

Market Overview

Higher result positing from ENGRO helped market to end in green zone. Result anticipations helped fertilizer scrips to remain in public attention. The benchmark KSE-100 index closed up by 223.42 point to close at 33,942.28 points.

FECTC: 1HFY15 Result Preview

Fecto Cement Company Limited (FECTC) is scheduled to announce its result on February 24, 2015 for 1HFY15, following are the details.

Earnings momentum to carry on

We anticipate Fecto cement to post decent earnings growth of 19% as profit after tax to surge at Rs 376 million which translates into EPS of Rs 7.49 in 1HFY15 against Rs 317 million (EPS: Rs 6.32) in 1HFY14. Increase in growth expected due to better cement prices, hike in volumetric growth, fall in coal prices and lower financing cost. Similarly, in 2QFY15, we expect Fecto to witness earning growth of 29% YoY to Rs 213 million (EPS: Rs 4.24) in 2QFY15 against Rs 164 million (EPS: Rs 3.27) in 2QFY14 due to higher retention prices and increase in cement dispatches. Furthermore, we expect company to announce cash dividend of Rs 1.5/share.

Net sales to hike 3%

Net sales of the company is expected to hike by 3% YoY to Rs 2.39 billion in 1HFY15 compared to Rs 2.32 billion in 1HFY14 mainly due to higher volumetric sales and increase in cement prices. We expect the volumetric sales of the company to surge by 3% YoY to 348k tons in 1HFY15 against 340k tons in 1HFY14 due to higher domestic sales which rises by 9% in 1HFY15. Cost of sales is expected to decline by 4% to Rs 1.62 billion in 1HFY15 against Rs 1.68 billion in 1HFY14 due to lower coal prices.

Gross profit likely to up 20%

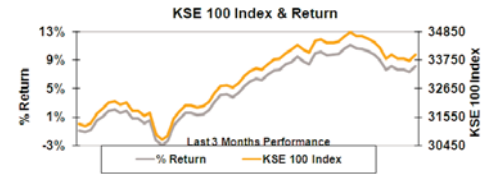
Gross profit is expected to increase by 20% to Rs 773 million compared to Rs 647 million in 1HFY14 owing to higher retention prices. Gross profit margin is expected to surge to 32.3% in 1HFY15 against 28% in 1HFY14.

Rs in million	1HFY15	1HFY14	YoY	2QFY15	2QFY14	YoY
Net Sales	2,394	2,327	3%	1,278	1,255	2%
Cost of Goods Sold	1,620	1,680	-4%	857	919	-7%
Gross Profit	773	647	20%	421	336	25%
Administrative Expense	106	85	25%	54	47	14%
Distribution Cost	101	107	-6%	52	56	-8%
Other Expenses	34	28	21%	18	14	24%
Other Income	7	7	-4%	4	2	131%
Operating Profit	539	433	25%	301	220	37%
Finance Cost	36	51	-31%	18	25	-29%
Profit before Taxation	503	381	32%	284	195	46%
Taxation	127	64	98%	71	30	133%
Profit after Taxation	376	317	19%	213	164	29%
EPS (Rs)	7.49	6.32		4.24	3.27	

Source: AZEE Research & Company Report

Recommendation

At the current price level of Rs 92.71, the stock of FECTC is trading 14% lower from our DCF based Dec'15 target price of Rs 106/share.



News Update

The government has given Additional Secretary Khusro Bakhtiar posted in Cabinet Division additional charge of Member Oil Ogra that completed the Oil and Gas Regulatory Authority (OGRA). The government after sending former chairman Ogra Saeed Khan on forced leave while giving charge to Secretary Cabinet Fateh Yaqoob Nasir. The post of member oil Ogra was empty from last many months and expert oil secretary is being appointed on this post.

Senate Standing Committee on Water and Power was informed Thursday that the 425 megawatt Nandipur power project will be completed by the end of June this year. The Committee held its meeting in Islamabad today under the chairmanship of Senator Zahid Khan. Secretary Water and Power Muhammad Younus Dagher told the meeting that the performance of Nandipur power project is the best after Guddu power plant. He said Engro's coal-based power plant will be completed in April this year. -Online

