

## Market Overview

Pakistan stock market resist to make new high on psychological 12,000 levels as investors prefer to book gains. The benchmark KSE 100-Index slipped by 0.3% or 41.63 points to close at 11,949.75 level.

## LOTPTA: Result Preview CY11

In our today's morning report we will present result preview of Lotte Pakistan (LOTPTA) for CY11.

### Earning likely hike by 4%

LOTPTA likely to post profit after taxation of Rs 4.72 billion (EPS: Rs 3.12) for the CY11 against Rs 4.52 billion (EPS: Rs 2.99) in same period last year, a surge of 4.4% YOY mainly due to higher primary margin. Revenue likely to hike by 34.8% at Rs 57.15 billion as against Rs 42.40 billion during CY10 owing to rising Purified Terephthalic Acid (PTA) prices, which averaged around \$1,240/ton in CY11 against \$963/ton in CY10. Cost of sales is expected to increase by 41% to Rs 49.83 billion versus Rs 35.37 billion in CY10, mainly due to higher Paraxylene (PX) prices. PX average price rose by 36.8% to \$1,425/ ton versus \$1,042/ ton.

### Gross profit expected to up 4.2%

Gross profit of the company marginally up 4.2% to Rs 7.32 billion against Rs 7.03 billion in CY11 driven mainly by higher average primary margin of \$286/ton in CY11 versus \$265/ton in CY10. However, gross margin likely to decrease to 12.8% compared to 16.6% in CY10.

| Rs in million         | CY11   | CY10   | % Chg. |
|-----------------------|--------|--------|--------|
| Net sales             | 57,159 | 42,401 | 34.8   |
| Gross Profit          | 7,323  | 7,031  | 4.2    |
| Other Income          | 884    | 894    | (1.1)  |
| Operating Profit      | 7,071  | 6,941  | 1.9    |
| Finance Cost          | 227    | 229    | (0.7)  |
| Profit after Taxation | 4,726  | 4,528  | 4.4    |
| EPS                   | 3.12   | 2.99   |        |

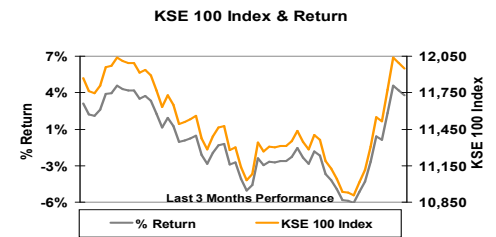
Source: AZEE Research & Company Report

### Profitability to plunge by 90% YoY in 4QCY11

Company profitability likely to dip by 90% to Rs 138 million (EPS: Rs 0.09) for the 4QCY11 against Rs 1.34 billion (EPS: Rs 0.89) in same period last year, primarily due to lower primary margin of \$151/ton in 4QCY11 against \$360/ton recorded in 4QCY10. Net sales likely to rise 4.7% at Rs 12.34 billion in 4QCY11 as against Rs 11.78 billion during 4QCY10 on account of higher PTA prices. Gross profit is expected to massively decline by 86% to Rs 326 million versus Rs 2.32 billion in 4QCY10.

### Recommendation

Our DCF based target price of LOTPTA for December 2012 is Rs 9.40/share, which implied premium of 6.2% from yesterday closing price of Rs 10.04/share, thus we recommend Hold for the Scrip.



## News Update

Lotte Pakistan PTA Limited (PPTA) - sole manufacturer and distributor of pure terephthalic acid (PTA) - likely to show growth of 4 per cent in earning after taxation at Rs4.71 billion in 2011 against Rs4.52 billion in the corresponding period last year.

Muhammad Rashid Zahir has been reelected as chairman of the Board of Directors of Islamabad Stock Exchange (ISE).

The National Price Monitoring Committee held its 9th meeting under the Chairmanship of Secretary Finance reviewed the prices and supply trend of essential food items in general and supply cycle of potato, onion and tomato in particular as well as the prices in neighboring countries and the trend of international prices.

In pursuance of the policy directives issued by Ministry of Information Technology (MOIT), Pakistan Telecommunication Authority (PTA) is planning to auction frequency spectrum for cellular mobile broadband services.

