



AKD Securities Limited

TREC Holder & Registered Broker
Pakistan Stock Exchange

Equity Research / Pakistan



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Today's Daily

■ FCCL : 4QFY17 Result Preview

FCCL is scheduled to announce its 4QFY17 result on Wednesday (Sept 20'17) where it is expected to post earnings of PkR466mn (EPS: PkR0.34), down 55%YoY. Expected decline in earnings is attributable to lower margin on procured clinker as the existing Line 2 (2.27mn tpa capacity; 66% of its 3.43mn tpa total capacity) is undergoing repairs. While revenues are expected to drop by 1%YoY to PkR4.79bn in 4QFY17 (with shortfall in clinker production met through procured clinker), higher cost of production due to relatively expensive clinker is expected to raise COGS by 39%YoY to PkR3.84bn, reducing GM by 23.2ppts to 19.8% in 4QFY17.

KSE100 - Index

| | |
|----------|-----------|
| Current | 41,389.99 |
| Previous | 41,779.20 |
| Chg. | -0.93% |

Mkt Cap. (PkRbn/US\$bn)

| | |
|----------|---------------|
| Current | 8,690 / 82.45 |
| Previous | 8,761 / 83.12 |
| Chg. | -0.81% |

Daily Turnover (mn)

| | |
|----------|--------|
| Current | 147.82 |
| Previous | 107.77 |
| Chg. | 37.2% |

■ DGKC : 4QFY17 Result Preview

Previewing 4QFY17F earnings for DGKC (expected later this month), we forecasts NPAT to clock in at PkR1.59bn (EPS: PkR3.64), down 34%YoY/18%QoQ. Lower earnings are expected to arise from 1) 8%YoY/3%QoQ decrease in topline (9%YoY/3%QoQ decline in total cement dispatches) and 2) expected 9.2pptsYoY decline in GM to 35.8% (avg. coal prices up 54%YoY in 4QFY17). On a cumulative basis, FY17 earnings are expected to decline by 8%YoY to PkR8.05bn (EPS: PkR18.37). Alongwith the result DGKC is expected to announce a final cash dividend of PkR5.5/sh.

Value Traded (PkRmn/US\$mn)

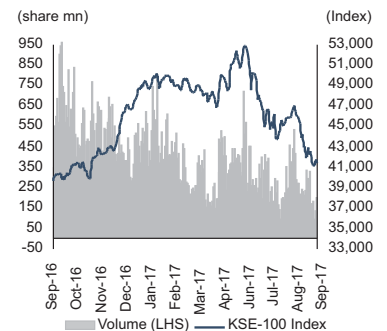
| | |
|----------|---------------|
| Current | 8,614 / 81.73 |
| Previous | 6,541 / 62.06 |
| Chg. | 31.7% |

AKD Daily

Thursday, Sep 07, 2017

News and Views

- The GoP has released PkR130.32bn (13% of total allocation) in FY18 for different development projects under PSDP. Out of the total, PkR32bn disbursed to various federal ministries while NHA received PkR34.8bn against the budgeted amount of PkR325.7bn.
- DRAP has approved the registration of a dengue vaccine on an emergency basis, keeping in view the increasing cases of dengue throughout the country. The registration would enable Pakistan to import the vaccine. Globally, Sanofi-Aventis owns patent for dengue vaccine.
- As per recent data released by MoF, the country's public debt stood at PkR21.40trn by the end of the last fiscal year, at least 10% less than the central bank's calculation till Mar'17. Earlier, SBP statistics showed country's total debt and liabilities peaked to PkR24.148trn till Mar'17.