Price of petroleum on Thursday is expected to rise by Rs. 3.97 per liter from the 1st of March. The reason behind the rise is increase of petroleum prices in the international market along with increase in General Sales Tax (GST) on petroleum products. The ascent in prices of petroleum will halt the process of persistent cutbacks in petroleum prices being carried out for the past 7 months.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	February 19, 2015
FIPI (19-Feb-2015)	-0.63	Yearly(Jul, 2014 up to 18-Feb-2015)	106.31	Indices	
Local Companies (19-Feb-2015)	3.79	Monthly(Feb, 2015 up to 18-Feb-2015)	2.36	All Share Index	24,353.57
Banks / DFI (19-Feb-2015)	-7.75			KSE-30TM Index	22,085.46
Mutual Funds (19-Feb-2015)	-0.66	Daily (18-Feb-2015)	5.51	KSE-100TM Index	33,942.28
NBFC (19-Feb-2015)	1.00	Total Portfolio Investment (06-Feb-2015)	6554	Turnover	
Local Investors (19-Feb-2015)	4.65			All Share Index	240,194,730
Other Organization (19-Feb-2015)	-0.41			KSE-30TM Index	78,631,700
				KSE-100TM Index	137,164,510

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[Morning Report]
Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	33942.28	51.44	33,727	33,511	34,073	34,204	33,857
Attock Cement	200.16	37.42	199.10	198.05	202.10	204.05	201.05
Adamjee Insurance	53.37	49.51	52.90	52.40	53.75	54.10	53.25
Askari Bank	22.92	36.45	22.65	22.35	23.10	23.35	22.85
Azgard Nine	5.80	44.38	5.65	5.50	5.95	6.10	5.80
Attock Petroleum	537.53	44.41	530.85	524.20	543.35	549.20	536.70
Attock Refinery	189.93	38.44	188.95	188.00	190.95	192.00	190.00
Bank Al-Falah	32.28	44.33	31.95	31.60	32.45	32.65	32.10
BankIslami Pak	10.36	66.58	10.05	9.70	10.55	10.80	10.25
Bank.Of.Punjab	10.79	57.28	10.65	10.50	10.90	11.00	10.75
Fauji Cement	31.85	64.14	31.55	31.20	32.05	32.20	31.70
Fauji Fert Bin	50.72	55.48	50.30	49.85	51.05	51.35	50.60
Fauji Fertilizer	136.18	63.72	135.30	134.40	136.80	137.40	135.90
Habib Bank Ltd	205.49	44.19	204.15	202.85	206.65	207.80	205.35
Hub Power	87.67	61.13	87.00	86.30	88.70	89.75	88.05
ICI Pakistan	460.00	38.46	453.00	446.00	464.00	467.95	457.00
Jah Siddiq Co	21.46	44.21	20.70	20.00	21.85	22.20	21.10
Lucky Cement	526.19	52.99	518.80	511.35	531.85	537.45	524.40
MCB Bank Ltd	306.96	39.99	302.40	297.85	309.45	311.95	304.90
Maple Leaf Cement	56.18	65.91	55.10	54.05	56.80	57.45	55.75
National Bank	67.15	47.60	65.80	64.45	68.10	69.05	66.75
NIB Bank	2.24	41.59	2.20	2.15	2.30	2.35	2.25
Oil & Gas Dev. XD	212.17	46.73	210.75	209.35	214.65	217.15	213.25
P.S.O. XD	400.37	60.20	393.75	387.10	405.25	410.10	398.60
Sui North Gas	26.37	42.81	26.00	25.60	26.70	27.00	26.30

Board Meetings

Company	DATE	TIME
Indus Motor Co. Ltd	20-02-2015	3:00
Rupali Polyester Ltd	20-02-2015	11:30
Bawany Air Products Ltd	20-02-2015	3:00
Murree Brewery Co. Ltd.	23-02-2015	11:30
Tri-Pack Films Ltd	24-02-2015	10:00
Allied Rental Modaraba	24-02-2015	9:00

Key Data
Money Market

T-Bills (3 Mths)	18-Feb-2015	8.37%
T-Bills (6 Mths)	18-Feb-2015	8.38%
T-Bills (12 Mths)	18-Feb-2015	8.29%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	19-Feb-2015	8.59%
Kibor (3 Mths)	19-Feb-2015	8.47%
Kibor (6 Mths)	19-Feb-2015	8.47%
Kibor (9 Mths)	19-Feb-2015	8.73%
Kibor (1 Yr)	19-Feb-2015	8.74%
P.I.B (3 Yrs)	19-Feb-2015	8.60%
P.I.B (5 Yrs)	19-Feb-2015	9.17%
P.I.B (10 Yrs)	19-Feb-2015	9.86%
P.I.B (15 Yrs)	19-Feb-2015	10.50%
P.I.B (20 Yrs)	19-Feb-2015	10.80%
P.I.B (30 Yrs)	19-Feb-2015	11.10%

