



Market Review	Last	Change
KSE 100 Index	36,061.56	-173.13
KSE 30 Index	20,781.54	-131.48
KMI 30 Index	63,264.38	-392.90
All Share Index	24,493.91	-111.23
Market Cap. (Rs bn)	7,357.59	-33.41

Volume Leaders	Close	Volume
KEL	7.55	18,964,500
SNGP	35.07	14,999,500
PIBTL	30.24	12,571,000
DFML	15.95	11,605,500
TRG	35.26	10,365,000

KSE Statistics	May 31, 2016
<b>Indices</b>	
All Share Index	24,493.91
KSE-30TM Index	20,781.54
KSE-100TM Index	36,061.56

Turnover	
All Share Index	220,786,600
KSE-30TM Index	75,831,400
KSE-100TM Index	108,119,050

Board Meetings		
Company	Date	Time
IGI Life Insurance Ltd	01-06-2016	3:00
Sui Southern Gas Co. Ltd	04-06-2016	11:00
BankIslami Pakistan Ltd	04-06-2016	11:00
Drekkar Kingsway Ltd	06-06-2016	10:30
Johnson & Phillips (Pak)	06-06-2016	11:30
Hum Network Ltd	06-06-2016	11:30

## Clinker Silo collapse to bite earning

In an unfortunate incident over the weekend, Fauji Cement Company Limited (FCCL)'s cement silo and coal mill area of Line 2 has been damaged extensively that is likely to cause a loss of around Rs 2-4 billion to the company. As per the information provided by the company, the Raw Meal Silo containing 25,000 tons of raw materials has been collapsed, damaging the coal mill area of Line 2. The Line 2 of the company has a clinker capacity of 7,200 tons per day. Due to this incident, the plant is likely to remain shut down for about 5-6 months however accurate assessment is yet to be made. As per our estimates, the production of the company would reduce by around 45% in FY17 due to this unfortunate event The Line 1 having a clinker capacity of 3,700 tons per day is already under scheduled maintenance and is about to start production. We have downwardly revised our earning per share (EPS) estimates for the company by 45% to Rs 2.45/share in FY17 from Rs 4.46/share provided that the plant would remain non-operational for six months.

## Hefty bottom-line growth in 9MFY16

The performance of the company remained promising so far during the ongoing fiscal year where on back of increased volumetric sales, lower coal prices, and reduced finance cost, the bottom-line posted an impressive growth of 64% YoY in 9MFY16. The profit after taxation (PAT) of the company reached Rs 4,337 million (EPS: Rs 3.14) in 9MFY16 versus a PAT of Rs 2,650 million (EPS: Rs 1.99) in 9MFY15.

Rs in Million	9MFY16	9MFY15	YOY	3QFY16	2QFY16	QoQ
Net Sales	15,195	13,418	13%	5,245	5,569	-6%
Gross Profit	7,080	4,794	48%	2,503	2,699	-7%
Operating Profit	6,476	4,353	49%	2,295	2,453	-6%
Finance Costs	415	583	-29%	95	122	-22%
Profit after Taxation	4,337	2,650	64%	1,561	1,674	-7%
EPS (Rs)	3.14	1.99		1.13	1.26	

Source: Company Reports and WE Research

## Impressive rise in margins

On back of increased local sales, the net revenue of the company reached Rs 15,195 million in 9MFY16 resulting in a 13% YoY growth from a net revenue of Rs 13,418 million in 9MFY15. On the other side, the cost of sales declined by 6% YoY in 9MFY16 to Rs 8,116 million versus Rs 8,624 million in the identical period in FY15. This decline in cost of sales was attributed to lower coal prices and reduced energy cost owing to savings from Waste Heat Recovery Plant and fall in furnace oil prices. Therefore gross profit climbed by 48% YoY in 9MFY16 while the gross profit margin elevated to 46.6% versus 35.7% in 9MFY15.

## Recommendation

In the short-term we have a negative outlook for the scrip however it is good for investments in the long term as the company sales would increase once the damaged plant becomes operational. We have revised down our December'16 target price for the scrip to Rs 44/share from Rs 52/share.

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# Morning Briefing

Wednesday, June 1, 2016

## Key Data

### Money Market

T-Bills (3 Mths)	25-May-2016	5.90%
T-Bills (6 Mths)	25-May-2016	5.97%
T-Bills (12 Mths)	25-May-2016	6.00%
Policy Rate	21-May-2016	5.75%
Kibor (1 Mth)	31-May-2016	6.24%
Kibor (3 Mths)	31-May-2016	6.11%
Kibor (6 Mths)	31-May-2016	6.14%
Kibor (9 Mths)	31-May-2016	6.43%
Kibor (1 Yr)	31-May-2016	6.45%
P.I.B (3 Yrs)	31-May-2016	6.41%
P.I.B (5 Yrs)	31-May-2016	6.91%
P.I.B (10 Yrs)	31-May-2016	8.16%
P.I.B (15 Yrs)	31-May-2016	10.30%
P.I.B (20 Yrs)	31-May-2016	10.65%
P.I.B (30 Yrs)	31-May-2016	11.15%

