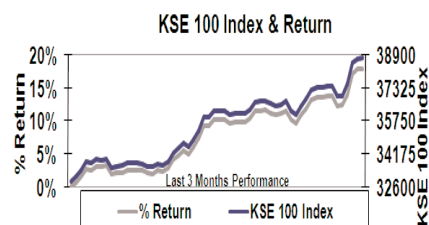




Morning Briefing

Monday, June 20, 2016



Market Review	Last	Change
KSE 100 Index	38,776.94	25.34
KSE 30 Index	22,370.82	22.30
KMI 30 Index	67,099.60	-347.48
All Share Index	25,632.17	27.33
Market Cap. (Rs bn)	7,685.35	8.19

Volume Leaders	Close	Volume
KEL	8.06	17,689,000
PIBTL	33.10	8,125,000
HBL	210.49	7,092,000
PAEL	64.80	6,441,000
MCB	244.82	4,232,800

KSE Statistics June 17, 2016

Indices	
All Share Index	25,632.17
KSE-30TM Index	22,370.82
KSE-100TM Index	38,776.94

Turnover	
All Share Index	134,636,030
KSE-30TM Index	73,211,800
KSE-100TM Index	104,727,110

Board Meetings

Company	Date	Time
Ghani Global Glass Ltd	21-06-2016	11:30
First Habib Income Fund	21-06-2016	12:30
First Habib Cash Fund	21-06-2016	12:30
MCB-Arif Habib Save & Invest Ltd	21-06-2016	2:00
Pak Cash Manage Fund	21-06-2016	2:00
MCB Pak Sovereign Fund	21-06-2016	2:00
Pak Income Fund	27-06-2016	2:00
MCB DCF Income Fund	27-06-2016	2:00
Pak Income Enhance Fund	27-06-2016	2:00
MCB Cash Manage	27-06-2016	2:00
Pak Capital Market Fund	27-06-2016	2:00
MCB Pak Asset Allocation Fund	27-06-2016	2:00
MCB Pak Frequent Payout Fund	27-06-2016	2:00
Pak Inter Element Islamic Fund	27-06-2016	2:00

PPL: Lower revenues and dry wells keep growth negative

In our today's morning briefing we would discuss the performance of Pakistan Petroleum Limited (PPL) in 9MFY16 and would give recommendation to the investors.

PAT drops 48% YoY

Owing to significant fall in crude oil prices, lower volumetric sales of oil, and hike in field expenditures due to dry well, the cumulative profit after taxation (PAT) of PPL decreased by 48% YoY in 9MFY16 to Rs15,565 million (EPS: Rs7.89) as against a PAT of Rs29,948 million (EPS: Rs15.19) in 9MFY15. The bottom-line growth was also hampered by heavy drop in other income and surge in finance cost.

Major dent by fall in revenue

The net revenue of the company reduced to Rs59,233 million in 9MFY16 which is 26% YoY less when compared to a net revenue of Rs80,584 million in the identical period in FY15. This decline in net revenue is attributed to drop in international crude oil prices and lower sales volume of oil. The oil sales declined by 8% YoY to 3.79 million bbl in 9MFY16 owing to lower output from Adhi, Ghauri, Hala, Nasha, and Tal fields. However, gas sales increased by 2% YoY during the period under review to 203.4k mmcf on back of increased output from Adhi, Chachar, Hala, Miano, Nashpa, Sui, and Tal fields along with commencement of production from Gambat South. Further, the variance in exchange rate also provided support to the falling revenues.

Dry wells push field expenditure

The field expenditures of the company hike by 9% YoY in 9MFY16 to Rs31,081 million versus Rs28,447 million in 9MFY15. Major reason of increase in field expenditures is due to dry hole cost of wells Nooriabad X-1, Lakki X-1, Malgin X-1, and seismic activities at Sadiqabad, Gambat South, Shah Bandar, Bela West, Hab, Khipro East, Kirthar, and Ghauri blocks.

Rs in million	9MFY16	9MFY15	YoY	3QFY16	2QFY16	QoQ
Net sales	59,233	80,584	-26%	18,114	20,565	-12%
Field expenditure	31,081	28,447	9%	11,107	9,012	23%
Royalties	6,821	9,432	-28%	2037	2393	-15%
Other charges	3,347	4,751	-30%	298	2617	-89%
Other income	4,163	6,048	-31%	1,152	1497	-23%
Finance Cost	493	415	19%	165	164	1%
Profit before Tax	21,653	43,588	-50%	5,658	7,876	-28%
Taxation	6,088	13,640	-55%	1,851	1,995	-7%
Profit after Tax	15,565	29,948	-48%	3,807	5,881	-35%
EPS (Rs)	7.89	15.19		1.93	2.98	

Source: Company Reports and WE research

Recommendation

We believe the performance of the company to improve moving forward on back of likely increase in production levels and recovery in international crude oil prices. We have a 'Neutral' stance on the scrip which is offering an upside potential of 6% from its current price of Rs159.5/share to our December'16 target price of Rs169/share.

