

## Market Overview

Higher level of foreign selling triggered market volatility as market juggled between negative and positive zone. The benchmark KSE-100 index closed down by 15.31 point to close at 34,656.94 points.

## PTCL: CY14 Result Preview

Pakistan Telecommunication Company Limited (PTCL) is going to announce its results for year ended December 31, 2014 on 10th February 2015. Below we are presenting our result expectation.

### Profitability growth to decline

On unconsolidated basis, PTC is expected to post bottom line of Rs 10.65 billion (EPS: Rs 2.09) in CY14 compared to Rs 12.69 billion (EPS: Rs 2.49) in CY13, depicting drop of 16% mainly driven by lower termination rates for incoming calls. In 4QCY14, earnings to rise by 10% QoQ to Rs 1.91 billion (EPS: Rs 0.38) versus Rs 1.74 billion (EPS: Rs 0.34) in 3QCY14 mainly due to absence of disposables of assets. Furthermore, we expect final dividend of Rs 1/share totaling to Rs 2/share for CY14.

### Revenue to consolidate

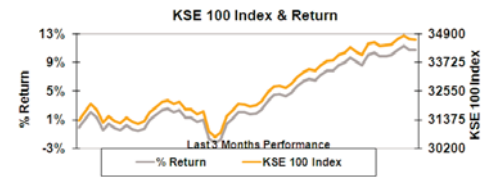
Topline is expected to increase by 2% to Rs 82.68 billion against Rs 80.93 billion in CY13 due to expansion in Broadband. However, incoming calls likely to decline by 28% YoY to average 396mn mins/month in CY14 versus 551mn mins/month in CY13 due to users shifting towards other software. The cost of services likely to higher by 6% to Rs 56.35 billion in CY14 from Rs 53.14 billion during CY13. As a result of lower cost of services, gross profit likely to drop by 5% to Rs 26.32 billion in CY14 against Rs 27.79 billion in CY13. The gross margin likely to fall at 31.8% in CY14 against 34.3% in CY13. Other operating income likely to increase by 8% to Rs 4.56 billion against Rs 4.21 billion due to higher return on bank deposits owing to surge in investments.

Rs in million	CY14E	CY13A	YoY	4QCY14E	3QCY14A	QoQ
Revenue	82,680	80,937	2%	20,113	19,718	2%
Cost of Services	56,351	53,147	6%	14,708	14,142	4%
Gross Profit	26,329	27,790	-5%	5,405	5,576	-3%
Administrative & General Exp	9,966	9,042	10%	2,435	2,416	1%
Selling & Marketing Expenses	3,495	2,778	26%	965	956	1%
Operating Profit	12,867	15,970	-19%	2,005	2,205	-9%
Other Operating Income	4,567	4,214	8%	932	1,074	-13%
Finance Cost	350	346	1%	78	(13)	NM
Loss on Disposal of Assets	776	(0.1)	NM	-	776	NM
Profit before Taxation	16,308	19,838	-18%	2,859	2,516	14%
Taxation	5,651	7,142	-21%	943	771	22%
Profit after Taxation	10,658	12,696	-16%	1,915	1,745	10%
EPS (Rs)	2.09	2.49		0.38	0.34	

Source: AZEE Research & Company Report

## Recommendation

The scrip is currently trading at a price of Rs 25.84/share offering an upside potential of 6% from our June'15 target price of Rs 27.30/share.



## News Update

Total liquid foreign reserves of the country figure dollars 15.15902 billion, said State Bank of Pakistan (SBP). SBP's weekly statement here on Friday said, the foreign reserves held by State Bank on January 30, amounted to \$ 10.35809 billion and the net foreign reserves held by other banks were \$ 4.80003 billion. During the week ending January 30, SBP's liquid foreign reserves increased by \$ 110 million to \$ 10.359 billion compared to \$ 10.249 billion of the previous week.

All Pakistan Textile Mills Association (Aptma) Chairman SM Tanveer has demanded imposition of 15% regulatory duty on the import of subsidised fine count cotton yarn, particularly from India. However, he made it clear that imports under the duty and tax remission for export (DTRE) system or the manufacturing bond should be exempted from the regulatory duty, as the association believes in a free market mechanism.

Pakistan energy sector's below par performance has reportedly been a serious cause of concern for the International Monetary Fund (IMF) despite a rosy picture presented by officials of Ministry of Water and Power in Dubai talks, well informed sources told Business Recorder. "Circular debt which is a big threat to the economy, recovery of receivables and prospects of new investment in power sector and uncontrolled losses were two main concerns of the IMF staff," the sources added.

