



Market Review	Last	Change
KSE 100 Index	38,415.31	-54.51
KSE 30 Index	22,085.65	-52.07
KMI 30 Index	67,034.43	-24.17
All Share Index	25,537.02	-13.05
Market Cap. (Rs bn)	7,655.59	-5.03

Volume Leaders	Close	Volume
JSCL	20.70	16,706,000
KEL	7.96	16,189,000
DCL	13.95	15,847,500
DFML	15.16	10,544,500
TRG	34.60	6,577,500

KSE Statistics June 21, 2016

Indices	
All Share Index	25,537.02
KSE-30TM Index	22,085.65
KSE-100TM Index	38,415.31

Turnover	
All Share Index	154,539,210
KSE-30TM Index	54,729,650
KSE-100TM Index	90,795,680

Board Meetings

Company	Date	Time
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
MCB Islamic Income Fund	27-06-2016	2:00
Pak Sarmaya Mehfooz Fund	27-06-2016	2:00
Unilever Pak Foods Ltd	22-08-2016	2:30

ENGRO: Challenging beginning of the New Year

In our today's morning briefing we would discuss the performance of Engro Corporation (ENGRO) during 1QCY16 and would give recommendation to the investors.

PAT grows just 1% YoY

Owing to reduced sales by the fertilizer and food business along with decline in other income and lower dispatch by the Qadirpur plant, ENGRO took a dull beginning of the New Year as its bottom-line posted a growth of 1% YoY. The profit after taxation (PAT) of the company totaled Rs4,406 million (EPS: Rs6.97) in 1QCY16 versus a PAT of Rs4,238 million (EPS: Rs6.94) in 1QCY15. However, the drastic decline in finance cost, improved dairy margins, better urea margins owing to availability of gas on concessionary rates, LNG operations, and control of rice losses did have a positive impact on the bottom-line.

Heavy QoQ decline

The performance of the company was depressing on QoQ basis as its bottom-line posted a negative growth of 29% in 1QCY16 to Rs4,406 million (EPS: Rs6.97) versus a PAT of Rs6,246 million (EPS: Rs9.37) in 4QCY15. The corporate results were accompanied with a first interim cash dividend of Rs5/share.

Decline in top-line hit most

The net revenue of the company fell by 17% YoY in 1QCY16 to Rs34,326 million as against Rs41,285 million in 1QCY15. This was owing to 41% YoY decline in urea sales to 286k tons in 1QCY16 versus 481k tons in the identical period in CY15 due to poor crop economics, falling international urea prices, and rumors of subsidy on urea. Further, the revenues of Engro Foods declined by more than 6% YoY in 1QCY16 also had a negative impact on the overall revenues of Engro. The cost of sales fell by 20% YoY in 1QCY16 to Rs23,873 million. Therefore gross profit was down by 8% YoY in 1QCY16 to Rs10,453 million as against Rs11,360 million in the identical period in CY15. Consequently, the gross profit margin reached 30.4% in 1QCY16 versus 27.5% in 1QCY15.

Rs in million	1QCY16	1QCY15	YoY	4QCY15	QoQ
Net sales	34,326	41,285	-17%	59,347	-42%
Cost of sales	23,873	29,925	-20%	42,778	-44%
Gross profit	10,453	11,360	-8%	16,569	-37%
Distribution expenses	2,434	2,415	1%	3,083	-21%
Administrative expenses	922	951	-3%	508	81%
Other operating expenses	513	579	-11%	2,233	-77%
Other income	776	1,355	-43%	838	-7%
Finance costs	1,405	2,369	-41%	1,913	-27%
Profit before taxation	5,957	6,402	-7%	9,669	-38%
Taxation	1,551	2,163	-28%	3,423	-55%
Profit after taxation	4,406	4,238	4%	6,246	-29%
Non-Controlling Interest	715	602	19%	1,341	-47%
Distributable Profit	3,691	3,636	1%	4,905	-25%
Earnings per share	6.97	6.94		9.37	

Source: Company reports and WE research

Recommendation

We are positive on the company moving forward on back of subsidy given on urea in the recent budget and other measures related to the fertilizer sector. Further in order to diversify its portfolio and meet capital allocation requirements, company has sold 295 million shares of Engro Fertiliser which would also bode well. We have a Market Weight stance on the scrip which is currently trading at Rs343.3/share offering an upside potential of 4% to our December'16 target price of Rs358/share.

Disclaimer: All information contained in this publication has been researched and compiled from sources believed to be accurate and reliable at the time of publishing. However, we do not accept any responsibility for its accuracy & completeness and it is not intended to be an offer or a solicitation to buy or sell any securities. WE Financial Services & its employees will not be responsible for the consequence of reliance upon any opinion or statement herein or for any omission. All opinions and estimates contained herein constitute our judgment as of the date mentioned in the report and are subject to change without notice.

