



AKD Securities Limited

TREC Holder & Registered Broker
Pakistan Stock Exchange

Equity Research / Pakistan



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Today's Daily

■ NML: 3QFY17 Result Preview

NML is scheduled to announce 3QFY17 result on Saturday (Apr 22'17) where it is expected to post NPAT of PkR1,176mn (EPS: PkR3.35), up 17%YoY, primarily due to anticipated higher dividend income (+101%YoY) from associated companies. However despite anticipated topline growth (+10%YoY), NML core business profitability is likely to shrink 31%YoY in 3QFY17 largely on account of declining gross margins (down 179bpsYoY to 12.66%) with the steepest decline expected in the value-added segment.

■ FFBL: 1QCY17 Result Preview

FFBL is scheduled to announce earnings for 1QCY17 on Monday (Apr 24'17) where we expect the company to post net loss of PkR97mn (LPS: PkR0.10) in 1QCY17F vs. net loss of PkR514mn (LPS: PkR0.55) in 1QCY16. This recovery in loss is expected on the back of: 1) 19%YoY recovery in topline to PkR5.24bn reflecting 54%YoY expected increase in DAP off-take to ~109k tons and 1) 12.5ptsYoY improvement in GM to 12.7% (including subsidy) in 1QCY17.

■ EFERT: 1QCY17 Result Preview

EFERT is scheduled to announce its 1QCY17 financial results on Monday (Apr 24'17), where we expect EFERT's earnings to clock in at PkR1.19bn (EPS: PkR0.90) - down 44%YoY. The decline in earnings is expected on the back of: 1) GM coming off by 6ptsYoY to 33.2% (includes subsidy) on account of reduction in Urea prices (down 9%YoY) due to depressed farm economics and low international price trends (down 10%YoY to stand at an average US\$210/ton in 1QCY17).

News and Views

- The FX reserves of the country declined by US\$176mn to US\$21.57bn for the week ended Apr 14th vs. US\$21.74bn in the preceding week. The SBP's fx reserves decreased US\$272mn to US\$16.416bn during the week under review.
- NEPRA is expected to impose a penalty on Ex-Wapda distribution companies for delaying relief in fuel-based tariff to consumers for two months when it takes up the case of proposed PkR2.40/KwH and PkR2.20/KwH cut in tariff next week.
- Minister for Ports and Shipping informed the Senate that Pakistan has signed a 40-year agreement with China Overseas Port Holding Company (COPHC) for Gwadar Port operations. Under the agreement, COPHC would carry out all the development work on the port in exchange for 91% of gross revenue from terminal & marine operations and 85% of gross revenue from the free zone operations.

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KSE100 - Index

Current 48,743.56
Previous 47,603.48
Chg. 2.39%

Mkt Cap. (PkRbn/US\$bn)

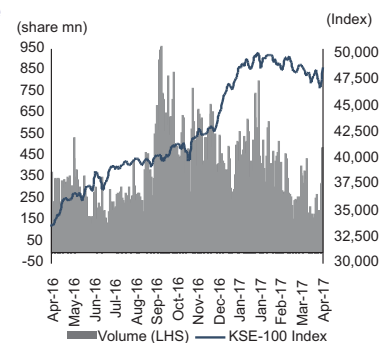
Current 9,606 / 91.61
Previous 9,421 / 89.85
Chg. 1.96%

Daily Turnover (mn)

Current 408.16
Previous 265.68
Chg. 53.6%

Value Traded (PkRmn/US\$m)

Current 25,739 / 245.48
Previous 15,281 / 145.74
Chg. 68.4%



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NML: 3QFY17 Result Preview

NML is scheduled to announce 3QFY17 result on Saturday (Apr 22'17) where it is expected to post NPAT of Pkr1,176mn(EPs:Pkr3.35), up 17%YoY, primarily due to anticipated higher dividend income (+101%YoY) from associated companies. However despite anticipated topline growth (+10%YoY), NML core business profitability is likely to shrink 31%YoY in 3QFY17 largely on account of declining gross margins (down 179bpsYoY to 12.66%) with the steepest decline expected in the value-added segment. Following quarterly trend, NML's earnings during 9MFY17 are likely to witness an upward trend (+4%YoY) to stand at Pkr3,727mn(EPs:Pkr10.6) vs. Pkr3,567mn(EPs:Pkr10.15) in 9MFY16. While increase in earnings during 9MFY17 is attributable to 27%YoY surge in other income, NML's core business earnings are expected to contract significantly by 44%YoY due to shrinking gross margins(-202bpsYoY) and subdued topline growth(+5%YoY). Amid lingering tax refunds (~Pkr300bn) due to textile sector and declining 8MFY17 exports (-1.6%YoY), NML's market performance remained lackluster (CYTD +4%). Our SOTP based TP of Pkr186/sh offers 14% upside. Accumulate!

