



Market Review	Last	Change
KSE 100 Index	36,496.17	434.61
KSE 30 Index	21,045.86	264.32
KMI 30 Index	64,008.68	744.30
All Share Index	24,721.52	227.61
Market Cap. (Rs bn)	7,425.96	68.37

Volume Leaders	Close	Volume
KEL	7.97	50,652,000
TRG	36.75	12,843,500
PIBTL	31.75	11,275,000
NIB	2.03	10,689,000
DFML	16.95	9,670,000

KSE Statistics	June 1, 2016
Indices	
All Share Index	24,721.52
KSE-30TM Index	21,045.86
KSE-100TM Index	36,496.17

Turnover	
All Share Index	206,275,970
KSE-30TM Index	96,237,200
KSE-100TM Index	127,445,030

Board Meetings		
Company	Date	Time
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

DGKC: Higher gross margins lift earning

In our today's morning briefing we would discuss the performance of D.G. Khan Cement Limited (DGKC) in 9MFY16.

PAT elevates 19% YoY

Thanks primarily to the increased sales volume and lower coal prices as a result of which profit after taxation (PAT) of DGKC reached Rs 6,379 million (EPS: Rs 14.56) in 9MFY16 which is 19% YoY up from a PAT of Rs 5,375 million (EPS: Rs 12.27) in 9MFY15. In addition to the above mentioned factors, the bottom-line was growth was also supported by reduced finance cost and higher other income. However, higher effective taxation had a negative impact on the bottom-line.

Negative growth on QoQ basis

The PAT of the company totaled Rs 2,299 million (EPS: Rs 5.25) in 3QFY16 which is 3% less when compared to a PAT of Rs 2,358 million (EPS: Rs 5.38) in 2QFY16. Though the gross profit of the company remained higher due to increased net revenue and lower cost of goods sold, but the decline in net profit was owing to higher effective taxation and surge in administrative expenses owing to plant expansion.

Better gross margins creates difference

The net sales revenue of the company reached Rs 21,318 million in 9MFY16 which is 13% YoY up from a net revenue of Rs 18,945 million in the identical period in FY15. This growth was on back of better higher volumetric sales. On the other side due to reduced coal prices and lower furnace oil prices, the cost of sales decreased by 1% YoY in 9MFY16 to Rs 12,423 million versus Rs 12,528 million in 9MFY15. Therefore gross profit climbed by 39% YoY in 9MFY16 consequently gross profit margin elevated to 41.7% in 9MFY16 versus 33.9% in 9MFY15.

Sales volume hikes over 12% YoY

The overall sales volume of the company reached 3,155k tons in 9MFY16 resulting in a 12.6% YoY growth when compared to sales volume of 2,800k tons in 9MFY15. This was on back of 15.9% YoY rise in local sales to 2,665k tons in 9MFY16 owing to growing construction activities in the country. The export sales however remained lower declining by 2.3% YoY in 9MFY16 to 490k tons.

Rs in Million	9MFY16	9MFY15	YOY	3QFY16	2QFY16	QoQ
Net sales	21,318	18,945	13%	7,683	7,391	4%
Gross Profit	8,895	6,417	39%	3,408	3,108	10%
Distribution Expenses	360	359	0%	117	133	-12%
Administrative Expenses	623	589	6%	237	179	32%
Other Income	1,804	1,717	5%	567	757	-25%
Finance Costs	99	251	-61%	37	32	15%
Profit after Taxation	6,379	5,375	19%	2,299	2,358	-3%
EPS (Rs)	14.56	12.27		5.25	5.38	

Source: Company Reports and WE Research

Recommendation

We are neutral on the scrip which is trading at Rs180.4/share offering a marginal upside potential of 1% to our December'16 target price of Rs 182/share.

