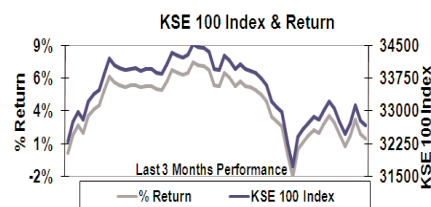




Morning Briefing

Tuesday, December 22, 2015



| Market Review | Last | Change |
|---------------------|-----------|---------|
| KSE 100 Index | 32,658.97 | -118.07 |
| KSE 30 Index | 19,192.16 | -127.16 |
| KMI 30 Index | 55,091.68 | 40.77 |
| All Share Index | 22,686.68 | -54.74 |
| Market Cap. (Rs bn) | 6,878.81 | -16.79 |

| Volume Leaders | Close | Volume |
|----------------|--------|-----------|
| HBL | 200.08 | 6,031,400 |
| BGL | 6.64 | 5,014,000 |
| PAEL | 66.86 | 4,711,500 |
| SNGP | 26.75 | 4,436,000 |
| BOP | 9.09 | 3,445,000 |

KSE Statistics December 21, 2015

| Indices | |
|-----------------|-----------|
| All Share Index | 22,686.68 |
| KSE-30TM Index | 19,192.16 |
| KSE-100TM Index | 32,658.97 |

| Turnover | |
|-----------------|------------|
| All Share Index | 90,926,780 |
| KSE-30TM Index | 36,678,200 |
| KSE-100TM Index | 54,442,070 |

Board Meetings

| Company | Date | Time |
|------------------------------|------------|-------|
| Dost Steels Ltd | 22-12-2015 | 11:00 |
| Fauji Fertilizer Company Ltd | 23-12-2015 | 9:30 |
| Ghani Automobile Industries | 23-12-2015 | 11:00 |
| Jauharabad Sugar Mills Ltd | 23-12-2015 | 11:00 |
| Sui Northern Gas Pipelines | 23-12-2015 | 2:30 |
| Dewan Sugar Mills Ltd | 23-12-2015 | 3:30 |
| Ansari Sugar Mills Ltd | 26-12-2015 | 11:00 |
| Thal Industries Corp. | 26-12-2015 | 11:30 |
| Mehran Sugar Mills Ltd | 28-12-2015 | 11:00 |
| Shahmurad Sugar Mills Ltd | 28-12-2015 | 11:30 |
| Al-Noor Sugar Mills Ltd | 29-12-2015 | 11:30 |
| Packages Ltd | 30-12-2015 | 11:00 |

LOTCHEM: Losses persist but reduce

We will discuss the performance of Lotte Chemical Pakistan (LOTCHEM) in the 9MCY15 and would give recommendation to the investors.

Cumulative loss reduces 41% YoY

Largely with the support of improved primary margin, LOTCHEM managed to reduce its losses in 9MCY15 where its loss after taxation (LAT) totaled Rs 505 million (EPS: Rs 0.33) which is 41% YoY less when compared to LAT of Rs 853 million (EPS: Rs 0.56) in 9MCY14.

Losses enlarge in 3QCY15

Owing to lower primary margins, the losses of the company increased in 3QCY15 where it suffered from a LAT of Rs 268 million (EPS: Rs 0.18) which is 16% YoY more from a LAT of Rs 230 million (EPS: Rs 0.15) in 3QCY14. The primary margins of PTA/PX fell to \$ 82/ton in 3QCY15 as against primary margins of \$ 90/ton in 3QCY14. The industry is facing tough times around the globe reason being the overcapacity due to which PTA prices are in pressure.

Decline in revenue - major culprit

The major dent to the bottom-line was made by 32% YoY decline in revenue to Rs 25,635 million in 9MCY15 as against Rs 37,679 million in the identical period in CY14. This decline in revenue was owing to 34% YoY drop in average prices of Purified Terephthalic Acid (PTA) to \$735/ton in the period under review versus \$1,120/ton in 9MCY14. The sales volume of the company too remained low in 9MCY15 as it totaled 346k tons which is 1% YoY down from 348k tons in the same period in CY14.

