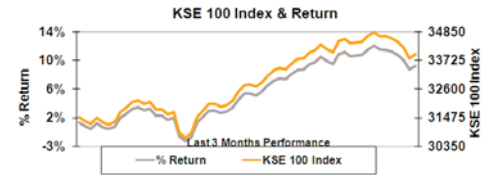
Gross profit likely to fall by 2% to Rs 4.11 billion compared to Rs 4.20 billion in 1HFY14 owing to higher energy prices. Gross profit margin is expected to drop to 32.7% in 1HFY15 against 33.9% recorded in 1HFY14.

Rs in million	1HFY15E	1HFY14A	YoY	2QFY15E	1QFY15A	QoQ
Net Sales	12,574	12,403	1%	6,763	5,812	16%
Cost of goods sold	8,464	8,198	3%	4,479	3,986	12%
Gross Profit	4,110	4,205	-2%	2,284	1,826	25%
Administrative Expense	240	224	7%	121	119	1%
Selling & Distribution Exp	443	741	-40%	234	209	12%
Other Expenses	457	353	29%	231	226	2%
Other Income	992	963	3%	555	437	27%
Operating Income	3,962	3,851	3%	2,254	1,709	32%
Finance Cost	127	366	-65%	60	67	-10%
Profit before Taxation	3,836	3,485	10%	2,194	1,642	34%
Taxation	1,121	816	37%	636	484	31%
Profit after Taxation	2,715	2,669	2%	1,558	1,157	35%
EPS (Rs)	6.20	6.09		3.56	2.64	

Source: AZEE Research

Recommendation

Our Sum of Parts (SOP) based target price for DGKC works out to Rs 139/share, which offers an attractive upside potential of 8% from last closing price of Rs 128.41/share.



News Update

Economic Co-ordination Committee (ECC) of the Cabinet has reportedly allowed an increase in the threshold of lower-priced drugs by 50 per cent of Consumer Price Index (CPI) every year. The ECC took this decision after a detailed discussion on Drug Pricing Policy prepared by the Ministry of National Health Services, Regulation and Co-ordination. The committee headed by Finance Minister, Senator Ishaq Dar also decided that hardship cases will be considered once in every three years.

Non Performing Loans (NPLs) of housing sector swelled to Rs 16 billion at the end of the first quarter of this fiscal year (FY15). After witnessing a declining trend in the quarter ending June 2014, NPLs of housing finance are again on the rise and posted a 1.75 percent increase during July-September 2014 alone.

Operations of Pakistan International Airlines (PIA) are likely to hit a snag as employees of the airline are mulling initiating a belligerent action against its planned privatisation; it was learnt here on Friday.

Ministry of Water and Power has failed to improve collections with power sector receivables crossing Rs 590 billion as of December 31, 2014 with an addition of Rs 77.7 billion in the first six months of current financial year. Private sector including Federally Administered Tribal Areas (FATA) and Balochistan agriculture tube-wells owe Rs 403 billion due to which circular debt is on the rise with each passing day.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics February 13, 2015	
FIPI (13-Feb-2015)	2.25	Yearly(Jul, 2014 up to 12-Feb-2015)	106.48	Indices	
Local Companies (13-Feb-2015)	2.74	Monthly(Feb, 2015 up to 12-Feb-2015)	2.53	All Share Index	24,506.18
Banks / DFI (13-Feb-2015)	-2.50	Daily (12-Feb-2015)	-5.53	KSE-30TM Index	21,996.26
Mutual Funds (13-Feb-2015)	-1.56	Total Portfolio Investment (06-Feb-2015)	6554	KSE-100TM Index	33,943.20
NBFC (13-Feb-2015)	2.18			Turnover	
Local Investors (13-Feb-2015)	-2.65			All Share Index	249,689,700
Other Organization (13-Feb-2015)	-0.46			KSE-30TM Index	67,885,500
				KSE-100TM Index	159,536,870

