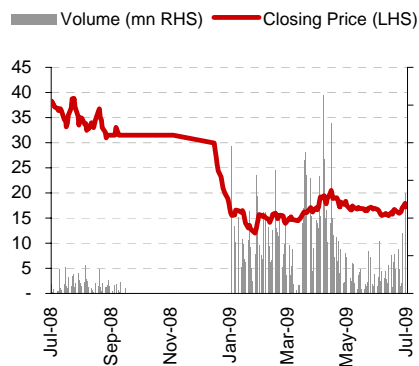


## In Focus

Technology and  
Communication

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### Price and Volume Graph



## PTC: FY09E Earnings Estimate Revised Upward

- Our full year FY09E earnings forecast has been revised upward by 6.3% to PKR1.85 in light of recent discussions with management
- Reversals pertinent to an international incoming revenue dispute have already been booked and will not effect 4QFY09E earnings. Also, management believes that subscriber attrition has leveled off and the base should remain stable moving forward; this will remain a key determinant of future earnings stability
- The Board of Directors have announced a cash dividend of PKR1.5/share for FY09E
- At current levels, PTC reflects upside of 41.6% to our fair value of PKR25. Moreover the scrip is trading at an FY09E PER of 9.5x

We have revised our full year FY09E earnings forecast for PTC upward by 6.3% from PKR1.74 to PKR1.85. Recent discussions with management yielded positive news which has been incorporated into our estimates.

### Earnings stability to emerge as subscriber base stabilizes

Management had indicated that in 2QFY09, PTC was faced with a dispute pertinent to international incoming revenue which subsequently led to revenue reversals in 2Q-3QFY09. These reversals are now out of the way and no further reversals are expected to come through in 4QFY09E.

Management also mentioned that in the face of stiff competition from cellular operators, PTC had also revised its NWD charges downward from PKR2.0/min to PKR2.0/3min, bringing them in line with local call charges. While we expect this to adversely affect 4QFY09E revenues, the company has alluded to shrinkage in NWD revenue already and does not believe the incremental impact will be too significant.

Most importantly, the company shared that subscriber attrition has now leveled off and the base is expected to remain stable moving forward. Latest reported PTA figures put PTC's subscribers at about 3.6mn by CY08 end; this represents a decline of 16.3% in 1HFY09. As mentioned in previous reports, arresting subscriber erosion will remain a key determinant of stability in PTC's future earnings. While this is certainly welcome news; we remain conservative for now and await FY09 figures before incorporating any forecast changes in this regard.

PTC's Board of Directors also held a meeting on June 30, 2009 to determine shareholder entitlement and a cash dividend of PKR1.5/share has been announced for FY09.

### Outlook and recommendation

At current levels, PTC reflects upside of 41.6% to our fair value of PKR25. Moreover the scrip is trading at an FY09E PER of 9.5x.