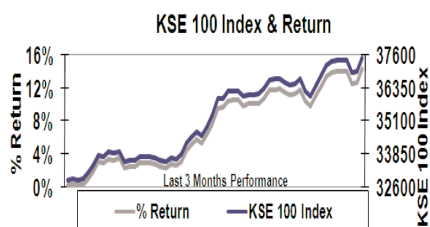




# Morning Briefing

Wednesday, June 15, 2016



Market Review	Last	Change
KSE 100 Index	37,517.75	537.79
KSE 30 Index	21,385.38	413.29
KMI 30 Index	65,463.66	984.28
All Share Index	25,016.87	278.02
Market Cap. (Rs bn)	7,502.88	83.38

Volume Leaders	Close	Volume
KEL	8.12	27,395,000
PIBTL	32.50	10,795,000
EFERT	67.48	8,843,500
SNGP	36.01	7,121,000
TRG	34.73	5,298,500

## KSE Statistics June 14, 2016

Indices	
All Share Index	25,016.87
KSE-30TM Index	21,385.38
KSE-100TM Index	37,517.75

Turnover	
All Share Index	143,563,220
KSE-30TM Index	77,410,400
KSE-100TM Index	109,615,570

## Board Meetings

Company	Date	Time
NI(U)T Fund	15-06-2016	10:00
NIT Government Bond Fund	15-06-2016	10:00
NIT Income fund	15-06-2016	10:00
NIT Islamic Equity Fund	15-06-2016	10:00
NIT Government Treasury Fund	15-06-2016	10:00
Packages Limited	15-06-2016	11:00
Sui Southern Gas Co Ltd	17-06-2016	10:00
Unilever Pakistan Foods Ltd	22-06-2016	2:30

## LOTCEM: Year begins with losses but optimistic for future

Lotte Chemical Pakistan (LOTCEM) began the New Year on a negative note however the losses were less as compared to same period last year primarily on back of improvement in primary margin on Purified Terephthalic Acid (PTA). The loss after taxation (LAT) of the company totaled Rs182 million (EPS: Rs0.12) in 1QCY16 which is 40% YoY less when compared to a LAT of Rs306 million (EPS: Rs0.2) in 1QCY15. The primary margin of PTA/PX increased by 31% YoY to reach \$112/ton in 1QCY16 as against \$86/ton in 1QCY15. In addition to better margins, the lower finance cost too played an important role in reducing losses.

### Slow growth in net revenue

The net revenue of the company witnessed a 3% YoY growth in 1QCY16 to Rs8,111 million as against Rs7,890 million in the identical period in CY15. This was on back of higher volumetric sales however decline in PTA prices restricted the growth. The PTA prices came down to \$648/ton in 1QCY16 which is 6% YoY lower when compared to \$692/ton in 1QCY15. The cost of sales hike by 3% YoY in 1QCY16 to Rs8,281 million. Therefore, company suffered from a gross loss of Rs170 million in 1QCY16 which is 9% YoY less from a gross loss of Rs187 million in the similar period in CY15.

### Volumetric sales hikes 7% YoY

The sales volume of the company totaled 122k tons during the first quarter of the ongoing calendar year registering a 7% YoY growth when compared to 114k tons of sales in 1QCY15. The production however reduced by 5% YoY in 1QCY16 coming down to 115k tons as against 122k tons in the similar period in CY15.

Rs in million	1QCY16	1QCY15	YoY	4QCY15	QoQ
Net sales	8,111	7,890	3%	8,228	-1%
Cost of Sales	8,281	8,077	3%	8,280	0.1%
Gross Profit	(170)	(187)	-9%	(52)	226%
Distribution & Selling Expenses	22	23	-6%	18	24%
Administration Expenses	78	81	-3%	89	-13%
Other Income	18	15	15%	28	-37%
Other Expenses	0	0	-41%	19	-99%
Operating Profit / Loss	(252)	(276)	-9%	(150)	69%
Finance cost	3	24	-88%	(4)	-173%
Loss before taxation	(255)	(300)	-15%	(146)	75%
Taxation	(73)	6	NM	97	NM
Loss after taxation	(182)	(306)	-40%	(243)	-25%
LPS (Rs)	(0.12)	(0.20)		(0.16)	

Source: WE Research & Company Report

### Recommendation

We anticipate the performance of the company to improve further and it would post profits. We believe the primary margin to improve reaching \$120/tons in 2QCY16. The scrip is currently trading at Rs6.3/share offering an upside potential of 17% to our December'16 target price of Rs7.4/share. Therefore we recommend a 'BUY' for the scrip.

