



Today's Daily

■ DGKC: 1HFY12 Result Preview

D.G.Khan Cement Company Limited (DGKC) is scheduled to consider its 1HFY12 financial results on Friday, Feb 17, '12. We expect the company to report NPAT of PkR1,201.3mn in the review period against NPAT of PkR192.1mn in the same period last year, a growth of 6.3xYoY. The result translates into EPS of PkR2.74 in 1HFY12E against EPS of PkR0.44 in 1HFY11.

KSE 100 - Index

Current	12,261.85
Previous	12,250.00
Chg.	0.10%

Mkt Cap. (PkRbn/US\$bn)

Current	3,193 / 35.14
Previous	3,191 / 35.12
Chg.	0.06%

■ MTL: 1HFY12 Result Preview

Millat Tractors Limited (MTL) is scheduled to announce its 1HFY12 financial results on Friday, Feb 17 '12. We expect the company to report NPAT of PkR577.4mn in the review period against NPAT of PkR1,188.7mn in the same period last year, a decline of 51%YoY. The result translates into EPS of PkR15.77 in 1HFY12E against EPS of PkR32.47 in the same period last year.

Daily Turnover (mn)

Current	148.20
Previous	116.09
Chg.	27.7%

Value Traded (PkRmn/US\$mn)

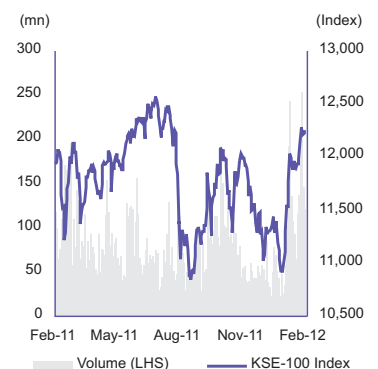
Current	2,826 / 31.11
Previous	2,316 / 25.49
Chg.	22.0%

News and Views

- A senior official of the FBR visited NCCPL yesterday to study NCCPL's systems and mechanism being deployed for computing and deducting CGT. The visit follows Advisor on Finance Dr. Abdul Hafeez Sheikh's approval of proposals made by the SECP last month including the proposal to make NCCPL the withholding agent to deduct and deposit CGT from investors' transactions.
- The Waste Heat Recovery Project of DGKC has been successfully registered with United Nations Framework Convention on Climate Change (UNFCCC) for carbon credit. The project is expected to generate 33,845MT CO2 equivalent per annum for a credit period from Jan'12 to Dec'21, as per company notice filed to KSE.
- FFC's 50MW wind power project will reportedly come online at the end of CY12. Management disclosures put the cost of the project at US\$135mn. Subsequent projects of the company will step-up energy capacity to 250MW.
- SNGPL and SSGC have filed a petition with OGRA to increase gas tariff by PkR13.16/mmbtu and PkR8.87/mmbtu, respectively. If approved, the tariff will be applicable from July '12.

SCRA Flow FYTD (US\$mn)

13-Feb-12	(222.55)
10-Feb-12	(222.29)
Val. Chg	(0.27)



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KATS Code	DGKC
Bloomberg Code	DGKC.PA
Price PkR	24.79
Market Cap (PkRmn)	10,861
Market Cap (US\$m)	120.81
Shares (mn)	438.12
3M High (PkR)	25.37
3M Low (PkR)	18.10
1Yr High (PkR)	26.12
1Yr Low (PkR)	18.10
3M Avg Turnover '000	3,041.14
1 Yr Avg Turnover '000	2,489.96
3M Avg DT Value (PkRmn)	67.88
3M Avg DT Value (US\$m)	0.76
1Yr Avg DT Value (PkRmn)	56.24
1Yr Avg DT Value (US\$m)	0.63

DGKC Price Performance

	1M	3M	6M	12M
Absolute (%)	24.2	17.9	18.2	-3.7
Rel. Index (%)	12.9	15.8	9.3	-6.3
Absolute (PkR)	4.8	3.8	3.8	-0.9

Source: AKD Research

MTL: 1HFY12 Result Preview

Millat Tractors Limited (MTL) is scheduled to announce its 1HFY12 financial results on Friday, Feb 17'12. We expect the company to report NPAT of PkR577.4mn in the review period against NPAT of PkR1,188.7mn in the same period last year, a decline of 51%YoY. The result translates into EPS of PkR15.77 in 1HFY12E against EPS of PkR32.47 in the same period last year. Decline is expected to come from ~56%YoY decline in sales volumes (to 9,005 units) in 1HFY12. High steel cost and PkR depreciation should lead to a decline of 60bpsYoY to 16.2% in the review period. Consequently the operating margin is expected to decline to 9.4% in the review period (against 13.1% in 1HFY11). Sequentially however, MTL is expected to report NPAT of PkR332.9mn (EPS: PkR9.1) in 2QFY12 against NPAT of PkR244.4mn (EPS: PkR6.7) in the previous quarter, a growth of 36%QoQ. Growth is expected to come from 76%QoQ increase in tractor volumes, marking the Cotton harvest. Going forward, while near-term tractor volumes may remain a little subdued due to the growing season in process, we expect a pull back in sales in 4QFY12 on the back of the start of Rabi harvest and the reduction in GST to 5% (from 16%) on tractors. At current price level we have a Buy stance on MTL (FY12F PER: 9.4x), which offers an upside of 35% to our target price of PkR584/share.

KATS Code	MTL
Bloomberg Code	MTL.PA
Price PkR	431.55
Market Cap (PkRmn)	15,797
Market Cap (US\$m)	175.72
Shares (mn)	36.61
3M High (PkR)	435.75
3M Low (PkR)	361.81
1Yr High (PkR)	617.94
1Yr Low (PkR)	355.77
3M Avg Turnover '000	12.20
1 Yr Avg Turnover '000	34.63
3M Avg DT Value (PkRmn)	4.85
3M Avg DT Value (US\$m)	0.05
1Yr Avg DT Value (PkRmn)	17.18
1Yr Avg DT Value (US\$m)	0.19

MTL Price Performance

	1M	3M	6M	12M
Absolute (%)	14.5	7.8	-23.0	-19.4
Rel. Index (%)	3.2	5.7	-31.8	-22.0
Absolute (PkR)	54.8	31.3	-128.6	-103.9

Source: AKD Research

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Rating Definitions

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