The State Bank of Pakistan on Wednesday reduced the cut-off yields on all treasury bills in auction. SBP accepted bids worth of face amount of Rs 107.42 billion in T-bills auctions against the target of Rs 75 billion, receiving bid worth of Rs 297.36 billion. Central bank decreased the cut-off yield on 3-month T-bill by 18bps to 11.5992 per cent and raised amount of Rs 27.90 billion. Similarly, cut-off yield on 6-month T-bill down by 20ps to 11.6273 per cent and raised amount Rs 32.54 billion. Likewise, 12-month T-bill falls by 16bps to 11.7265 per cent and raised amount Rs 46.97 billion.

| NCCPL (U.S \$ in million)        |       | Portfolio Investment U.S \$ in million)  |         | KSE Statistics  |  | January 25, 2012 |  |
|----------------------------------|-------|--|---------|-----------------|--|------------------|--|
| FIPI (25-Jan-2012)               | 1.75  | Yearly(Jul, 2011 up to 23-Jan-2012)      | -225.11 | <b>Indices</b>  |  |                  |  |
| Local Companies (25-Jan-2012)    | -1.72 | Monthly(Jan, 2012 up to 23-Jan-2012)     | -10.22  | All Share Index |  | 8,279.89         |  |
| Banks / DFI (25-Jan-2012)        | -0.24 | Daily (23-Jan-2012)                      | -0.72   | KSE-30TM Index  |  | 11,132.12        |  |
| Mutual Funds (25-Jan-2012)       | -0.10 | Total Portfolio Investment (13-Jan-2012) | 2218    | KSE-100TM Index |  | 11,949.75        |  |
| NBFC (25-Jan-2012)               | -0.47 |  |         | <b>Turnover</b> |  |                  |  |
| Local Investors (25-Jan-2012)    | 0.78  |  |         | All Share Index |  | 124,848,754      |  |
| Other Organization (25-Jan-2012) | 0.00  |  |         | KSE-30TM Index  |  | 57,639,017       |  |
|                                  |       |  |         | KSE-100TM Index |  | 93,819,465       |  |

## MILESTONE

Thursday, January 26, 2012

**[ Morning Report ]**
**Pivot Analysis**

| Company             | CR       | RSI   | Buy 1    | Buy 2    | Sell 1   | Sell 2   | Pivot    |
|---------------------|----------|-------|----------|----------|----------|----------|----------|
| KSE 100 INDEX       | 11949.75 | 54.99 | 11909.95 | 11870.15 | 12012.10 | 12074.45 | 11972.30 |
| Allied Bank Limited | 61.14    | 65.44 | 60.50    | 59.85    | 61.80    | 62.45    | 61.15    |
| Attock Cement       | 56.71    | 70.51 | 56.20    | 55.70    | 57.75    | 58.75    | 57.20    |
| Arif Habib Limited  | 18.50    | 80.95 | 18.20    | 17.90    | 19.10    | 19.75    | 18.80    |
| Adamjee Insurance   | 51.34    | 66.17 | 50.50    | 49.65    | 52.70    | 54.05    | 51.85    |
| Askari Bank         | 10.64    | 62.82 | 10.50    | 10.35    | 10.90    | 11.15    | 10.75    |
| Azgard Nine         | 3.52     | 56.79 | 3.30     | 3.05     | 3.85     | 4.25     | 3.65     |
| Attock Petroleum    | 433.03   | 59.53 | 429.00   | 425.00   | 438.00   | 443.00   | 434.00   |
| Attock Refinery     | 122.37   | 71.22 | 120.40   | 118.40   | 123.70   | 125.00   | 121.70   |
| Bank Al-Falah       | 12.29    | 70.45 | 12.05    | 11.85    | 12.55    | 12.85    | 12.35    |
| BankIslami Pak      | 3.60     | 63.17 | 3.55     | 3.50     | 3.65     | 3.70     | 3.60     |
| Bank.Of.Punjab      | 5.91     | 61.05 | 5.80     | 5.70     | 6.10     | 6.25     | 5.95     |
| D.G.K.Cement        | 23.18    | 81.09 | 22.55    | 21.90    | 23.50    | 23.85    | 22.85    |
| Faysal Bank         | 9.35     | 64.33 | 9.25     | 9.10     | 9.60     | 9.85     | 9.50     |
| Fauji Cement        | 3.94     | 66.53 | 3.80     | 3.70     | 4.05     | 4.20     | 3.95     |
| Fauji Fert Bin      | 49.03    | 59.15 | 48.40    | 47.80    | 50.05    | 51.05    | 49.40    |
| Fauji Fertilizer    | 176.18   | 67.67 | 175.00   | 173.80   | 177.90   | 179.60   | 176.70   |
| Habib Bank Ltd      | 115.93   | 68.32 | 114.95   | 114.00   | 117.60   | 119.30   | 116.65   |
| Hub Power           | 36.00    | 64.07 | 35.60    | 35.20    | 36.20    | 36.40    | 35.80    |
| ICI Pakistan        | 147.66   | 74.82 | 145.95   | 144.30   | 149.40   | 151.15   | 147.75   |
| Kot Addu Power      | 42.00    | 65.96 | 41.45    | 40.90    | 42.40    | 42.80    | 41.85    |
| Lotte Pakistan      | 10.04    | 52.28 | 9.80     | 9.55     | 10.25    | 10.45    | 10.00    |
| Lucky Cement        | 85.77    | 73.06 | 84.85    | 83.95    | 86.55    | 87.30    | 85.60    |
| MCB Bank Ltd        | 168.05   | 77.84 | 166.80   | 165.55   | 170.00   | 171.95   | 168.75   |
| Maple Leaf Cement   | 2.25     | 70.46 | 2.15     | 2.05     | 2.35     | 2.45     | 2.25     |
| National Bank       | 45.02    | 62.29 | 44.65    | 44.30    | 45.60    | 46.20    | 45.25    |
| Oil & Gas Dev. XD   | 149.66   | 53.91 | 148.60   | 147.60   | 151.30   | 152.90   | 150.25   |
| Pak Petroleum       | 178.26   | 62.96 | 175.95   | 173.65   | 181.90   | 185.50   | 179.55   |
| P.T.C.L.A           | 11.70    | 75.65 | 11.55    | 11.40    | 11.80    | 11.90    | 11.65    |