FFBL: 1QCY17 Result Preview

FFBL is scheduled to announce earnings for 1QCY17 on Monday (Apr 24'17) where we expect the company to post net loss of Pkr97mn (LPS: Pkr0.10) in 1QCY17F vs. net loss of Pkr514mn (LPS: Pkr0.55) in 1QCY16. This recovery in loss is expected on the back of: 1) 19%YoY recovery in topline to Pkr5.24bn reflecting 54%YoY expected increase in DAP off-take to ~109k tons and 1) 12.5ptsYoY improvement in GM to 12.7% (including subsidy) in 1QCY17 due to significant decline in phosphoric acid prices (down 23%YoY) limiting the effect of significant reduction in DAP prices (down 12%YoY) due to depressed international price trends (down 4.1%YoY to stand at an average US\$323/ton in 1QCY17). Despite encouraging volumetric growth seen from 4QCY16, we feel an improvement in international pricing dynamics would be necessary for improvement of the earnings trend, going forward. Our Dec'17 SOTP-based TP stands at Pkr54.8/sh (upside: 4%), advocating a Neutral stance.

EFERT: 1QCY17 Result Preview

EFERT is scheduled to announce its 1QCY17 financial results on Monday (Apr 24' 17), where we expect EFERT's earnings to clock in at Pkr1.19bn (EPs: Pkr0.90) - down 44%YoY. The decline in earnings is expected on the back of: 1) GM coming off by 6ptsYoY to 33.2% (includes subsidy) on account of reduction in Urea prices (down 9%YoY) due to depressed farm economics and low international price trends (down 10%YoY to stand at an average US\$210/ton in 1QCY17). Having lost 8%CYTD due to poor earnings performance in CY16, the stock currently trades at CY17F PE of 8.8x where our Dec'17 TP of Pkr72.1/sh offers an upside of 15.4% from current price level. Accumulate!

NML: Income Statement

(PKR mn)	3QFY17E	YoY	QoQ	9MFY17E	YoY
Net Sales	13,913	10%	7%	37,916	5%
Cost of Sales	12,151	12%	3%	33,520	7%
Gross Profit	1,761	-4%	40%	4,396	-11%
GM	12.66%	(179)	298	11.60%	(202)
S&A	960	17%	7%	2,680	9%
Operating profit	802	-21%	122%	1,716	-30%
Other op. exp	102	64%	-7%	256	15%
Finance cost	214	-18%	-2%	635	-22%
Other Income	851	88%	-60%	3,446	27%
PBT	1,337	16%	-38%	4,272	3%
Tax	160	13%	-32%	544	-5%
NPAT	1,176	17%	-38%	3,727	4%
EPS (PKR)	3.35	17%	-38%	10.60	4%
EPS -Core (PKR)	1.17	-31%	5027%	1.78	-44%
EPS-Non-Core	2.18	88%	-60%	8.82	27%

Source: Co. Report & AKD Research

FFBL: Income Statement

(PKRmn)	1QCY17F	1QCY16A	YoY	QoQ
Sales	5,243	4,414	19%	-77%
Cost of Sales	5,227	5,111	2%	-76%
Gross Profit	16	(697)	-102%	-98%
Dist. Expense	603	677	-11%	-56%
Admin Expense	342	348	-2%	-44%
Operating Profit	(929)	(1,722)	-46%	-17%
Finance Cost	607	406	50%	4%
Other Expenses	12	1	12.3	-93%
Other Income	1,419	1,253	13%	-71%
NPBT	(129)	(875)	-85%	-104%
Tax	(32)	(361)	-91%	-106%
NPAT	(97)	(514)	-81%	-104%
EPS (PKR)	(0.10)	(0.55)	-81%	-104%

Source: Co. Report & AKD Research

EFERT: Income Statement

((PKRmn)	1QCY17F	1QCY16A	YoY	QoQ
Sales	9,429	12,605	-25%	-67%
Cost of Sales	7,028	7,667	-8%	-69%
Gross Profit	2,402	4,938	-51%	-58%
Dist. Expense	801	855	-6%	-76%
Admin Expense	252	244	3%	-2%
Operating Profit	1,348	3,839	-65%	-37%
Finance Cost	784	751	4%	1%
Other expenses	134	275	-51%	-64%
Other income	1,227	273	350%	-67%
NPBT	1,657	3,087	-46%	-65%
Tax	464	967	-52%	-66%
NPAT	1,193	2,120	-44%	-65%
EPS (PKR)	0.90	1.59	-44%	-65%

Source: Co. Report & AKD Research



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Neutral	≤ 5% to ≥ -5% potential
Reduce	< -5% to > -20% downside potential
Sell	≤ -20% downside potential



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