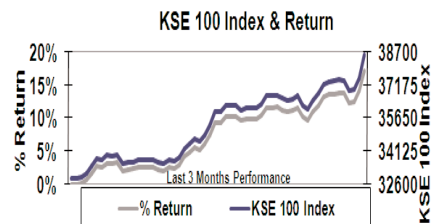




Morning Briefing

Thursday, June 16, 2016



Market Review	Last	Change
KSE 100 Index	38,559.88	1042.13
KSE 30 Index	22,156.24	770.86
KMI 30 Index	67,519.80	2056.14
All Share Index	25,557.48	540.61
Market Cap. (Rs bn)	7,662.82	159.94

Volume Leaders	Close	Volume
KEL	8.23	44,619,500
PIBTL	33.39	14,777,500
EFERT	68.07	9,349,000
FCCL	35.06	8,092,000
DGKC	183.94	7,242,000

KSE Statistics June 15, 2016

Indices	
All Share Index	25,557.48
KSE-30TM Index	22,156.24
KSE-100TM Index	38,559.88

Turnover	
All Share Index	243,691,200
KSE-30TM Index	146,639,600
KSE-100TM Index	193,097,270

Board Meetings

Company	Date	Time
Sui Southern Gas Co Ltd	17-06-2016	10:00
Unilever Pakistan Foods Ltd	22-06-2016	2:30

PTC: CY16 begins with robust growth

In our today's morning briefing we would discuss the performance of Pakistan Telecommunication Company Limited (PTC) in 1QCY16 and would give recommendation to the investors.

PAT hikes 27% YoY

Primarily on back of hefty rise in other income segment, PTC managed to start the new year on good note as its profit after taxation (PAT) totaled Rs3,130 million in 1QCY16 posting a 27% YoY growth when compared to a PAT of Rs2,474 million in 1QCY15. This translates into earning per share of Rs0.61 in 1QCY16 as against Rs0.49 in 1QCY15. The growth in earning was more significant on QoQ basis where PAT climbed 284% to Rs3,130 million (EPS: Rs0.61) in 1QCY16 versus Rs816 million (EPS: Rs0.16) in 4QCY15. This growth was on back of higher margins and notable rise in other income.

Net revenue remains low

The performance of the core business of the company remained weak as the net revenue of the company declined by 7% YoY in 1QCY16 to Rs17,997 million as against Rs19,251 million in the identical period in CY15. This decline in revenue was mainly attributed to lower revenues due to deregulation of ICH (International Clearing House) however the revenues from data services remained higher during the period under revenue. The company has made efforts on regaining the reducing usage of wireline broadband by the customers either due to faults or the accounts were dormant. The company managed to address their issues on priority basis and offered them an EVO Wingle device. The Muft EVO Offer campaign went successful attracting large number of customers. Further, the company also offered limited time broadband data upgrade which was availed by most of the subscribers.

Gross margins shrink

As a result of decline in net revenue by 7% YoY and cost of sales by 4% YoY in 1QCY16, the gross profit fell by 11% YoY in 1QCY16 to Rs5,446 million as against Rs6,134 million in the similar period in CY15. The gross profit margin therefore reduced to 30.3% in 1QCY16 versus 31.9% in 1QCY15.

Massive surge in other income creates difference

On back of recovery from written off defaulters, the other income segment of the company witnessed a heavy rise of 185% YoY in 1QCY16 to Rs2,287 million as against Rs803 million in 1QCY15. On QoQ basis also the other income posted a gigantic growth of 138% in 1QCY16.

Rs in million	1QCY16	1QCY15	YoY	4QCY15	QoQ
Net Sales	17,997	19,251	-7%	17,629	2%
Cost of sales	12,551	13,117	-4%	13,416	-6%
Gross Profit	5,446	6,134	-11%	4,213	29%
General and Admin Exp.	2,874	3,061	-6%	3,814	-25%
Other income	2,287	803	185%	962	138%
Finance Cost	42	69	-38%	125	-66%
Profit before Tax	4,816	3,807	27%	1,236	290%
Tax	1,686	1,332	27%	420	301%
Profit after Tax	3,130	2,474	27%	816	284%
EPS (Rs)	0.61	0.49		0.16	

Source: Company Reports and WE Research

Recommendation

We are positive on the scrip which is trading at Rs15/share offering an upside potential of 37% to our December'16 target price of Rs20.6/share.