Gross loss shrinks

The gross loss of the company totaled Rs 205 million in 9MCY15 which is 67% YoY down from gross loss of Rs 620 million in 9MCY14. The primary margin surged to \$88/ton in 9MCY15 as against primary margin of \$75/ton in 9MCY14. The cost of sales reduced by 33% YoY in 9MCY15 to Rs 25,839 million versus cost of sales of Rs 38,299 million in the similar period in CY14.

| Rs in million | 9MCY15 | 9MCY14 | YoY | 3QCY15 | 3QCY14 | YoY |
|---------------------------------|--------|---------|-------|--------|--------|--------|
| Net sales | 25,635 | 37,679 | -32% | 7,357 | 12,874 | -43% |
| Cost of Sales | 25,839 | 38,299 | -33% | 7,606 | 13,020 | -42% |
| Gross Profit | (205) | (620) | -67% | (249) | (146) | 71% |
| Distribution & Selling Expenses | 63 | 145 | -56% | 18 | 37 | -50% |
| Administration Expenses | 254 | 317 | -20% | 93 | 90 | 3% |
| Other Income | 71 | 90 | -21% | 22 | 24 | -11% |
| Other Expenses | 2 | 58 | -97% | 1 | 15 | -94% |
| Operating Profit | (453) | (1,050) | -57% | (340) | (264) | 29% |
| Finance cost | 30 | (39) | -176% | 6 | (0) | -3694% |
| Profit before Taxation | (483) | (1,011) | -52% | (346) | (264) | 31% |
| Taxation | 22 | (158) | -114% | (78) | (33) | 132% |
| Profit after Taxation | (505) | (853) | -41% | (268) | (230) | 16% |
| EPS (Rs) | (0.33) | (0.56) | | (0.18) | (0.15) | |

Source: WE Research & Company Report

Recommendation

We continue with 'Market Weight' stance on the scrip which is trading at Rs6.59/share offering an upside potential of 17% to our June'16 target price of Rs 7.70/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

Tuesday, December 22, 2015

Key Data

Money Market

| | | |
|-------------------|-------------|--------|
| T-Bills (3 Mths) | 09-Dec-2015 | 6.39% |
| T-Bills (6 Mths) | 09-Dec-2015 | 6.39% |
| T-Bills (12 Mths) | 09-Dec-2015 | 6.31% |
| Policy Rate | 21-Nov-2015 | 6.00% |
| Kibor (1 Mth) | 21-Dec-2015 | 6.52% |
| Kibor (3 Mths) | 21-Dec-2015 | 6.49% |
| Kibor (6 Mths) | 21-Dec-2015 | 6.52% |
| Kibor (9 Mths) | 21-Dec-2015 | 6.81% |
| Kibor (1 Yr) | 21-Dec-2015 | 6.81% |
| P.I.B (3 Yrs) | 21-Dec-2015 | 7.02% |
| P.I.B (5 Yrs) | 21-Dec-2015 | 8.10% |
| P.I.B (10 Yrs) | 21-Dec-2015 | 9.20% |
| P.I.B (15 Yrs) | 21-Dec-2015 | 10.25% |
| P.I.B (20 Yrs) | 21-Dec-2015 | 10.50% |
| P.I.B (30 Yrs) | 21-Dec-2015 | 11.00% |

Commodities

| | |
|-------------------------|----------|
| Crude Oil (brent)\$/bbl | 36.32 |
| Crude Oil (WTI)\$/bbl | 34.27 |
| Cotton \$/lb | 63.78 |
| Gold \$/ozs | 1,078.85 |
| Silver \$/ozs | 14.28 |
| Malaysian Palm \$ | 568 |
| GOLD (PMEX) PKR | 36,892 |
| KHI Cotton 40Kg PKR | 5,626 |

Portfolio Investment (U.S \$ in million)

| | |
|--|---------|
| Yearly(Jul, 2015 up to 17-Dec-2015) | -383.76 |
| Monthly(Dec, 2015 up to 17-Dec-2015) | -34.82 |
| Daily (17-Dec-2015) | 9.14 |
| Total Portfolio Investment (27-Nov-2015) | 6122 |

NCCPL (U.S \$ in million)

| | |
|----------------------------------|-------|
| FIPI (21-Dec-2015) | 0.59 |
| Local Companies (21-Dec-2015) | 0.35 |
| Banks / DFI (21-Dec-2015) | 0.74 |
| Mutual Funds (21-Dec-2015) | -1.15 |
| NBFC (21-Dec-2015) | -0.45 |
| Local Investors (21-Dec-2015) | -2.35 |
| Other Organization (21-Dec-2015) | -0.45 |