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FCCL: Income Statement

| (PKR mn) | 4QFY17F | 4QFY16A | YoY | 3QFY17A | QoQ | FY17F | FY16A | YoY |
|-------------------|---------|---------|------|---------|------|----------|----------|------|
| Net Sales | 4,795 | 4,849 | -1% | 5,573 | -14% | 20,555 | 20,044 | 2.5% |
| Cost of Sales | (3,844) | (2,764) | 39% | (4,429) | -13% | (16,141) | (10,879) | 48% |
| Gross Profit | 951 | 2,085 | -54% | 1,143 | -17% | 4,413 | 9,165 | -52% |
| GM | 19.8% | 43.0% | - | 20.5% | - | 21.5% | 45.7% | - |
| Distribution cost | (40) | (66) | -40% | (45) | -11% | (160) | (209) | -23% |
| Admin cost | (82) | (84) | -2% | (76) | 7% | (325) | (312) | 4% |
| Finance cost | (30) | (89) | -66% | (11) | 181% | (190) | (503) | 0.4 |
| Other Income | 38 | 55 | -31% | 31 | 23% | 136 | 269 | -49% |
| OPEX | (109) | (132) | -18% | (72) | 52% | (317) | (579) | -45% |
| PBT | 729 | 1,770 | -59% | 971 | -25% | 3,556 | 7,831 | -55% |
| Taxes | (262) | (740) | -65% | (302) | -13% | (1,118) | (2,464) | -55% |
| Net Income | 466 | 1,030 | -55% | 668 | -30% | 2,438 | 5,367 | -55% |
| EPS (PKR) | 0.34 | 0.75 | -55% | 0.48 | -30% | 1.77 | 3.89 | -55% |

Source: Company Report & AKD Research

DGKC : 4QFY17 Result Preview

Previewing 4QFY17F earnings for DGKC (expected later this month), we forecasts NPAT to clock in at PkR1.59bn (EPS: PkR3.64), down 34%YoY/18%QoQ. Lower earnings are expected to arise from 1) 8%YoY/3%QoQ decrease in topline (9%YoY/3%QoQ decline in total cement dispatches) and 2) expected 9.2pptsYoY decline in GM to 35.8% (avg. coal prices up 54%YoY in 4QFY17). On a cumulative basis, FY17 earnings are expected to decline by 8%YoY to PkR8.05bn (EPS: PkR18.37). Alongwith the result DGKC is expected to announce



a final cash dividend of PKR5.5/sh. Having lost 32%CYTD, the stock currently trades at FY17F/FY18F PE of 8.2x/7.8x where our Jun '18 TP of PkR262/sh offers an upside of 73% from current price level.
Buy!

DGKC: Income Statement

| (PKR mn) | 4QFY17F | 4QFY16A | YoY | 3QFY17A | QoQ | FY17F | FY16A | YoY |
|-------------------|---------|---------|------|---------|------|----------|----------|------|
| Net Sales | 7,710 | 8,386 | -8% | 7,946 | -3% | 30,343 | 29,704 | 2.2% |
| Cost of Sales | (4,951) | (4,612) | 7% | (5,070) | -2% | (18,369) | (17,036) | 8% |
| Gross Profit | 2,759 | 3,773 | -27% | 2,875 | -4% | 11,973 | 12,668 | -5% |
| GM | 35.8% | 45.0% | | 36.2% | | 39.5% | 42.6% | |
| Distribution cost | (233) | (327) | -29% | (223) | 5% | (961) | (950) | 1% |
| Admin cost | (148) | (213) | -30% | (134) | 11% | (543) | (573) | -5% |
| Finance cost | (140) | (32) | 340% | (109) | 28% | (412) | (130) | 3.2 |
| Other Income | 444 | 575 | -23% | 442 | 0% | 2,061 | 2,379 | -13% |
| OPEX | (188) | (223) | -16% | (209) | -10% | (903) | (914) | -1% |
| PBT | 2,493 | 3,553 | -30% | 2,642 | -6% | 11,215 | 12,481 | -10% |
| Taxes | (898) | (1,141) | -21% | (693) | 29% | (3,165) | (3,691) | -14% |
| Net Income | 1,596 | 2,411 | -34% | 1,948 | -18% | 8,050 | 8,790 | -8% |
| EPS (PKR) | 3.64 | 5.50 | -34% | 4.45 | -18% | 18.37 | 20.06 | -8% |

Source: Company Report & AKD Research



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



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