

Topline Market Review

KSE-100 Index: 43,829 (+89pts/+0.2%)

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



www.jamapunji.pk

ASIAMONEY

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



Best Local Brokerage House 2015-16

Muted Senate Election Response; market closes flat



KSE-100

Key Numbers

KSE-100 Index (Mar 5, 2018)	43,829.08
Change (Points)	88.59
Change (%)	0.20%
YTD (Since Dec 29, 2017)	8.3%
KSE Mkt Cap. (Rs bn)	9,150
KSE Mkt Cap. (US\$ bn)	82.8
Total Volume (shares mn)	137.0
Total Value (Rs bn)	5.9
Total Value (US\$ mn)	53.7
Total Future Value (Rs bn)	1.7
Total Future Value (US\$ mn)	15.0

Source: PSX

Top 10 Traded Stocks

Symbol	Value (US\$m)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change (%)
DGKC	3.7	2.7	152.0	(1.1)	-0.7%
UNITY	2.4	10.2	26.3	1.3	5.0%
SEARL	2.3	0.7	370.8	4.1	1.1%
ENGRO	2.3	0.8	307.5	(1.7)	-0.6%
LUCK	2.3	0.4	652.4	8.4	1.3%
ATRL	2.1	0.9	258.8	7.3	2.9%
SNGP	2.1	1.9	118.2	1.3	1.1%
EPCL	2.0	7.1	30.9	1.2	4.0%
FCCL	2.0	7.6	28.6	1.1	3.9%
SSGC	1.7	5.1	36.5	1.3	3.7%

Source: PSX

- Despite timely senate election; Pakistan stocks closed flat on the first day of the week amid dull volumes, owing to lack of any trigger. As a result, benchmark index KSE-100 closed at 43,829 level, gaining 88 points. Investors mainly followed “**wait and watch**” approach in expectations of any new trigger that could likely be i) expected announcement of tax amnesty scheme, ii) Appointment of Senate Chairman, and/or iii) new budgetary measures by the Government. Market witnessed decline of 40%/38% in traded volumes and value, respectively.
- Cement sectors continued its buoyant performance for the fifth consecutive session and contributed 42 points to the index. EPCL gained 4% as company has increased PVC prices by ~3%. Similarly, AGPL closed at its upper limit on the very first day of its trading.
- Top 5 stocks including HBL (+1.3%), LUCK (+1.3%), FCCL (+3.9%), BAHL (+1.5%) & PIBTL (+4.5%) added 110 points to the index gain, whereas stocks including MCB (-0.8%), UBL (-0.6%), PPL (-0.6%), ENGRO (-0.6%) & MTL (-1.1%), withheld 56 points from the index.

- IGI Life insurance (IGIL) announced its financial results for 2017, where EPS of the company clocked in at Rs 2.87, up by 18% YoY. Additionally, company announced dividend of Rs 1 per share.
- Tri-Pack Films notified exchange regarding its investment of Rs 2.2bn to acquire new state of the art machinery for the production of films and transparent and high strength metalized films.
- Sazgar Engineering disclosed its production (1,642 units) and sales numbers (1,662 units) for the month of Feb-18.
- JS Bank announced its financial results for 2017, where earnings of the bank posted decline of 58% YoY due to lower gain on sales of securities (-58% YoY) and increase in admin expense by 22% YoY.
- Pakistan Tehreek-i-Insaf (PTI) Chairman Imran Khan announced that he would contest the 2018 general election from Karachi. The PTI chief promised his party would bring in a "directly elected mayor" who would solve Karachi's problems with his "team of experts".
- The accountability court conducted hearing of the supplementary Flagship Investment Ltd references against former prime minister Nawaz Sharif and his family. Sharif's counsel Khawaja Haris began cross-examination of witness Abdul Hannan, who had recorded his statements at the last hearing.
- As the United States and Pakistan reengage on Tuesday in efforts to improve their ties, the Pentagon reminded Islamabad that war against terrorism in the South Asian region has reached an inflection point and it should use this opportunity to defeat terrorists. "With respect to Pakistan we believe that Pakistan can do more to combat terrorism," Pentagon Chief Spokesperson Dana W. White said at a weekend news briefing in Washington.
- The Supreme Court's 2006 annulment of the sale of the Pakistan Steel Mills (PSM) will again be the focus of attention when a nine-judge larger bench will take up on Tuesday a restoration application aimed at reviving a challenge to the verdict.

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.