GDR Update

| Symbol | \$.Price | PKR/\$ |
|-------------------------|----------|--------|
| MCB (1 GDR= 2 Shares) | 5.60 | 293.08 |
| OGDC (1 GDR= 10 Shares) | 15.00 | 157.00 |
| UBL (1 GDR= 4 Shares) | 5.60 | 146.54 |
| LUCK (1 GDR= 4 Shares) | 18.50 | 484.10 |
| HUBC (1 GDR= 25 Shares) | 24.56 | 102.83 |

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 | 32658.97 | 43.43 | 32,507 | 32,355 | 32,794 | 32,929 | 32,642 |
| Attock Cement | 164.30 | 33.82 | 160.75 | 157.25 | 167.15 | 170.05 | 163.65 |
| Adamjee Insurance | 57.42 | 55.03 | 56.60 | 55.80 | 57.85 | 58.30 | 57.05 |
| Askari Bank | 21.53 | 54.29 | 21.10 | 20.65 | 21.85 | 22.10 | 21.40 |
| Azgard Nine | 4.39 | 42.57 | 4.25 | 4.15 | 4.45 | 4.55 | 4.35 |
| Attock Petroleum | 485.22 | 47.69 | 470.15 | 455.05 | 495.15 | 505.05 | 480.05 |
| Attock Refinery | 206.84 | 57.45 | 198.95 | 191.05 | 210.85 | 214.80 | 202.95 |
| Bank Al-Falah | 29.53 | 57.25 | 29.00 | 28.45 | 29.90 | 30.25 | 29.35 |
| BankIslami Pak | 11.40 | 56.53 | 11.00 | 10.65 | 11.60 | 11.80 | 11.20 |
| Bank.Of.Punjab | 9.09 | 48.63 | 9.05 | 8.95 | 9.20 | 9.30 | 9.15 |
| Faysal Bank | 15.34 | 47.10 | 15.15 | 15.00 | 15.50 | 15.70 | 15.35 |
| Fauji Cement | 36.31 | 61.46 | 36.00 | 35.65 | 36.55 | 36.75 | 36.20 |
| Fauji Fert Bin | 53.87 | 45.17 | 53.50 | 53.10 | 54.25 | 54.60 | 53.85 |
| Fauji Fertilizer | 112.46 | 24.10 | 111.85 | 111.25 | 113.30 | 114.10 | 112.70 |
| Habib Bank Ltd | 200.08 | 36.05 | 196.15 | 192.25 | 205.75 | 211.40 | 201.85 |
| Hub Power | 102.98 | 47.59 | 101.70 | 100.45 | 104.00 | 105.05 | 102.75 |
| ICI Pakistan | 487.90 | 49.82 | 479.75 | 471.65 | 504.15 | 520.45 | 496.05 |
| Lucky Cement | 497.64 | 47.11 | 493.10 | 488.55 | 501.10 | 504.55 | 496.55 |
| MCB Bank Ltd | 218.79 | 47.95 | 215.90 | 213.00 | 220.75 | 222.75 | 217.90 |
| Maple Leaf Cement | 70.91 | 53.87 | 70.45 | 70.00 | 71.30 | 71.75 | 70.85 |
| National Bank | 53.71 | 44.55 | 53.35 | 52.95 | 54.00 | 54.30 | 53.65 |
| Nishat Mills | 94.65 | 40.27 | 93.75 | 92.85 | 95.90 | 97.15 | 95.00 |
| Pak Petroleum | 118.57 | 52.30 | 116.65 | 114.70 | 120.45 | 122.35 | 118.55 |
| P.T.C.L.A | 16.18 | 43.61 | 16.05 | 15.90 | 16.30 | 16.40 | 16.15 |

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 |
|----------------------------|------------|------------|----------|------------|------------|
| Sui Northern Gas Pipelines | 22-12-2015 | 31-12-2015 | - | - | 31-12-2015 |
| Nimir Ind. Chemicals # | 22-12-2015 | 29-12-2015 | - | - | 29-12-2015 |
| Ghani Glass | 23-12-2015 | 29-12-2015 | 70(R) | 15-12-2015 | - |
| N.P. Spng. Mills # | 24-12-2015 | 31-12-2015 | - | - | 29-12-2015 |
| Faisal Spng Mills # | 28-12-2015 | 31-12-2015 | - | - | 31-12-2015 |
| Blessed Textiles # | 28-12-2015 | 31-12-2015 | - | - | 31-12-2015 |
| Shifa Int. Hospitals | 01-01-2016 | 07-01-2016 | 7.96(R) | 22-12-2015 | - |
| Tri-Pak Films | 18-01-2016 | 24-01-2016 | 29.33(R) | 08-01-2015 | - |

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