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## 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)	14-Jun-2016	6.24%
Kibor (3 Mths)	14-Jun-2016	6.10%
Kibor (6 Mths)	14-Jun-2016	6.13%
Kibor (9 Mths)	14-Jun-2016	6.40%
Kibor (1 Yr)	14-Jun-2016	6.44%
P.I.B (3 Yrs)	14-Jun-2016	6.40%
P.I.B (5 Yrs)	14-Jun-2016	6.92%
P.I.B (10 Yrs)	14-Jun-2016	8.00%
P.I.B (15 Yrs)	14-Jun-2016	10.30%
P.I.B (20 Yrs)	14-Jun-2016	10.65%
P.I.B (30 Yrs)	14-Jun-2016	11.15%

### Commodities

Crude Oil (brent)\$/bbl	49.97
Crude Oil (WTI)\$/bbl	48.61
Cotton \$/lb	63.78
Gold \$/ozs	1,285.32
Silver \$/ozs	17.45
Malaysian Palm \$	641
GOLD (PMEX) PKR	42,000
KHI Cotton 40Kg PKR	5,894

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

Yearly(Jul, 2016 up to 13-Jun-2016)	-509.88
Monthly(Jun, 2016 up to 13-Jun-2016)	85.11
Daily (13-Jun-2016)	-2.76
Total Portfolio Investment (03-Jun-2016)	6405

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

FIPI (14-Jun-2016)	-0.48
Local Companies (14-Jun-2016)	-1.56
Banks / DFI (14-Jun-2016)	-0.56
Mutual Funds (14-Jun-2016)	-1.50
NBFC (14-Jun-2016)	0.81
Local Investors (14-Jun-2016)	2.14
Other Organization (14-Jun-2016)	-0.09

### GDR Update

Symbol	\$.Price	PKR/\$
MCB (1 GDR= 2 Shares)	3.50	183.05
OGDC (1 GDR= 10 Shares)	16.15	168.93
UBL (1 GDR= 4 Shares)	5.60	146.44
LUCK (1 GDR= 4 Shares)	18.50	483.78
HUBC (1 GDR= 25 Shares)	27.96	116.97

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## Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	37517.75	81.51	37,134	36,750	37,748	37,978	37,364
Attock Cement	224.13	45.30	222.75	221.40	226.75	229.40	225.40
Adamjee Insurance	51.06	35.00	50.55	50.05	51.50	51.95	51.00
Askari Bank	18.03	47.74	17.95	17.85	18.15	18.30	18.05
Azgard Nine	4.44	47.45	4.35	4.20	4.55	4.65	4.40
Attock Petroleum	422.87	43.20	421.60	420.30	424.60	426.30	423.30
Attock Refinery	264.19	54.19	262.35	260.55	267.25	270.35	265.45
Bank Al-Falah	25.11	57.05	24.55	23.95	25.50	25.85	24.90
BankIslami Pak	11.00	43.80	10.90	10.85	11.00	11.05	10.95
Bank.Of.Punjab	8.35	42.78	8.30	8.25	8.40	8.45	8.35
Faysal Bank	13.44	42.88	13.35	13.25	13.50	13.60	13.40
Fauji Cement	34.58	27.57	34.35	34.10	34.90	35.15	34.65
Fauji Fert Bin	55.06	51.50	54.75	54.50	55.40	55.75	55.10
Fauji Fertilizer	118.18	57.59	116.20	114.20	119.45	120.70	117.45
Habib Bank Ltd	184.25	57.32	179.85	175.45	186.80	189.40	182.40
Hub Power	117.04	57.99	115.30	113.60	118.35	119.70	116.65
ICI Pakistan	432.65	43.02	425.10	417.55	440.10	447.55	432.55
Lucky Cement	627.04	61.98	612.65	598.30	636.75	646.45	622.40
MCB Bank Ltd	221.65	54.06	217.95	214.20	224.40	227.20	220.70
Maple Leaf Cement	95.90	48.55	95.10	94.35	97.20	98.55	96.45
National Bank	53.53	47.57	52.35	51.20	54.35	55.15	53.15
Nishat Mills	116.19	57.27	114.95	113.75	117.45	118.75	116.25
Pak Petroleum	164.91	72.55	163.20	161.45	166.70	168.45	164.95
P.T.C.L.A	15.02	42.87	14.85	14.65	15.15	15.30	15.00

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
O.G.D.C	16-06-2016	23-06-2016	5(III)	08-06-2016	-
Mari Petroleum #	16-06-2016	22-06-2016	-	-	23-06-2016
Kohat Cement #	20-06-2016	27-06-2016	-	-	27-06-2016
Crescent Steel	21-06-2016	27-06-2016	15(II)	13-06-2016	-
IGI Life Insurance	21-06-2016	27-06-2016	10(B)	13-06-2016	27-06-2016
Lakson Money Market Fund	21-06-2016	21-06-2016	-	-	-
Dynea Pakistan #	22-06-2016	28-06-2016	-	-	28-06-2016
Hino Motors	22-06-2016	28-06-2016	897.8(F)	14-06-2016	28-06-2016
BankIslami Pakistan	24-06-2016	30-06-2016	-	-	29-06-2016
First National Equities #	24-06-2016	30-06-2016	-	-	30-06-2016
Honda Atlas Cars	09-07-2016	19-07-2016	70(F)	26-06-2016	19-07-2016
Nishat Chunian Power	13-07-2016	20-07-2016	17.5(III)	30-06-2016	-

### Indications

# Extraordinary General Meeting

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