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WE Research is Available on Thomson Reuters, Bloomberg, S & P Capital IQ, FactSet



Morning Briefing

Thursday, June 2, 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)	01-Jun-2016	6.25%
Kibor (3 Mths)	01-Jun-2016	6.12%
Kibor (6 Mths)	01-Jun-2016	6.14%
Kibor (9 Mths)	01-Jun-2016	6.42%
Kibor (1 Yr)	01-Jun-2016	6.44%
P.I.B (3 Yrs)	01-Jun-2016	6.41%
P.I.B (5 Yrs)	01-Jun-2016	6.91%
P.I.B (10 Yrs)	01-Jun-2016	8.16%
P.I.B (15 Yrs)	01-Jun-2016	10.30%
P.I.B (20 Yrs)	01-Jun-2016	10.65%
P.I.B (30 Yrs)	01-Jun-2016	11.15%

Commodities

Crude Oil (brent)\$/bbl	49.65
Crude Oil (WTI)\$/bbl	48.83
Cotton \$/lb	63.25
Gold \$/ozs	1,207.25
Silver \$/ozs	16.00
Malaysian Palm \$	627
GOLD (PMEX) PKR	41,057
KHI Cotton 40Kg PKR	6,002

Portfolio Investment (U.S \$ in million)

Yearly(Jul, 2016 up to 31-May-2016)	-594.99
Monthly(May, 2016 up to 31-May-2016)	-38.91
Daily (31-May-2016)	-5.46
Total Portfolio Investment (20-May-2016)	6315

NCCPL (U.S \$ in million)

FIPI (01-Jun-2016)	3.44
Local Companies (01-Jun-2016)	-0.38
Banks / DFI (01-Jun-2016)	1.54
Mutual Funds (01-Jun-2016)	-5.13
NBFC (01-Jun-2016)	1.86
Local Investors (01-Jun-2016)	-1.38
Other Organization (01-Jun-2016)	-0.03

GDR Update

Symbol	\$.Price	PKR/\$
MCB (1 GDR= 2 Shares)	3.50	183.29
OGDC (1 GDR= 10 Shares)	11.30	118.35
UBL (1 GDR= 4 Shares)	5.60	146.63
LUCK (1 GDR= 4 Shares)	18.50	484.41
HUBC (1 GDR= 25 Shares)	27.58	115.55

WE Financial Services

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Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	36496.17	78.50	36,188	35,879	36,662	36,827	36,353
Attock Cement	223.37	44.97	221.90	220.45	224.90	226.45	223.45
Adamjee Insurance	53.51	38.14	52.75	51.95	54.05	54.55	53.25
Askari Bank	17.96	39.36	17.90	17.85	18.00	18.05	17.95
Azgard Nine	4.58	50.68	4.50	4.45	4.60	4.65	4.55
Attock Petroleum	427.49	44.23	424.80	422.15	428.80	430.15	426.15
Attock Refinery	259.97	54.76	256.20	252.40	262.30	264.60	258.50
Bank Al-Falah	24.40	38.67	24.15	23.85	24.65	24.85	24.35
BankIslami Pak	11.26	46.11	11.20	11.10	11.40	11.60	11.35
Bank.Of.Punjab	8.54	47.22	8.50	8.45	8.60	8.65	8.55
Fauji Cement	36.39	14.79	35.15	33.95	37.00	37.60	35.80
Fauji Fert Bin	54.34	48.46	53.75	53.20	54.70	55.10	54.15
Fauji Fertilizer	114.49	53.74	113.70	112.90	115.10	115.70	114.30
Habib Bank Ltd	176.88	38.80	175.85	174.80	177.95	179.05	176.90
Hub Power	115.97	60.43	115.10	114.25	116.55	117.10	115.70
ICI Pakistan	440.90	46.62	438.25	435.65	445.25	449.65	442.65
Jah Siddiq Co	20.72	44.21	20.30	19.90	21.00	21.30	20.60
Lucky Cement	596.07	54.76	592.20	588.35	599.70	603.35	595.85
MCB Bank Ltd	213.63	45.30	209.20	204.80	216.30	219.00	211.90
Maple Leaf Cement	96.34	52.20	95.55	94.80	97.05	97.80	96.30
National Bank	53.99	45.84	53.65	53.30	54.30	54.60	53.95
NIB Bank	2.03	70.58	1.85	1.65	2.15	2.30	2.00
Oil & Gas Dev. XD	140.20	57.57	138.50	136.85	141.35	142.45	139.65
P.S.O. XD	377.60	56.74	373.90	370.20	380.40	383.20	376.70
Sui North Gas	36.34	58.11	35.40	34.50	36.90	37.50	36.00

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
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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