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[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	33943.20	50.84	33,777	33,611	34,116	34,290	33,951
Attock Cement	204.64	43.75	202.80	200.95	206.70	208.75	204.85
Adamjee Insurance	53.64	50.31	52.80	51.95	54.25	54.85	53.40
Askari Bank	23.93	45.07	23.45	23.00	24.65	25.40	24.20
Azgard Nine	5.72	36.25	5.65	5.55	5.80	5.85	5.70
Attock Petroleum	540.00	44.82	535.85	531.65	546.35	552.65	542.15
Attock Refinery	190.47	38.89	188.50	186.50	193.00	195.50	191.00
Bank Al-Falah	31.98	38.16	31.50	31.00	32.30	32.60	31.80
BankIslami Pak	10.00	52.75	9.85	9.65	10.10	10.15	9.90
Bank.Of.Punjab	10.34	44.44	10.20	10.05	10.50	10.65	10.35
Fauji Cement	31.32	63.35	30.80	30.25	32.05	32.80	31.55
Fauji Fert Bin	51.32	59.90	50.85	50.40	52.00	52.70	51.55
Fauji Fertilizer	135.84	65.04	135.00	134.20	137.10	138.40	136.30
Habib Bank Ltd	201.84	36.12	198.90	195.95	203.90	205.95	200.95
Hub Power	85.63	58.03	85.10	84.60	85.95	86.30	85.45
ICI Pakistan	460.00	31.72	457.35	454.65	465.35	470.65	462.65
Jah Siddiq Co	23.32	44.21	22.85	22.35	24.00	24.65	23.50
Lucky Cement	538.86	62.84	532.40	525.95	542.90	546.95	536.45
MCB Bank Ltd	306.72	35.61	300.95	295.20	313.55	320.35	307.75
Maple Leaf Cement	56.89	73.23	56.40	55.90	57.40	57.95	56.90
National Bank	67.22	45.33	65.15	63.05	68.25	69.30	66.20
NIB Bank	2.31	44.62	2.25	2.20	2.35	2.40	2.30
Oil & Gas Dev. XD	211.22	45.31	210.00	208.80	212.90	214.60	211.70
P.S.O. XD	400.83	61.65	391.05	381.30	408.30	415.80	398.55
Sui North Gas	26.04	36.33	25.55	25.05	26.50	26.95	26.00

Board Meetings

Company	DATE	TIME
Soneri Bank Ltd	14-02-2015	10:30
EFU Life Assurance Ltd	14-02-2015	10:30
Gatron (Ind.) Ltd	14-02-2015	11:00
EFU General Insurance Ltd	14-02-2015	12:00
Associated Services Ltd	14-02-2015	12:00
Fauji Cement Ltd	16-02-2015	11:00

Key Data
Money Market

T-Bills (3 Mths)	04-Feb-2015	8.43%
T-Bills (6 Mths)	04-Feb-2015	8.47%
T-Bills (12 Mths)	04-Feb-2015	8.39%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	13-Feb-2015	8.66%
Kibor (3 Mths)	13-Feb-2015	8.49%
Kibor (6 Mths)	13-Feb-2015	8.51%
Kibor (9 Mths)	13-Feb-2015	8.78%
Kibor (1 Yr)	13-Feb-2015	8.78%
P.I.B (3 Yrs)	13-Feb-2015	8.65%
P.I.B (5 Yrs)	13-Feb-2015	9.10%
P.I.B (10 Yrs)	13-Feb-2015	9.90%
P.I.B (15 Yrs)	13-Feb-2015	10.50%
P.I.B (20 Yrs)	13-Feb-2015	10.80%
P.I.B (30 Yrs)	13-Feb-2015	11.10%

Commodities

Crude Oil (brent)\$/bbl	61.50
Crude Oil (WTI)\$/bbl	53.19
Cotton \$/lb	62.56
Gold \$/ozs	1,232.49
Silver \$/ozs	17.41
Malaysian Palm \$	636
GOLD (PMEX) PKR	40,350
KHI Cotton 40Kg PKR	5,305