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Morning Briefing

Monday, June 20, 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)	17-Jun-2016	6.24%
Kibor (3 Mths)	17-Jun-2016	6.09%
Kibor (6 Mths)	17-Jun-2016	6.11%
Kibor (9 Mths)	17-Jun-2016	6.39%
Kibor (1 Yr)	17-Jun-2016	6.41%
P.I.B (3 Yrs)	17-Jun-2016	6.30%
P.I.B (5 Yrs)	17-Jun-2016	6.77%
P.I.B (10 Yrs)	17-Jun-2016	7.85%
P.I.B (15 Yrs)	17-Jun-2016	10.15%
P.I.B (20 Yrs)	17-Jun-2016	10.15%
P.I.B (30 Yrs)	17-Jun-2016	11.10%

Commodities

Crude Oil (brent)\$/bbl	49.17
Crude Oil (WTI)\$/bbl	47.98
Cotton \$/lb	65.92
Gold \$/ozs	1,298.65
Silver \$/ozs	17.52
Malaysian Palm \$	641
GOLD (PMEX) PKR	42,685
KHI Cotton 40Kg PKR	5,894

Portfolio Investment (U.S \$ in million)

Yearly(Jul, 2016 up to 15-Jun-2016)	-510.06
Monthly(Jun, 2016 up to 15-Jun-2016)	84.93
Daily (15-Jun-2016)	3.45
Total Portfolio Investment (10-Jun-2016)	6395

NCCPL (U.S \$ in million)

FIPI (17-Jun-2016)	9.01
Local Companies (17-Jun-2016)	1.58
Banks / DFI (17-Jun-2016)	-3.37
Mutual Funds (17-Jun-2016)	-5.00
NBFC (17-Jun-2016)	0.90
Local Investors (17-Jun-2016)	-3.21
Other Organization (17-Jun-2016)	-0.81

GDR Update

Symbol	\$.Price	PKR/\$
MCB (1 GDR= 2 Shares)	3.50	183.05
OGDC (1 GDR= 10 Shares)	11.30	118.20
UBL (1 GDR= 4 Shares)	5.60	146.44
LUCK (1 GDR= 4 Shares)	18.50	483.76
HUBC (1 GDR= 25 Shares)	28.56	119.49

WE Financial Services

Corporate Office

506, Fifth Floor,
Karachi Stock Exchange Building,
Stock Exchange Road,
Karachi - 74000,
Pakistan
URL: www.we.com.pk

Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	38776.94	84.23	38,623	38,469	38,948	39,119	38,794
Allied Bank Limited	90.79	70.61	89.30	87.85	92.95	95.10	91.45
Attock Cement	230.00	53.17	228.05	226.05	231.95	233.85	229.95
Adamjee Insurance	51.95	42.63	51.55	51.15	52.45	52.90	52.00
Askari Bank	18.60	62.11	18.35	18.05	18.80	19.05	18.55
Azgard Nine	4.30	42.35	4.30	4.25	4.40	4.45	4.35
Attock Petroleum	427.13	47.60	425.60	424.05	429.10	431.05	427.55
Attock Refinery	275.02	62.99	272.90	270.75	277.80	280.55	275.65
Bank Al-Falah	27.75	79.93	27.05	26.35	28.25	28.70	27.50
BankIslami Pak	11.52	55.13	10.95	10.35	11.85	12.25	11.30
Bank.Of.Punjab	8.41	46.00	8.35	8.30	8.45	8.50	8.40
D.G.K.Cement	189.37	68.49	187.95	186.50	191.30	193.20	189.85
Engro Corp	347.76	60.79	345.65	343.50	350.30	352.80	348.15
Faysal Bank	13.69	50.16	13.55	13.45	13.80	13.90	13.65
Fauji Cement	35.13	32.63	35.00	34.90	35.25	35.40	35.15
Fauji Fert Bin	55.02	50.20	54.55	54.10	55.70	56.35	55.20
Fauji Fertilizer	118.60	56.30	117.70	116.85	119.80	121.05	118.95
Habib Bank Ltd	210.49	79.27	204.05	197.60	213.95	217.40	207.50
Hub Power	118.42	56.53	117.70	116.95	119.10	119.75	118.35
ICI Pakistan	438.32	47.75	434.20	430.10	441.20	444.10	437.10
Lucky Cement	663.19	71.95	657.80	652.45	666.70	670.25	661.35
MCB Bank Ltd	244.82	70.29	239.15	233.45	251.40	257.95	245.70
Maple Leaf Cement	106.34	74.16	104.55	102.75	108.70	111.05	106.90
National Bank	58.10	73.51	57.05	56.00	58.85	59.55	57.75
NIB Bank	1.80	46.69	1.75	1.70	1.85	1.90	1.80
Pioneer Cement	107.41	61.44	106.70	105.95	108.60	109.75	107.85
P.T.C.L.A	15.44	50.84	15.30	15.10	15.65	15.85	15.50
TRG Pakistan	35.27	46.53	34.75	34.20	35.85	36.45	35.35

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
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
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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