

Market Overview

Bears dominated the market as most of the investors preferred to book profit following the foot steps of foreign selling. The benchmark KSE-100 index closed down by 228.90 point to close at 34,203.99 points.

Result Preview: FCCL

In our today's morning report we will discuss the upcoming board meeting of Fauji Cement Company Limited for the 1HFY15 which is scheduled on Feb 16, 2015, following are the details.

Earnings growth to continue

FCCL profitability is expected to continue as company to post 17% growth to Rs 1,463 million (EPS: Rs 1.10) against Rs 1,251 million (EPS: Rs 0.94) in 1HFY14 due to higher retention prices, hike in volumetric growth, fall in coal prices, surge in other income and lower financing cost.

43% QoQ earnings growth expected; DPS of Rs 1 likely

In 2QFY15, we expect company to post earning growth of 43% QoQ to Rs 862 million (EPS: Rs 0.65) in 2QFY15 against Rs 602 million (EPS: Rs 0.45) in 1QFY15. This is expected due to higher retention prices and increase in cement dispatches by 14% QoQ in 2QFY15 along with lower financing cost. Furthermore, we expect company to announce cash dividend of Rs 1/share.

Higher cement volume to spur top line growth

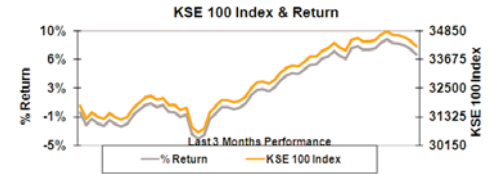
Net sales likely to surge by 9% to Rs 9.01 billion in 1HFY15 against Rs 8.23 billion owing to the higher cement price of average around Rs 508/bag in 1HFY15 translated into better retention prices of around Rs 6, 986/ton in 1HFY15. Similarly, volumetric sales likely to up 5% to 1,238k tons versus 1,185k tons in 1HFY14 mainly due to higher local cement sales which rises by 7% to 1,011k tons in 1HFY15 against 948k tons in 1HFY14. Gross profit likely to hike by 8% to Rs 2.98 billion versus Rs 2.77 billion in 1HFY14 due to better retention prices.

Rs in million	1HFY15E	1HFY14A	YoY	2QFY15E	1QFY15A	QoQ
Net Sales	9,001	8,237	9%	4,826	4,175	16%
Cost of goods sold	6,013	5,460	10%	3,170	2,842	12%
Gross Profit	2,988	2,777	8%	1,656	1,332	24%
Distribution Cost	75	55	37%	40	35	12%
Admin Expenses	136	103	32%	68	68	1%
Other Expenses	131	140	-6%	66	65	2%
Other Income	92	80	15%	46	45	2%
Operating Income	2,738	2,560	7%	1,528	1,210	26%
Finance Cost	627	665	-6%	297	330	-10%
Profit before Taxation	2,111	1,895	11%	1,231	880	40%
Taxation	647	644	0%	369	278	33%
Profit after Taxation	1,463	1,251	17%	862	602	43%
EPS (Rs)	1.10	0.94		0.65	0.45	

Source: AZEE Research & Company Report

Recommendation

At the current price level of Rs 32, the stock of FCCL is trading 3.1% lower from our DCF based December end 2015 target price of Rs 33/share. We therefore recommend Hold for FCCL.



News Update

To regulate and develop the Islamic financial market, the Securities and Exchange Commission of Pakistan (SECP) has established an Islamic Finance Department. The new specialized department shall carry out the functions of Shariah regulation and compliance, product development, market awareness, Shariah securities market development and international liaison and networking. The Islamic Finance Department will act as a backbone for coordination between the SECP's operational departments with the primary objective of regulating and promoting Islamic finance and Shariah compliance in the capital market.

Pakistan on Wednesday said it has discovered major reserves of iron ore as well as copper, silver and gold in its central province of Punjab. The reserves were found in Chiniot, around 160 kilometres northwest of Lahore, by Chinese group the Metallurgical Cooperation of China. A senior provincial administrative official told media that initial estimates indicated 500 million tonnes of iron ore, a primary ingredient in steel-making, had been discovered. He said the Chinese company has expressed interest in setting up a steel mill on the site, adding that the extracted iron had been tested in Swiss and Canadian laboratories, which found 60-65 per cent of it to be high grade.