### Commodities

Crude Oil (brent)/\$/bbl	49.60
Crude Oil (WTI)/\$bbl	49.49
Cotton \$/lb	64.28
Gold \$/ozs	1,207.72
Silver \$/ozs	16.04
Malaysian Palm \$	632
GOLD (PMEX) PKR	41,228
KHI Cotton 40Kg PKR	5,948

### Portfolio Investment (U.S \$ in million)

Yearly(Jul, 2017 up to 27-May-2017)	-589.53
Monthly(May, 2017 up to 27-May-2017)	-33.45
Daily (27-May-2017)	1.64
Total Portfolio Investment (20-May-2016)	6315

### NCCPL (U.S \$ in million)

FIPI (31-May-2016)	0.99
Local Companies (31-May-2016)	1.84
Banks / DFI (31-May-2016)	-1.39
Mutual Funds (31-May-2016)	-4.67
NBFC (31-May-2016)	-0.07
Local Investors (31-May-2016)	1.99
Other Organization (31-May-2016)	2.01

### GDR Update

Symbol	\$.Price	PKR/\$
MCB (1 GDR= 2 Shares)	3.50	183.35
OGDC (1 GDR= 10 Shares)	11.30	118.39
UBL (1 GDR= 4 Shares)	5.60	146.68
LUCK (1 GDR= 4 Shares)	18.50	484.55
HUBC (1 GDR= 25 Shares)	27.43	114.95

### WE Financial Services

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## Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	36061.56	76.91	35,868	35,675	36,335	36,608	36,141
Attock Cement	223.60	45.20	220.05	216.55	226.05	228.55	222.55
Adamjee Insurance	52.37	26.67	51.65	50.90	53.55	54.75	52.85
Askari Bank	17.71	28.98	17.55	17.35	17.95	18.20	17.75
Azgard Nine	4.44	46.17	4.40	4.35	4.55	4.65	4.50
Attock Petroleum	421.90	37.34	418.95	415.95	425.95	429.95	422.95
Attock Refinery	252.15	46.86	246.05	240.00	261.15	270.20	255.10
Bank Al-Falah	24.21	33.82	24.00	23.75	24.50	24.80	24.30
BankIslami Pak	11.26	46.11	11.20	11.10	11.40	11.60	11.35
Bank.Of.Punjab	8.41	40.57	8.30	8.20	8.55	8.70	8.45
Fauji Cement	38.30	18.98	37.00	35.75	38.95	39.60	37.65
Fauji Fert Bin	53.61	44.26	52.75	51.85	54.70	55.75	53.80
Fauji Fertilizer	113.26	49.63	111.95	110.60	115.40	117.50	114.05
Habib Bank Ltd	175.77	36.22	174.70	173.60	177.20	178.60	176.10
Hub Power	115.06	58.21	114.30	113.55	115.80	116.50	115.00
ICI Pakistan	440.03	45.86	437.20	434.35	445.70	451.35	442.85
Jah Siddiq Co	20.01	44.21	19.50	19.05	20.70	21.40	20.20
Lucky Cement	594.28	53.79	585.90	577.55	599.75	605.25	591.40
MCB Bank Ltd	205.63	36.84	201.75	197.90	211.70	217.80	207.85
Maple Leaf Cement	95.76	50.01	94.70	93.65	97.40	99.10	96.35
National Bank	53.94	45.26	53.05	52.20	54.75	55.55	53.90
NIB Bank	1.80	47.41	1.75	1.70	1.85	1.90	1.80
Oil & Gas Dev. XD	139.44	55.96	138.35	137.30	141.15	142.90	140.10
P.S.O. XD	374.95	53.50	371.30	367.65	380.30	385.65	376.65
Sui North Gas	35.07	52.11	34.05	33.05	36.60	38.10	35.55

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

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

## Book Closure

Company	From	To	D/B/R	Spot Date	AGM-EOGM
Gandhara Nissan	02-06-2016	08-06-2016	-	-	08-06-2016
Fauji Fertilizer	06-06-2016	12-06-2016	-	-	-
Hub Power	06-06-2016	13-06-2016	35(II)	27-05-2016	-
JDW Sugar Mills	08-06-2016	14-06-2016	20(I)	31-05-2016	-
Atlas Honda	09-06-2016	23-06-2016	145(F)	01-06-2016	23-06-2016
Engro Corporation	13-06-2016	20-06-2016	50(I)	03-06-2016	-
Dawood Hercules	14-06-2016	21-06-2016	25(I)	06-06-2016	-
O.G.D.C	16-06-2016	23-06-2016	5(III)	08-06-2016	-
Crescent Steel	21-06-2016	27-06-2016	15(II)	13-06-2016	-
Honda Atlas Cars	09-07-2016	19-07-2016	70(F)	-	19-07-2016
Nishat Chunian Power	13-07-2016	20-07-2016	17.5(III)	-	-

### Indications

# Extraordinary General Meeting

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