**Board Meetings**

| Company                        | DATE       | TIME  |
|--------------------------------|------------|-------|
| Lotte Pak PTA Ltd              | 26-01-2012 | 1:30  |
| Fauji Fertiliser Bin Qasim Ltd | 26-01-2012 | 10:40 |
| National Refinery Ltd          | 28-01-2012 | 10:30 |
| Lucky Cement Ltd               | 30-01-2012 | 11:30 |
| Attock Refinery Ltd            | 01-02-2012 | 10:30 |
| Attock Petroleum Ltd           | 02-02-2012 | 2:30  |

**Key Data**
**Money Market**

|                   |             |        |
|-------------------|-------------|--------|
| T-Bills (3 Mths)  | 25-Jan-2012 | 11.60% |
| T-Bills (6 Mths)  | 25-Jan-2012 | 11.63% |
| T-Bills (12 Mths) | 25-Jan-2012 | 11.73% |
| Discount Rate     | 08-Oct-2011 | 12.00% |
| Kibor (1 Mth)     | 25-Jan-2012 | 11.95% |
| Kibor (3 Mths)    | 25-Jan-2012 | 11.79% |
| Kibor (6 Mths)    | 25-Jan-2012 | 11.85% |
| Kibor (9 Mths)    | 25-Jan-2012 | 12.15% |
| Kibor (1 Yr)      | 25-Jan-2012 | 12.20% |
| P.I.B (3 Yrs)     | 25-Jan-2012 | 11.85% |
| P.I.B (5 Yrs)     | 25-Jan-2012 | 12.30% |
| P.I.B (10 Yrs)    | 25-Jan-2012 | 12.35% |
| P.I.B (15 Yrs)    | 25-Jan-2012 | 12.90% |
| P.I.B (20 Yrs)    | 25-Jan-2012 | 13.00% |
| P.I.B (30 Yrs)    | 25-Jan-2012 | 13.10% |

**Commodities**

|                         |          |
|-------------------------|----------|
| Crude Oil (brent)\$/bbl | 109.92   |
| Crude Oil (WTI)\$/bbl   | 98.77    |
| Cotton \$/lb            | 96.20    |
| Gold \$/ozs             | 1,657.30 |
| Silver \$/ozs           | 31.98    |
| Malaysian Palm \$       | 1,030    |
| GOLD (NCEL) PKR         | 48,544   |
| KHI Cotton 40Kg PKR     | 6,216    |

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CR = Yesterday's Closing Rate; RSI = 14 day RSI.

RSI Indication: Less than 30 Indicate oversold position & Greater than 70 Indicate overbought position.

**Risk Disclosure**

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