Pakistan's Forex reserves were around 16 billion dollars and all the important economic indicators were positive which was manifestation of growing strength of the economy. Finance Minister, Ishaq Dar stated this while addressing a conference on "change of base of price indices" organized by Pakistan Bureau of Statistics in collaboration with the World Bank here on Wednesday.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	February 11, 2015		
FIPI (11-Feb-2015)	-5.73	Yearly(Jul, 2014 up to 10-Feb-2015)	125.35	Indices			
Local Companies (11-Feb-2015)	-1.20	Monthly(Feb, 2015 up to 10-Feb-2015)	21.40	All Share Index	24,698.50		
Banks / DFI (11-Feb-2015)	-1.01			KSE-30TM Index	22,132.93		
Mutual Funds (11-Feb-2015)	4.20			KSE-100TM Index	34,203.99		
NBFC (11-Feb-2015)	-0.23			Daily (10-Feb-2015)	1.43	Turnover	
Local Investors (11-Feb-2015)	2.13			Total Portfolio Investment (30-Jan-2015)	6511	All Share Index	258,402,700
Other Organization (11-Feb-2015)	1.83	KSE-30TM Index	86,686,300				
				KSE-100TM Index	160,030,920		

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Thursday, February 12, 2015

[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	34203.99	57.41	34,054	33,904	34,459	34,715	34,309
Attock Cement	210.97	54.49	209.45	207.95	213.20	215.45	211.70
Adamjee Insurance	54.13	53.05	53.25	52.40	55.50	56.85	54.65
Askari Bank	24.39	51.72	24.10	23.75	24.80	25.25	24.50
Azgard Nine	5.95	44.29	5.85	5.80	6.05	6.20	6.00
Attock Petroleum	549.84	49.39	545.55	541.30	554.55	559.25	550.25
Attock Refinery	194.09	42.37	192.80	191.55	196.35	198.65	195.10
Bank Al-Falah	31.94	33.78	31.50	31.10	32.50	33.10	32.10
BankIslami Pak	9.97	51.03	9.90	9.85	10.00	10.05	9.95
Bank.Of.Punjab	10.38	43.96	10.25	10.15	10.50	10.65	10.40
Fauji Fert Bin	50.28	56.04	49.40	48.50	51.70	53.10	50.80
Fauji Fertilizer	135.90	66.60	134.45	133.05	138.35	140.85	136.95
Habib Bank Ltd	203.71	33.57	202.05	200.40	205.75	207.85	204.15
Hub Power	86.66	64.52	86.35	86.00	87.20	87.70	86.85
ICI Pakistan	480.00	41.84	478.45	476.85	483.15	486.30	481.60
Kot Addu Power	80.98	53.31	80.10	79.25	81.90	82.85	81.05
Lucky Cement	537.11	63.04	533.15	529.15	542.95	548.85	539.00
MCB Bank Ltd	314.33	40.96	312.90	311.45	315.90	317.45	314.45
Maple Leaf Cement	57.34	76.39	56.60	55.90	58.35	59.40	57.65
National Bank	66.48	34.53	65.45	64.45	67.85	69.25	66.85
NIB Bank	2.32	44.61	2.25	2.20	2.40	2.50	2.35
Pioneer Cement	84.77	46.77	83.60	82.40	85.90	87.00	84.70
P.S.O. XD	394.02	59.24	389.90	385.75	400.60	407.15	396.45
P.T.C.L.A	25.34	50.97	25.10	24.85	25.70	26.05	25.45
Sui North Gas	26.54	39.96	26.20	25.90	27.05	27.55	26.75

Board Meetings

Company	DATE	TIME
MCB Bank Ltd	12-02-2015	11:00
Jubilee General Insurance	12-02-2015	10:00
Dawood Equities Ltd	12-02-2015	11:00
Al-Ghazi Tractors Ltd	12-02-2015	3:00
Synthetic Products Enterprises Ltd	12-02-2015	9:00
Karam Ceramics Ltd	12-02-2015	10:00

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)	11-Feb-2015	8.58%
Kibor (3 Mths)	11-Feb-2015	8.49%
Kibor (6 Mths)	11-Feb-2015	8.50%
Kibor (9 Mths)	11-Feb-2015	8.76%
Kibor (1 Yr)	11-Feb-2015	8.78%
P.I.B (3 Yrs)	11-Feb-2015	8.65%
P.I.B (5 Yrs)	11-Feb-2015	9.05%
P.I.B (10 Yrs)	11-Feb-2015	9.90%
P.I.B (15 Yrs)	11-Feb-2015	10.50%
P.I.B (20 Yrs)	11-Feb-2015	10.80%
P.I.B (30 Yrs)	11-Feb-2015	11.10%