For live markets, historical data, charts/graphs and investment/technical analysis tools, please visit our website www.weonline.biz

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



Morning Briefing

Wednesday, June 22, 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)	21-Jun-2016	6.24%
Kibor (3 Mths)	21-Jun-2016	6.09%
Kibor (6 Mths)	21-Jun-2016	6.10%
Kibor (9 Mths)	21-Jun-2016	6.39%
Kibor (1 Yr)	21-Jun-2016	6.43%
P.I.B (3 Yrs)	21-Jun-2016	6.24%
P.I.B (5 Yrs)	21-Jun-2016	6.83%
P.I.B (10 Yrs)	21-Jun-2016	7.82%
P.I.B (15 Yrs)	21-Jun-2016	10.15%
P.I.B (20 Yrs)	21-Jun-2016	10.50%
P.I.B (30 Yrs)	21-Jun-2016	11.10%

Commodities

Crude Oil (brent)\$/bbl	49.74
Crude Oil (WTI)\$/bbl	48.57
Cotton \$/lb	64.88
Gold \$/ozs	1,273.72
Silver \$/ozs	17.27
Malaysian Palm \$	641
GOLD (PMEX) PKR	42,257
KHI Cotton 40Kg PKR	5,894

Portfolio Investment (U.S \$ in million)

Yearly(Jul, 2016 up to 20-Jun-2016)	-490.02
Monthly(Jun, 2016 up to 20-Jun-2016)	104.97
Daily (20-Jun-2016)	15.41
Total Portfolio Investment (10-Jun-2016)	6395

NCCPL (U.S \$ in million)

FIPI (21-Jun-2016)	-7.47
Local Companies (21-Jun-2016)	3.41
Banks / DFI (21-Jun-2016)	3.27
Mutual Funds (21-Jun-2016)	-3.79
NBFC (21-Jun-2016)	3.21
Local Investors (21-Jun-2016)	7.59
Other Organization (21-Jun-2016)	-0.18

GDR Update

Symbol	\$.Price	PKR/\$
MCB (1 GDR= 2 Shares)	3.50	183.16
OGDC (1 GDR= 10 Shares)	16.15	169.03
UBL (1 GDR= 4 Shares)	5.60	146.53
LUCK (1 GDR= 4 Shares)	18.50	484.07
HUBC (1 GDR= 25 Shares)	28.63	119.86

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	38415.31	83.54	38,300	38,185	38,568	38,721	38,453
Attock Cement	231.14	54.21	230.30	229.50	232.60	234.10	231.80
Adamjee Insurance	51.49	39.86	51.25	51.05	51.65	51.85	51.45
Askari Bank	18.23	51.17	18.15	18.05	18.30	18.40	18.20
Azgard Nine	4.19	38.41	4.15	4.10	4.30	4.35	4.20
Attock Petroleum	429.90	50.52	425.60	421.30	433.60	437.30	429.30
Attock Refinery	283.75	66.71	281.45	279.15	287.05	290.30	284.70
Bank Al-Falah	25.53	52.09	25.15	24.80	26.20	26.90	25.85
BankIslami Pak	10.90	43.90	10.85	10.75	11.05	11.15	10.95
Bank.Of.Punjab	8.27	39.87	8.25	8.20	8.35	8.40	8.30
Faysal Bank	13.42	42.96	13.35	13.25	13.55	13.70	13.50
Fauji Cement	35.13	32.68	35.00	34.85	35.40	35.65	35.25
Fauji Fert Bin	54.99	49.93	54.75	54.55	55.35	55.75	55.15
Fauji Fertilizer	117.62	53.41	116.90	116.20	118.40	119.20	117.70
Habib Bank Ltd	202.71	67.36	200.35	197.95	204.75	206.75	202.35
Hub Power	119.84	59.10	118.70	117.55	121.00	122.15	119.85
JS Bank Ltd	6.00	43.24	5.80	5.60	6.10	6.20	5.90
Lotte Chemical	6.21	44.79	6.15	6.10	6.30	6.35	6.25
Lucky Cement	648.81	63.68	643.90	638.95	656.85	664.95	651.95
MCB Bank Ltd	228.50	53.93	226.00	223.50	233.00	237.50	230.50
Maple Leaf Cement	104.76	67.97	104.15	103.50	105.65	106.60	105.05
Netsol Technologies	54.29	33.77	53.55	52.80	55.65	56.95	54.85
P.I.A.C.(A)	7.35	37.65	7.30	7.25	7.40	7.45	7.35
Pak Suzuki	403.66	45.92	401.80	399.90	406.30	408.90	404.40
P.S.O. XD	392.22	62.23	391.15	390.05	393.65	395.05	392.55
Shell Pakistan	287.39	53.61	285.45	283.55	289.40	291.45	287.50

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
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

Disclaimer: All information contained in this publication has been researched and compiled from sources believed to be accurate and reliable at the time of publishing. However, we do not accept any responsibility for its accuracy & completeness and it is not intended to be an offer or a solicitation to buy or sell any securities. WE Financial Services & its employees will not be responsible for the consequence of reliance upon any opinion or statement herein or for any omission. All opinions and estimates contained herein constitute our judgment as of the date mentioned in the report and are subject to change without notice.

For live markets, historical data, charts/graphs and investment/technical analysis tools, please visit our website www.weonline.biz

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