A consortium of nine commercial banks has reportedly provided Rs 25 billion loan to the power sector, it was learnt. Sources told Business Recorder that National Bank of Pakistan was the highest lender with Rs 5.3 billion provided to the power sector.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	February 6, 2015
FIPI (06-Feb-2015)	-8.71	Yearly(Jul, 2014 up to 04-Feb-2015)	116.44	<b>Indices</b>	
Local Companies (06-Feb-2015)	-2.06			All Share Index	24,887.01
Banks / DFI (06-Feb-2015)	1.60	Monthly(Feb, 2015 up to 04-Feb-2015)	12.49	KSE-30TM Index	22,489.58
Mutual Funds (06-Feb-2015)	1.06			KSE-100TM Index	34,656.94
NBFC (06-Feb-2015)	0.68	Daily (04-Feb-2015)	8.25	<b>Turnover</b>	
Local Investors (06-Feb-2015)	6.81			All Share Index	257,433,780
Other Organization (06-Feb-2015)	0.62	Total Portfolio Investment (23-Jan-2015)	6476	KSE-30TM Index	96,061,800
				KSE-100TM Index	165,613,810



## MILESTONE

Monday, February 9, 2015

## [ Morning Report ]

## Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	34656.94	72.09	34,569	34,482	34,794	34,932	34,707
Attock Cement	214.87	63.73	213.60	212.30	215.60	216.30	214.30
Adamjee Insurance	56.61	72.15	56.35	56.10	56.90	57.15	56.65
Askari Bank	25.30	70.32	25.20	25.05	25.45	25.55	25.30
Azgard Nine	6.03	47.71	5.95	5.90	6.15	6.25	6.05
Attock Petroleum	546.89	47.68	539.95	532.95	551.40	555.95	544.45
Attock Refinery	196.24	43.92	195.40	194.55	197.70	199.15	196.85
Bank Al-Falah	33.65	53.80	33.45	33.30	33.80	33.95	33.60
BankIslami Pak	9.92	47.15	9.90	9.85	10.00	10.05	9.95
Bank.Of.Punjab	10.59	50.30	10.50	10.35	10.75	10.95	10.65
Fauji Cement	32.41	76.41	31.65	30.90	32.85	33.30	32.10
Fauji Fert Bin	51.91	69.83	51.55	51.25	52.35	52.80	52.00
Fauji Fertilizer	137.95	76.44	136.65	135.30	139.65	141.30	138.30
Habib Bank Ltd	210.42	44.07	209.60	208.75	211.70	212.95	210.85
Hub Power	86.50	65.47	85.35	84.20	87.30	88.05	86.15
ICI Pakistan	481.42	41.70	478.30	475.15	487.30	493.15	484.15
Jah Siddiq Co	21.24	44.21	21.00	20.80	21.35	21.45	21.15
Lucky Cement	529.91	60.67	527.20	524.50	533.30	536.70	530.60
MCB Bank Ltd	321.27	47.36	316.70	312.15	328.90	336.55	324.35
Maple Leaf Cement	56.68	77.39	55.35	53.95	57.45	58.25	56.10
National Bank	68.99	50.30	68.75	68.50	69.45	69.85	69.15
NIB Bank	2.47	55.26	2.45	2.40	2.55	2.60	2.50
Oil & Gas Dev. XD	217.09	53.92	215.30	213.50	218.45	219.80	216.65
P.S.O. XD	408.05	72.04	404.25	400.50	411.35	414.70	407.60
Sui North Gas	26.54	34.77	26.05	25.60	27.40	28.20	26.90

## Board Meetings

Company	DATE	TIME
Engro Fertilizers Ltd	09-02-2015	9:30
Pak Refinery Ltd	09-02-2015	3:00
Pak Hotels Developers Ltd	10-02-2015	11:00
Lotte Chemical Pak Ltd	11-02-2015	10:30
MCB Bank Ltd	12-02-2015	11:00
Askari Bank Ltd	13-02-2015	10:00

## Key Data

## Money Market

T-Bills (3 Mths)	04-Feb-2015	8.43%
T-Bills (6 Mths)	04-Feb-2015	8.47%
T-Bills (12 Mths)	04-Feb-2015	8.39%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	06-Feb-2015	8.73%
Kibor (3 Mths)	06-Feb-2015	8.51%
Kibor (6 Mths)	06-Feb-2015	8.53%
Kibor (9 Mths)	06-Feb-2015	8.81%
Kibor (1 Yr)	06-Feb-2015	8.84%
P.I.B (3 Yrs)	06-Feb-2015	8.50%
P.I.B (5 Yrs)	06-Feb-2015	8.80%
P.I.B (10 Yrs)	06-Feb-2015	9.78%
P.I.B (15 Yrs)	06-Feb-2015	10.40%
P.I.B (20 Yrs)	06-Feb-2015	10.75%
P.I.B (30 Yrs)	06-Feb-2015	11.10%

## Commodities

Crude Oil (brent)\$/bbl	57.77
Crude Oil (WTI)\$/bbl	51.42
Cotton \$/lb	61.46
Gold \$/ozs	1,233.86
Silver \$/ozs	16.71
Malaysian Palm \$	624
GOLD (PMEX) PKR	40,370
KHI Cotton 40Kg PKR	5,198

CR = Yesterday's Closing Rate; RSI = 14 day RSI.  
RSI Indication: Less than 30 Indicate oversold position & Greater than 70 Indicate overbought position.