Commodities

Crude Oil (brent)\$/bbl	55.56
Crude Oil (WTI)\$/bbl	49.49
Cotton \$/lb	62.05
Gold \$/ozs	1,234.80
Silver \$/ozs	16.90
Malaysian Palm \$	633
GOLD (PMEX) PKR	39,980
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
11-Feb-15	94,616,550	3,944,706,143	5,623,400	349,959,869	100,239,950	4,294,666,011	15.32
10-Feb-15	93,970,750	4,021,489,639	8,032,600	512,924,441	102,003,350	4,534,414,080	15.73
Chg DoD %	0.69%	-1.91%	-29.99%	-31.77%	-1.73%	-5.29%	-41 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	964,000	27,883,219	-	-	964,000	27,883,219	-
AICL	1,134,100	52,238,114	207,600	9,558,244	1,341,700	61,796,358	16.34
AKBL	4,079,500	84,875,176	267,000	5,494,700	4,346,500	90,369,876	16.59
ATRL	184,900	30,645,390	4,000	663,301	188,900	31,308,691	16.58
BAFL	1,484,000	41,372,418	79,000	2,148,157	1,563,000	43,520,574	11.96
BAHL	55,500	2,380,488	7,000	294,878	62,500	2,675,366	12.11
BOP	25,061,700	224,042,836	262,000	2,317,128	25,323,700	226,359,964	16.59
CHCC	1,401,500	99,476,467	150,000	10,651,095	1,551,500	110,127,562	16.59
DGKC	918,500	95,868,578	323,500	35,887,760	1,242,000	131,756,337	12.56
EFOODS	615,600	66,651,946	120,600	13,433,013	736,200	80,084,959	16.59
ENGRO	4,757,000	1,103,270,560	441,500	105,001,185	5,198,500	1,208,271,745	15.86
FABL	3,856,500	58,445,864	89,500	1,343,915	3,946,000	59,789,779	14.95
FATIMA	4,295,500	134,550,958	109,000	3,457,005	4,404,500	138,007,963	12.17
FCCL	4,292,200	112,496,372	200,000	5,461,180	4,492,200	117,957,552	16.59
FFBL	1,979,500	86,792,360	47,500	2,021,436	2,027,000	88,813,796	12.02
FFC	608,400	70,034,467	54,300	6,290,719	662,700	76,325,186	12.20
HUBC	1,845,500	130,894,437	40,000	2,959,344	1,885,500	133,853,781	16.59
KEL	6,960,250	49,686,219	571,000	4,104,347	7,531,250	53,790,566	16.45
LPCL	4,429,500	66,456,062	189,000	2,860,874	4,618,500	69,316,936	16.59
LUCK	278,300	125,857,513	14,800	6,733,935	293,100	132,591,448	12.89
MCB	1,000	268,242	-	-	1,000	268,242	-
MLCF	2,510,000	115,233,090	400,000	19,453,609	2,910,000	134,686,698	16.59
NBP	1,871,500	108,919,476	231,000	12,945,285	2,102,500	121,864,761	16.40
NCL	1,646,500	64,003,461	114,000	4,388,932	1,760,500	68,392,393	13.58
NML	410,900	45,848,194	12,500	1,411,893	423,400	47,260,087	14.62
NPL	100,000	3,825,340	-	-	100,000	3,825,340	-
OGDC	29,800	5,442,646	17,900	3,259,215	47,700	8,701,860	12.09
PAEL	3,548,000	158,422,361	657,000	32,291,290	4,205,000	190,713,651	16.59
PIOC	1,538,000	111,574,199	93,000	6,643,111	1,631,000	118,217,310	15.98
PKGP	221,500	6,220,587	-	-	221,500	6,220,587	-
PPL	940,100	138,503,514	39,700	5,852,255	979,800	144,355,769	14.35
PSO	382,000	127,261,043	53,500	17,922,259	435,500	145,183,302	12.43
PTC	2,937,500	63,197,081	127,000	2,736,611	3,064,500	65,933,692	15.50
SNGP	1,627,500	36,432,604	139,000	3,135,840	1,766,500	39,568,443	16.59
SSGC	7,238,000	234,467,388	549,500	17,465,631	7,787,500	251,933,019	16.59
UBL	412,300	61,167,475	12,000	1,771,723	424,300	62,939,198	15.43
TOTAL	94,616,550	3,944,706,143	5,623,400	349,959,869	100,239,950	4,294,666,011	15.32

Risk Disclosure

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