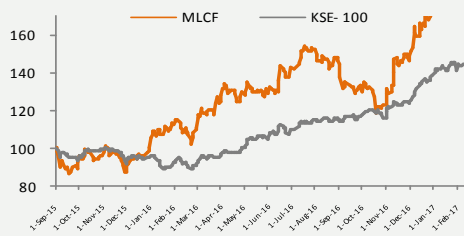


**NORTHERN PLAYERS — ACCUMULATE**
**Feb 14<sup>th</sup>, 2017**
**HOLD**
**Price Target : PKR 121.4/share**
**CURRENT MARKET DATA**

Current Price	131
Market Cap (PKR mn)	69,397.01
EV/EBITDA (x)	7.62
Outstanding shares (mn)	527.73
Free Float (%)	45%

Source: PSX

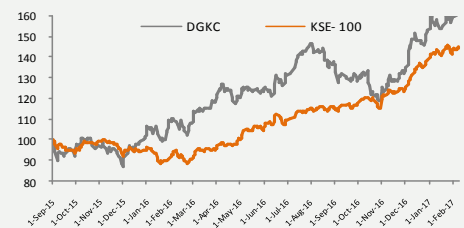
**RELATIVE TO KSE—100**


Source: PSX

**HOLD**
**Price Target : PKR 269.3/share**
**CURRENT MARKET DATA**

Current Price	240
Market Cap (PKR mn)	105,214.3
EV/EBITDA (x)	7.64
Outstanding shares (mn)	438.12
Free Float (%)	55%

Source: PSX

**RELATIVE TO KSE—100**


Source: PSX

**Taha Rehman**<sup>AC</sup>  
 taha@naelcapital.com  
 (+92-21) 32461812-13 (Ext.) 140

**MLCF: EPS to settle at PKR 2.38/sh, declining -16%YoY**

Maple Leaf Cement Company (MLCF) is scheduled to announce its 2QFY17E interim accounts on February 15th, 2017 where we expect the company to post EPS of PKR 2.38, down by 16%YoY. We expect the company to slightly lose its operational efficiency on account of higher commodity prices (coal), despite the increase in revenues by 3%YoY/9%QoQ. The finance cost is estimated to clock at PKR 37mn, declining 19%QoQ. Sequentially, the PBT of the company is expected to grow marginally by 6%QoQ in comparison to the previous quarter, clocking in at PKR 1,793mn. We also expect MLCF to declare dividend of PKR 2.00/sh.

**MLCF—FINANCIAL HIGHLIGHTS 2QFY17E**

PKR 'mn'	2QFY17E	2QFY16A	YoY	2QFY17E	1QFY17A	QoQ
Net Sales	6,065	5,894	3%	6,065	5,556	9%
Cost of sales	3,762	3,307	14%	3,762	3,175	18%
Gross Profit	2,304	2,587	-11%	2,304	2,381	-3%
Financial Charges	37	131	-72%	37	46	-19%
Profit before taxation	1,793	1,880	-5%	1,793	1,695	6%
Taxation	538	385	40%	538	471	14%
Profit after Tax	1,255	1,495	-16%	1,255	1,223	2.6%
<b>EPS</b>	<b>2.38</b>	<b>2.83</b>	<b>-16%</b>	<b>2.38</b>	<b>2.32</b>	<b>2.6%</b>
<b>DPS</b>	<b>2</b>	<b>1.5</b>		<b>2</b>	<b>-</b>	

Source: Nael Research, Company accounts

**DGKC: Earnings likely to swell 20%QoQ, posting at PKR 5.22/sh**

The BOD of DG Khan Cement Ltd. (DGKC) are scheduled to discuss its half yearly interim accounts on February 16th, 2017 where we expect the company to post an EPS of PKR 5.22, up by 20%QoQ. Owing to higher volumetric growth by ~25%QoQ in the local dispatches we expect the company's revenues to grow 11%YoY/24%QoQ in 2QFY17E. Unlike the other two (i.e. FCCL & MLCF), DGKC has a strong diversified energy mix which is probable to result in stable GP margins of ~42% despite the hike in input costs. We expect the company's gross profit to settle at PKR 3.4bn, increasing 17%QoQ/10% YoY in 2Q.

