



## AKD Securities Limited

TREC Holder & Registered Broker  
Pakistan Stock Exchange

Equity Research / Pakistan



REP-108  
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### Today's Daily

#### ■ CHCC: 4QFY17 Result Preview

CHCC is scheduled to announce its 4QFY17 result on Wednesday (Aug 23'17) where it is expected to post earnings of PkR525mn (EPS: PkR2.97), up 45%YoY. Higher earnings are expected to arise from 63%YoY increase in topline to PkR3.02bn (62%YoY robust growth in total cement dispatches to 446k tons post expansion) despite expected 7.7pptYoY decline in GM to 33.2% (avg. coal prices up 54%YoY in 4QFY17). On a cumulative basis, FY17 earnings are expected to rise by 49%YoY to PkR2.09bn (EPS: PkR11.85). Alongwith the result CHCC is expected to announce a final cash dividend of PkR3.5/sh, taking FY17 payout to PkR4.5/sh.

#### ■ MLCF: 4QFY17 Result Preview

Previewing 4QFY17 earnings for MLCF, we expect NPAT to clock in at PkR981mn (EPS: PkR1.86), down 29%YoY/28%QoQ. Lower earnings are expected to arise from 1) 12%YoY/10%QoQ decrease in topline (13%YoY/8%QoQ decline in total cement dispatches) and 2) expected 9.4pptYoY decline in GM to 36.9% (avg. coal prices up 54%YoY in 4QFY17). On a cumulative basis, FY17 earnings are expected to rise by 3%YoY to PkR5.03bn (EPS: PkR9.54). Alongwith the result MLCF is expected to announce a final cash dividend of PkR2.5/sh, taking FY17 payout to PkR4.5/sh.

#### KSE100 - Index

Current 45,288.49  
Previous 45,634.02  
Chg. -0.76%

#### Mkt Cap. (PkRbn/US\$bn)

Current 9,421 / 89.40  
Previous 9,478 / 89.93  
Chg. -0.60%

#### Daily Turnover (mn)

Current 113.81  
Previous 175.27  
Chg. -35.1%

#### Value Traded (PkRmn/US\$m)

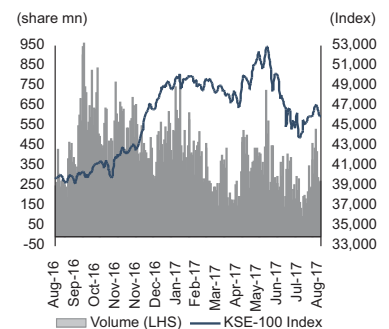
Current 6,046 / 57.37  
Previous 9,350 / 88.72  
Chg. -35.3%

AKD Daily

Tuesday, Aug 15, 2017

### News and Views

- The Economic Coordination Committee (ECC) of the cabinet is expected this week to consider increasing profit margins of oil marketing companies (OMC) and dealers through prices of petroleum products. Earlier, MoP&NR under current PM Shahid Khaqan Abbasi moved a summary in Jun'17 to the ECC for the deregulation of HSD prices despite strong opposition from the Planning Commission and the OGRA.
- Prime Minister Shahid Khaqan Abbasi has announced PkR25bn development package for Karachi and PkR5bn package for Hyderabad for mega development projects and improving the civic infrastructure of the two cities.
- The OGRA has reduced the prescribed price for the SSGC by PkR9.76/unit owing to a series of inadmissible expenditures on system expansion in Balochistan and Sindh, including revenue losses in Karachi on account of law and order problems.



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## CHCC: 4QFY17 Result Preview

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### CHCC: 4QFY17 earnings preview

(PKR mn)	4QFY17F	4QFY16A	YoY	3QFY17A	QoQ	FY17F	FY16A	YoY
Net Sales	3,021	1,858	63%	2,632	15%	9,736	7,079	38%
Cost of Sales	(2,018)	(1,098)	84%	(1,793)	13%	(6,217)	(4,446)	40%
Gross Profit	1,003	760	32%	839	20%	3,519	2,633	34%
GM	33.2%	40.9%		31.9%		36.1%	37.2%	
Distribution cost	(97)	(60)	60%	(74)	30%	(306)	(234)	30%
Admin cost	(49)	(52)	-5%	(45)	10%	(215)	(192)	12%
Finance cost	(90)	(14)	548%	(85)	6%	(188)	(44)	328%
Other Income	20	4	452%	19	10%	99	44	128%
OPEX	(59)	(46)	28%	(12)	373%	(173)	(155)	12%
PBT	728	591	23%	641	14%	2,736	2,051	33%
Taxes	(204)	(229)	-11%	(99)	106%	(643)	(646)	-1%
Net Income	525	362	45%	542	-3%	2,094	1,405	49%
EPS (PkR)	2.97	2.05	45%	3.07	-3%	11.85	7.95	49%

Source: Company Report & AKD Research

## MLCF: 4QFY17 earnings preview

Previewing 4QFY17F earnings for MLCF, we expect NPAT to clock in at PkR981mn (EPS: PkR1.86), down 29%YoY/28%QoQ. Lower earnings are expected to arise from 1) 12%YoY/10%QoQ decrease in topline (13%YoY/8%QoQ decline in total cement dispatches) and 2) expected 9.4pptYoY decline in GM to 36.9% (avg. coal prices up 54%YoY in 4QFY17). On a cumulative basis, FY17 earnings are expected to rise by 3%YoY to PkR5.03bn (EPS: PkR9.54). Alongwith the result MLCF is expected to announce a final cash dividend of PkR2.5/sh, taking FY17 payout to PkR4.5/sh. Having lost 23%CYTD, the stock currently trades at FY17F/FY18F PE of 10.2x/8.3x where our Jun '18 TP of PkR179/sh offers an upside of 83% from current price level. Buy!



### MLCF: 4QFY17 earnings preview

(PKR mn)	4QFY17F	4QFY16A	YoY	3QFY17A	QoQ	FY17F	FY16A	YoY
Net Sales	5,719	6,497	-12%	6,324	-10%	24,013	23,433	2%
Cost of Sales	(3,609)	(3,489)	3%	(3,891)	-7%	(14,279)	(13,411)	6%
Gross Profit	2,110	3,009	-30%	2,433	-13%	9,734	10,022	-3%
GM	36.9%	46.3%		38.5%		44.9%	40.2%	
Distribution cost	(290)	(378)	-23%	(281)	3%	(1,254)	(1,360)	-8%
Admin cost	(137)	(118)	16%	(163)	-16%	(578)	(486)	19%
Finance cost	(81)	(16)	418%	(82)	-1%	(267)	(436)	-39%
Other Income	45	23	97%	43	7%	136	36	273%
OPEX	(115)	(302)	-62%	(91)	27%	(543)	(660)	-18%
PBT	1,532	2,218	-31%	1,859	-18%	7,229	7,118	2%
Taxes	(551)	(839)	-34%	(501)	10%	(2,196)	(2,233)	-2%
Net Income	981	1,379	-29%	1,358	-28%	5,032	4,885	3%
EPS (PKR)	1.86	2.61	-29%	2.57	-28%	9.54	9.26	3%

Source: Company 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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