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Morning Briefing

Thursday, June 16, 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)	15-Jun-2016	6.21%
Kibor (3 Mths)	15-Jun-2016	6.10%
Kibor (6 Mths)	15-Jun-2016	6.12%
Kibor (9 Mths)	15-Jun-2016	6.41%
Kibor (1 Yr)	15-Jun-2016	6.44%
P.I.B (3 Yrs)	15-Jun-2016	6.40%
P.I.B (5 Yrs)	15-Jun-2016	6.92%
P.I.B (10 Yrs)	15-Jun-2016	8.00%
P.I.B (15 Yrs)	15-Jun-2016	10.30%
P.I.B (20 Yrs)	15-Jun-2016	10.65%
P.I.B (30 Yrs)	15-Jun-2016	11.15%

Commodities

Crude Oil (brent)\$/bbl	48.72
Crude Oil (WTI)\$/bbl	47.66
Cotton \$/lb	64.04
Gold \$/ozs	1,283.37
Silver \$/ozs	17.47
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 14-Jun-2016)	-513.52
Monthly(Jun, 2016 up to 14-Jun-2016)	81.47
Daily (14-Jun-2016)	-3.64
Total Portfolio Investment (03-Jun-2016)	6405

NCCPL (U.S \$ in million)

FIPI (15-Jun-2016)	2.72
Local Companies (15-Jun-2016)	0.24
Banks / DFI (15-Jun-2016)	-14.75
Mutual Funds (15-Jun-2016)	19.24
NBFC (15-Jun-2016)	0.92
Local Investors (15-Jun-2016)	-6.18
Other Organization (15-Jun-2016)	-0.06

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

WE Financial Services

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Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	38559.88	83.82	37,849	37,138	38,940	39,320	38,229
Attock Cement	228.00	50.58	223.60	219.20	231.20	234.40	226.80
Adamjee Insurance	51.78	41.02	51.20	50.60	52.20	52.65	51.65
Askari Bank	18.26	55.43	18.10	17.95	18.35	18.45	18.20
Azgard Nine	4.39	45.63	4.35	4.30	4.45	4.55	4.40
Attock Petroleum	428.56	49.01	426.05	423.50	431.05	433.50	428.50
Attock Refinery	266.93	56.62	263.95	261.00	269.95	272.95	266.95
Bank Al-Falah	25.81	66.45	25.10	24.45	26.30	26.75	25.60
BankIslami Pak	10.90	41.96	10.55	10.20	11.10	11.25	10.70
Bank.Of.Punjab	8.35	42.78	8.30	8.25	8.40	8.45	8.35
Fauji Cement	35.06	31.51	34.60	34.20	35.55	36.05	35.10
Fauji Fert Bin	56.31	57.99	55.50	54.75	56.90	57.50	56.10
Fauji Fertilizer	120.59	62.49	119.10	117.60	122.50	124.40	121.00
Habib Bank Ltd	191.36	66.24	189.10	186.80	193.55	195.75	191.25
Hub Power	122.88	69.19	121.70	120.50	123.45	124.05	122.30
ICI Pakistan	436.65	46.06	418.10	399.55	449.60	462.55	431.05
Jah Siddiq Co	20.44	44.21	20.20	20.00	20.70	20.95	20.45
Lucky Cement	657.86	70.69	645.75	633.70	664.15	670.45	652.10
MCB Bank Ltd	232.24	62.92	227.90	223.60	234.65	237.05	230.30
Maple Leaf Cement	100.69	64.13	98.05	95.45	102.00	103.30	99.40
National Bank	55.36	61.63	54.30	53.20	56.05	56.70	54.95
NIB Bank	1.80	46.36	1.75	1.70	1.85	1.90	1.80
Oil & Gas Dev. XD	147.26	64.47	145.15	143.10	149.15	151.05	147.10
P.S.O. XD	399.02	70.95	391.65	384.25	402.75	406.45	395.35
Sui North Gas	36.60	55.43	36.25	35.85	37.00	37.35	36.60

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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