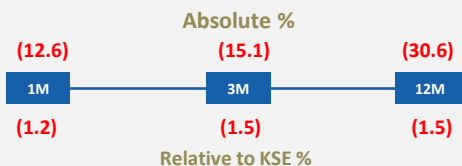
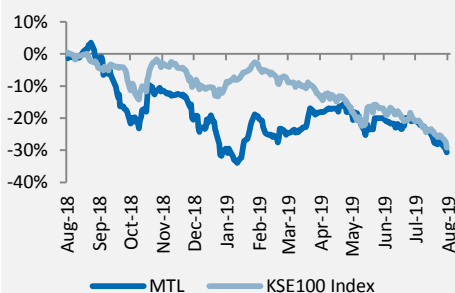


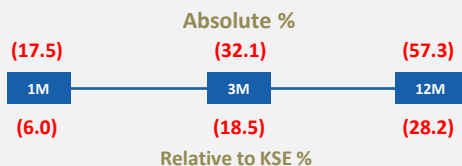
### Stock Performance



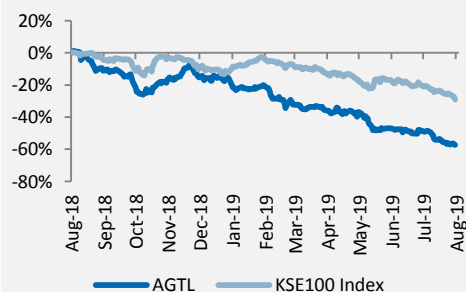
### MTL vs. KSE-100 Index



### Stock Performance



### AGTL vs. KSE-100 Index



**MTL - Earnings expected to clock in at PKR18.3/sh in 4QFY19:** Millat tractors Limited (MTL) is expected to post standalone earnings of PKR812mn (EPS: PKR18.3) during 4QFY19 vs. PKR1,137mn (EPS: PKR25.7) in the SPLY, down 28.6%YoY. This decline can be attributed to i) 26.5%YoY decline in volumes, ii) lower than required price hike to transfer the cost impacts amid price sensitive clientele base and iii) 71.2%YoY decline in other income mainly owing to complete liquidation of short term investments. During FY19, MTL is anticipated to post standalone earnings of PKR3.6bn (EPS: PKR81.0) vs. PKR5.3bn (EPS: PKR120.4) in the SPLY, down by 32.8%YoY. This huge decline in profitability can be associated to i) 24.3%YoY lower volumetric sales, ii) 300bps lower GP margin owing to higher input costs and iii) 24.6% lower other income. MTL is also expected to announce an interim dividend of PKR28/sh, which will take the cumulative dividend for FY19 to PKR73/sh. We have a BUY stance on the scrip with a TP of PKR811/sh, offering a total return of ~17%.

PKRmn	4QFY19F	4QFY18 A	YoY	FY19F	FY18A	YoY
Net Sales	8,360	10,305	-18.9%	31,171	38,517	-19.1%
Gross Profit	1,505	2,110	-28.7%	5,889	8,435	-30.2%
Dist. Exp	167	139	20.0%	631	630	0.2%
Adm. Exp	125	117	7.0%	469	492	-4.7%
Oth. Income	50	173	-71.2%	789	1,046	-24.6%
PBT	1,143	1,894	-39.6%	4,928	7,780	-36.7%
PAT	812	1,137	-28.6%	3,587	5,334	-32.8%
EPS	18.3	25.7	-28.6%	81.0	120.4	-32.8%
DPS	28.0	60.0	-53.5%	73.0	120.0	-39.3%

**AGTL - Earnings expected at PKR5.9/sh in 2QCY19:** Al-Ghazi Tractors Limited (AGTL) is expected to post earnings of PKR340mn (EPS: PKR5.9) during 2QCY19 vs. PKR718mn (EPS: PKR12.4) in the SPLY, down by 52.7%YoY. This steep decline can be attributed to i) 40.7%YoY decline in volumes, ii) 4.8ppts lower gross margin amid lesser power to transfer the cost impacts owing to price sensitive cliental base and iii) higher finance cost. During 1HCY19, AGTL is anticipated to post earnings of PKR905mn (EPS: PKR15.6) as compared to PKR1,854mn (EPS: PKR32.0) in the SPLY, down by 51.2%YoY. This huge decline in profitability can be associated to i) 37.6%YoY lower volumetric sales, ii) lower GP margin of 21.2% as compared to 26.1% SPLY owing to higher input costs and iii) higher finance cost. The result is expected to accompanied with an interim cash dividend of PKR13/sh. We have a BUY stance on the scrip where our TP stands at PKR353/sh, offering a total return of ~39% from last closing price.

PKRmn	2QCY19 F	2QCY18 A	YoY	1HCY19F	1HCY18A	YoY
Net Sales	3,642	5,656	-35.6%	8,475	12,614	-32.8%
Gross Profit	728	1,405	-48.2%	1,800	3,291	-45.3%
Dist. Exp	58.0	77.0	-24.6%	128.0	153.0	-16.6%
Adm. Exp	58.0	78.0	-25.0%	135.0	165.0	-18.4%
Fin. Cost	110.0	4.0	2506%	207.0	4.0	4646%
PBT	479	1,178	-59.4%	1,264	2,795	-54.8%
PAT	340	718	-52.7%	905	1,854	-51.2%
EPS	5.9	12.4	-52.7%	15.6	32.0	-51.2%
DPS	13.0	30.0	-56.7%	13.0	30.0	-56.7%

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The rating system

Rating	Definition
Buy	Total stock return $\geq$ 15%
Hold	$0\% \leq$ Total stock return $<$ 15%
Sell	Total stock return $<$ 0%

\* Total stock return = capital gains + dividend yield

### Valuation Methodology

To arrive at our period end target prices, BIPL Securities uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)