## MILESTONE

Monday, February 9, 2015

# MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
6-Feb-15	95,210,550	4,034,335,524	8,902,300	537,936,381	104,112,850	4,572,271,905	14.42
4-Feb-15	96,275,450	4,059,246,905	7,276,500	461,082,652	103,551,950	4,520,329,557	13.77
Chg DoD %	-1.11%	-0.61%	22.34%	16.67%	0.54%	1.15%	0.65 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	1,652,500	50,627,186	6,000	190,313	1,658,500	50,817,500	16.02
AICL	1,650,200	75,977,794	100,000	4,829,117	1,750,200	80,806,911	14.88
AKBL	4,593,000	95,351,337	48,500	1,043,450	4,641,500	96,394,788	15.99
ATRL	189,200	31,575,894	14,600	2,445,850	203,800	34,021,744	16.70
BAFL	1,068,500	30,438,881	178,000	5,087,151	1,246,500	35,526,032	14.00
BAHL	35,000	1,480,638	-	-	35,000	1,480,638	-
BOP	24,772,200	222,793,980	1,109,000	9,979,514	25,881,200	232,773,493	16.70
CHCC	1,244,500	88,423,376	409,500	30,817,352	1,654,000	119,240,729	15.07
DGKC	946,500	97,926,301	252,500	27,855,033	1,199,000	125,781,334	13.27
EFOODS	671,900	75,903,032	122,500	13,854,175	794,400	89,757,206	14.61
ENGRO	5,179,600	1,179,201,550	541,800	133,767,964	5,721,400	1,312,969,514	14.22
FABL	3,948,500	61,041,755	173,000	2,662,629	4,121,500	63,704,384	13.79
FATIMA	4,516,500	142,367,014	142,000	4,554,334	4,658,500	146,921,348	12.31
FCCL	2,721,700	69,239,141	1,745,000	48,224,681	4,466,700	117,463,822	15.38
FFBL	2,191,500	96,611,993	78,000	3,442,228	2,269,500	100,054,221	13.36
FFC	2,023,300	226,909,570	273,800	32,175,135	2,297,100	259,084,705	13.44
HUBC	1,943,500	136,994,410	-	-	1,943,500	136,994,410	-
KEL	7,623,250	54,970,182	263,500	1,871,025	7,886,750	56,841,208	16.51
LPCL	5,314,500	79,621,321	104,500	1,587,509	5,419,000	81,208,830	16.21
LUCK	163,600	72,558,063	38,400	17,290,207	202,000	89,848,269	13.41
MCB	1,000	282,747	-	-	1,000	282,747	-
MLCF	2,109,000	92,211,766	906,500	43,854,192	3,015,500	136,065,958	15.83
NBP	1,600,200	93,677,320	184,300	10,840,463	1,784,500	104,517,783	14.76
NCL	1,233,000	47,560,437	136,000	5,269,788	1,369,000	52,830,226	13.97
NML	334,900	36,564,533	33,000	3,718,173	367,900	40,282,706	15.19
NPL	100,000	3,821,410	-	-	100,000	3,821,410	-
OGDC	26,300	4,826,359	8,300	1,533,259	34,600	6,359,618	13.33
PAEL	3,928,500	172,728,841	350,500	16,870,600	4,279,000	189,599,441	16.39
PIOC	1,426,500	104,673,654	111,000	8,254,125	1,537,500	112,927,779	16.68
PKGP	49,500	1,325,840	71,500	2,076,417	121,000	3,402,258	16.70
PPL	879,000	129,333,766	98,700	14,979,669	977,700	144,313,434	12.97
PSO	274,300	90,151,960	147,700	51,252,489	422,000	141,404,450	12.52
PTC	2,729,500	58,652,984	160,000	3,511,577	2,889,500	62,164,561	14.73
SNGP	1,042,500	24,429,359	398,500	8,992,019	1,441,000	33,421,377	15.87
SSGC	6,611,500	221,585,397	676,000	22,146,323	7,287,500	243,731,720	14.43
UBL	415,400	62,495,732	19,700	2,959,620	435,100	65,455,352	13.73
<b>TOTAL</b>	<b>95,210,550</b>	<b>4,034,335,524</b>	<b>8,902,300</b>	<b>537,936,381</b>	<b>104,112,850</b>	<b>4,572,271,905</b>	<b>14.42</b>

## Risk Disclosure

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