Commodities

Crude Oil (brent)\$/bbl	58.65
Crude Oil (WTI)\$/bbl	49.86
Cotton \$/lb	65.73
Gold \$/ozs	1,208.65
Silver \$/ozs	16.44
Malaysian Palm \$	636
GOLD (PMEX) PKR	39,706
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
19-Feb-15	90,731,250	3,369,445,769	9,362,850	895,080,702	100,094,100	4,264,526,471	14.23
18-Feb-15	87,682,000	3,215,190,136	9,459,400	493,583,741	97,141,400	3,708,773,877	13.43
Chg DoD %	3.48%	4.80%	-1.02%	81.34%	3.04%	14.98%	-20 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	989,000	29,690,792	54,500	1,667,896	1,043,500	31,358,688	14.62
AICL	1,270,750	57,027,793	137,950	6,271,346	1,408,700	63,299,139	13.90
AKBL	3,445,500	67,022,303	243,500	4,753,184	3,689,000	71,775,487	16.09
ATRL	191,200	31,128,778	10,900	1,759,438	202,100	32,888,215	15.47
BAFL	1,440,000	38,850,852	44,000	1,208,416	1,484,000	40,059,268	12.01
BAHL	49,000	2,063,900	500	21,259	49,500	2,085,159	15.00
BOP	24,914,700	217,239,732	1,106,400	10,159,323	26,021,100	227,399,055	16.42
CHCC	989,500	65,581,914	48,500	3,271,847	1,038,000	68,853,761	15.82
DGKC	1,801,200	191,366,385	286,300	31,454,698	2,087,500	222,821,083	12.88
EFERT	-	-	231,500	16,745,837	231,500	16,745,837	16.51
EFOODS	602,400	66,467,271	110,300	12,671,182	712,700	79,138,453	14.08
ENGRO	2,705,500	623,649,547	2,202,900	540,749,456	4,908,400	1,164,399,002	13.93
FABL	3,914,800	59,036,861	124,500	1,918,173	4,039,300	60,955,034	14.51
FATIMA	4,340,500	134,679,065	17,000	531,213	4,357,500	135,210,277	12.00
FCCL	3,222,200	84,656,588	144,000	3,888,429	3,366,200	88,545,017	15.47
FFBL	2,401,000	103,008,306	196,000	8,458,154	2,597,000	111,466,460	13.81
FFC	394,900	45,476,592	16,600	1,926,716	411,500	47,403,308	13.25
HUBC	1,655,500	120,001,648	154,500	11,501,053	1,810,000	131,502,701	13.98
KAPCO	-	-	-	-	-	-	-
KEL	7,282,000	52,197,921	357,500	2,508,384	7,639,500	54,706,305	16.04
LPCL	3,944,500	59,548,000	243,600	3,676,898	4,188,100	63,224,899	15.77
LUCK	215,600	95,722,082	20,400	9,132,454	236,000	104,854,537	13.16
MLCF	2,385,000	109,163,411	582,500	27,837,272	2,967,500	137,000,683	14.73
NBP	2,182,500	120,485,837	121,500	6,964,371	2,304,000	127,450,208	14.72
NCL	1,444,000	53,061,062	114,500	4,224,697	1,558,500	57,285,759	13.45
NML	347,900	37,459,797	112,800	12,373,202	460,700	49,832,999	13.81
NPL	140,000	5,377,715	62,000	2,502,518	202,000	7,880,233	12.35
OGDC	29,900	5,387,366	1,000	180,267	30,900	5,567,633	13.50
PAEL	3,382,500	155,686,816	1,924,000	97,820,359	5,306,500	253,507,175	16.40
PIOC	1,231,000	86,303,382	72,500	5,269,728	1,303,500	91,573,110	15.38
PKGP	211,000	5,567,360	500	13,224	211,500	5,580,583	16.56
PPL	972,300	142,657,902	32,100	4,736,179	1,004,400	147,394,081	12.35
PSO	351,500	115,966,315	124,000	42,400,988	475,500	158,367,303	12.38
PTC	2,554,500	53,176,786	163,000	3,420,656	2,717,500	56,597,442	13.34
SEARL	13,000	2,976,501	14,500	3,179,060	27,500	6,155,561	16.56
SNGP	1,635,000	36,057,829	86,000	1,935,771	1,721,000	37,993,600	15.33
SSGC	7,673,500	236,074,554	188,000	6,109,652	7,861,500	242,184,206	13.85
UBL	407,900	59,626,805	12,600	1,837,405	420,500	61,464,210	12.71
TOTAL	90,731,250	3,369,445,769	9,362,850	895,080,702	100,094,100	4,264,526,471	14.23

Risk Disclosure

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