

Topline Market Review

KSE-100 Index: 45,802 (+119pts/+0.26%)

Topline Research
research@topline.com.pk
Tel: +9221-35303330
Topline Securities, Pakistan



www.jamapunji.pk Best Local Brokerage House 2015-16

ASIAMONEY

Best Local Brokerage House
Brokers Poll 2011-14, 2016-17



Market edges higher as results season starts

KSE-100

Key Numbers

KSE-100 Index (Apr 17, 2018)	45,801.73
Change (Points)	119.49
Change (%)	0.26%
YTD (Since Dec 29, 2017)	13.2%
KSE Mkt Cap. (Rs bn)	9,389
KSE Mkt Cap. (US\$ bn)	81.2
Total Volume (shares mn)	147.5
Total Value (Rs bn)	7.6
Total Value (US\$ mn)	65.4
Total Future Value (Rs bn)	1.7
Total Future Value (US\$ mn)	14.6

Source: PSX

Top 10 Traded Stocks

Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change
HBL	4.9	2.7	205.9	(2.1)	-1.0%
EPCL	4.4	12.9	39.4	1.0	2.7%
DGKC	3.2	2.4	156.4	1.3	0.8%
OGDC	2.9	2.0	165.1	(2.5)	-1.5%
UNITY	2.6	10.6	27.8	(0.4)	-1.5%
POL	2.2	0.4	690.8	(2.0)	-0.3%
ENGRO	2.0	0.7	316.7	(0.3)	-0.1%
FCCL	1.9	7.8	29.0	1.0	3.3%
LUCK	1.7	0.3	687.6	12.8	1.9%
ISL	1.5	1.4	119.2	0.1	0.1%

Source: PSX

- Pakistan equities turned positive after declining in three straight sessions due to following reasons: 1) investors are excited about upcoming results where Engro Polymers (EPCL) and Lotchem (LOTCHEM) are likely to post healthy growth in their earnings owing to uptick in their margins (both stocks cumulatively generated trading volumes of 21mn shares), 2) Govt. is moving ahead to get syndicated financing of US\$450mn and 3) restoration of investors' sentiments in cement stocks as market talks about further rise in cement prices.
- Among sectors, Cement sector added 51pts to index, followed by Chemicals (29pts) and Pharmaceutical (23pts). Moreover, market participation in terms of volumes and value went up by 2% and 13% respectively.
- Top 5 scrips including LUCK (+1.9%), BAHL (+2.1%), COLG (+5%), PAKT (+3.1%) & NESTLE (+0.7%) added 99pts to the index whereas stocks including HBL (-1%), OGDC (-1.5%), UBL (-1%), FFBL (-5%) & NRL (-3.1%) withheld 104pts from the index gain.

- Attock cement (ACPL) announced financial results for 3QFY18, where the company reported EPS of Rs5.88, down by 21% YoY due to decline in GP margins by 13ppts to 30%. Finance cost of the company went up to Rs74mn, up 17x YoY.
- Synthetic Products (SPEL) announced its financial results for 9MFY18, where net earnings of the company clocked in at Rs239 (EPS Rs2.8), down by 20% YoY due to increase in admin/finance expenses by 26/30% YoY. Similarly, GP margins went down by 3ppts YoY to 26%. In its second notice, the company has informed the exchange about its board's approval for initiation of diligence process to management to expand business via. Joint venture or acquisition.
- Engro Power Generation (EPQL) announced its financial results for 1Q2018, where the company reported EPS of Rs2.07, flattened vs. last year.
- Pakistan's 9MFY18 Foreign Direct Investment (FDI) went up by 4.4% YoY to US\$2.09bn, while for the month of Mar 2018, FDI clocked in at US\$152.4mn.
- Chief Justice of Pakistan, Mian Saqib Nisar took a swipe at the leading publication and media channels for misinterpreting the verdict of Lahore High Court (LHC) regarding the reported ban on contemptuous speeches. A three-member bench of the apex court remarked that no ban was placed on former Prime Minister Nawaz Sharif and his daughter Maryam Nawaz by LHC, as their names were not mentioned in the verdict, contrary to what was reported on media.
- Islamic Republic of Pakistan has mandated CS and ICBC for a 1-Year US\$450m Syndicated Financing, according to information from people familiar with the matter, reported by Bloomberg.
- Prime Minister Shahid Khaqan Abbasi left Saudi Arabia after attending the concluding ceremony of Joint Gulf Shield-1 military drill. During his two-day stay in the Kingdom, Mr Abbasi was accompanied by Defence Minister Khurram Dastagir, Chief of the Army Staff Gen Qamar Javed Bajwa and ISI Director General Lt Gen Naveed Mukhtar.
- The Auditor General of Pakistan (AGP), Javaid Jahangir, has claimed that during the audit year 2017-18 auditors pointed out irregularities amounting to Rs8.276tn in the accounts of the Federal Government. It may be mentioned that this figure is almost double the amount allocated for the fiscal year's federal budget that is Rs4.75tn.

Analyst Certification and Disclosures

The research analyst(s), denoted by an “AC” on the cover of this report, primarily involved in the preparation of this report, certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject companies/securities/sectors and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Furthermore, it is stated that the research analyst or its close relative have neither served as a director/officer in the past 3 years nor received any compensation from the subject company in the past 12 months.

Additionally, as per regulation 8(2)(i) of the Research Analyst Regulations, 2015, we currently do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company.

Rating System

Topline Securities employs three tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Stock will outperform the average total return of stocks in universe
Neutral	Stock will perform in line with the average total return of stocks in universe
Sell	Stock will underperform the average total return of stocks in universe

For sector rating, Topline Securities employs three tier ratings system, depending upon the sector’s proposed weight in the portfolio as compared to sector’s weight in KSE-100 Index:

Rating	Sector’s Proposed Weight in Portfolio
Over Weight	> Weight in KSE-100 Index
Market Weight	= Weight in KSE-100 Index
Under Weight	< Weight in KSE-100 Index

Ratings are updated daily to account for the latest developments in the economy/sector/company, changes in stock prices and changes in analyst’s assumptions or a combination of any of these factors.

Valuation Methodology

To arrive at our 12-months Target Price, Topline Securities uses different valuation methods which include: 1). Present value methodology, 2). Multiplier methodology, and 3). Asset-based methodology.

Research Dissemination Policy

Topline Securities endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc. Nevertheless, all clients may not receive the material at the same time.

Disclaimer

This report has been prepared by Topline Securities and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Topline Securities and/or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Topline Securities accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Topline Research Department and do not necessarily reflect those of Topline or its directors. Topline as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report.

All rights reserved by Topline Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Topline Securities. Action could be taken for unauthorized reproduction, distribution or publication.