**DGKC—FINANCIAL HIGHLIGHTS 2QFY17E**

PKR 'mn'	2QFY17E	2QFY16A	YoY	2QFY17E	1QFY17A	QoQ
Net Sales	8,186	7,391	11%	8,186	6,599	24%
Cost of sales	4,775	4,283	11%	4,775	3,688	29%
Gross Profit	3,411	3,108	10%	3,411	2,911	17%
Financial Charges	43	32	33%	43	74	-42%
Profit before taxation	3,315	3,306	0%	3,315	2,766	20%
Taxation	1,028	948	8%	1,028	858	20%
Profit after Tax	2,287	2,358	-3%	2,287	1,908	20%
<b>EPS</b>	<b>5.22</b>	<b>5.38</b>	<b>-3%</b>	<b>5.22</b>	<b>4.35</b>	<b>20%</b>

Source: Nael Research, Company accounts

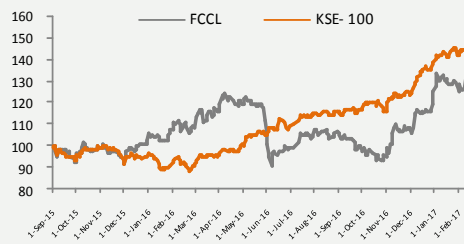
**HOLD**

Price Target : PKR 47.7/share

**CURRENT MARKET DATA**

Current Price	46.75
Market Cap (PKR mn)	64,506.3
EV/EBITDA (x)	9.96
Outstanding shares (mn)	1379.82
Free Float (%)	55%

Source: PSX

**RELATIVE TO KSE—100**

Source: PSX

**FCCL: Earnings to remain subdued, clocking at PKR 0.64/sh in 2QFY17E**

Fauji Cement Company Ltd. (FCCL) is scheduled to announce its 2QFY17E financial results on February 15th, 2017 where we expect the company to post EPS of PKR 0.64, depicting downside of 49%YoY. Revenues are expected to grow 6%YoY/35%QoQ clocking in at PKR 5.9bn in 2QFY17E, whereas the gross profit is expected to drop 45% YoY. The GP margins are projected to remain on the lower side settling at ~25% in the 2nd quarter owing to higher purchase of clinker volumes and higher coal prices.

**FCCL—FINANCIAL HIGHLIGHTS 2QFY17E**

PKR 'mn'	2QFY17E	2QFY16A	YoY	2QFY17E	1QFY17A	QoQ
Net Sales	5,913	5,569	6%	5,913	4,392	35%
Cost of sales	4,438	2,871	55%	4,438	3,344	33%
Gross Profit	1,475	2,699	-45%	1,475	1,047	41%
Finance Cost	75	122	-38%	75	78	-3%
PBT	1,260	2,331	-46%	1,260	832	52%
Tax	378	657	-42%	378	222	70%
PAT	882	1,674	-47%	882	609	45%
<b>EPS</b>	<b>0.64</b>	<b>1.26</b>	<b>-49%</b>	<b>0.64</b>	<b>0.44</b>	<b>45%</b>

Source: Nael Research, Company accounts

**Chief Executive Officer**

**Ashraf Bava, CFA** (92-21) 32461812-13 abava@naelcapital.com

**Equity Sales**

**Muhammad Shakeel, Director Equity Sales** (92-21) 32461819-22 shakeel@naelcapital.com

**Nasir Muqet, Institutional Sales** (92-21) 32461819-22 nmuqet@naelcapital.com

**Irshad UI Haq Khan, Institutional Sales** (92-21) 32461819-22 irshad@naelcapital.com

**Research**

**Taha Rehman, Research Analyst** (92-21) 32461812-13 taha@naelcapital.com

**Disclosure Related to Author**

The analyst mentioned on the cover of this report, primarily involved in the preparation of this report, certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject companies/securities and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

**Disclaimer**

The report has been prepared by Nael Capital (Pvt.) Ltd and is for information purpose only. The information and opinions contained herein have been compiled or arrived at, based upon information obtained from sources, believed to be reliable and in good faith. Such information has not been independently verified and no guaranty, representation or warranty, expressed or implied is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be consulted as, an offer, or solicitation of an offer, to buy or sell any securities or other financial instruments.

**Research Dissemination Policy**

Nael Capital (Pvt.) Ltd. endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

**Company Specific Disclosures**

Nael Capital (Pvt.) Ltd. as per the applicable law or regulation, prohibits its respective directors, officers, representatives, employees and/or related persons to make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments during the restricted period specified in the company policy.

**Other Important Disclosures**

Foreign currency denominated securities is subject to exchange rate fluctuations which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk.

Stock Recommendation	Return
BUY	> 15%
HOLD	> -15% to < 15%
SELL	< -15%