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
13-Feb-15	92,894,350	3,748,273,468	7,576,000	488,660,156	100,470,350	4,236,933,624	14.56
12-Feb-15	92,796,350	3,828,993,373	8,237,700	483,948,460	101,034,050	4,312,941,832	14.77
Chg DoD %	0.11%	-2.11%	-8.03%	0.97%	-0.56%	-1.76%	-21 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	847,500	25,603,403	330,000	10,383,095	1,177,500	35,986,498	16.17
AICL	1,316,200	59,420,628	71,000	3,233,973	1,387,200	62,654,601	15.87
AKBL	3,222,000	66,680,637	802,000	16,501,130	4,024,000	83,181,767	16.26
ATRL	179,300	29,170,241	28,200	4,628,294	207,500	33,798,535	16.44
BAFL	1,624,000	43,700,725	218,500	5,954,311	1,842,500	49,655,035	13.99
BAHL	67,500	2,842,588	-	-	67,500	2,842,588	-
BOP	24,506,200	214,264,695	945,500	8,328,308	25,451,700	222,593,003	16.59
CHCC	1,039,500	72,547,663	101,000	6,915,759	1,140,500	79,463,423	16.46
DGKC	1,252,500	133,212,071	554,500	60,413,658	1,807,000	193,625,729	14.58
EFOODS	611,800	66,511,525	61,000	6,870,939	672,800	73,382,464	15.34
ENGRO	4,300,700	976,799,637	617,500	147,674,382	4,918,200	1,124,474,019	14.23
FABL	4,016,000	60,485,350	248,000	3,743,237	4,264,000	64,228,586	15.89
FATIMA	4,361,000	137,127,673	369,500	11,844,584	4,730,500	148,972,257	12.23
FCCL	3,202,200	83,566,826	521,000	13,912,867	3,723,200	97,479,693	14.29
FFBL	2,401,000	103,598,833	197,500	8,632,064	2,598,500	112,230,897	13.95
FFC	387,500	44,582,447	5,500	638,133	393,000	45,220,580	13.13
HUBC	1,885,500	134,062,869	-	-	1,885,500	134,062,869	-
KEL	7,222,750	51,659,859	247,000	1,759,100	7,469,750	53,418,959	16.25
LPCL	4,026,000	60,516,160	78,000	1,187,385	4,104,000	61,703,546	16.27
LUCK	221,200	99,692,509	29,000	13,291,204	250,200	112,983,713	13.33
MCB	1,000	260,914	-	-	1,000	260,914	-
MLCF	2,793,500	129,293,807	333,000	16,155,099	3,126,500	145,448,906	16.01
NBP	2,076,500	114,129,266	321,000	18,344,568	2,397,500	132,473,834	15.64
NCL	1,700,000	64,399,488	49,500	1,841,524	1,749,500	66,241,012	14.71
NML	298,300	32,836,797	38,300	4,166,095	336,600	37,002,892	12.98
NPL	100,000	3,830,580	-	-	100,000	3,830,580	-
OGDC	45,500	8,213,981	700	125,748	46,200	8,339,729	14.00
PAEL	3,719,300	168,379,167	578,700	28,985,859	4,298,000	197,365,026	16.55
PIOC	1,423,500	99,905,916	25,000	1,775,035	1,448,500	101,680,951	16.28
PKGP	211,500	5,734,512	-	-	211,500	5,734,512	-
PPL	980,300	143,122,563	232,000	33,935,113	1,212,300	177,057,676	13.66
PSO	356,600	116,725,859	131,600	44,670,250	488,200	161,396,109	12.86
PTC	2,969,500	63,713,082	136,000	2,886,461	3,105,500	66,599,543	13.76
SNGP	1,580,500	35,201,678	35,500	789,434	1,616,000	35,991,112	16.55
SSGC	7,532,000	234,783,160	264,500	8,266,424	7,796,500	243,049,584	15.68
UBL	416,000	61,696,359	5,500	806,124	421,500	62,502,483	14.64
TOTAL	92,894,350	3,748,273,468	7,576,000	488,660,156	100,470,350	4,236,933,624	14.56

Risk Disclosure

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