



The Pakistan Credit Rating Agency Limited

PAKISTAN MOBILE COMMUNICATIONS LIMITED

	NEW [NOV-17]	PREVIOUS [MAR-17]
Long-Term	AA-	AA-
Short-Term	A1	A1
Outlook	Positive	Positive
Rating Watch	-	-

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NOVEMBER 2017



Pakistan Mobile Communications Limited					PKR mln
BALANCE SHEET	30-Jun-17	30-Dec-16	31-Dec-15	31-Dec-15	31-Dec-14
	1HCY17(Cons.)	CY16 (Cons.)	CY15 (Cons.)	CY15	CY14
Non-Current Assets	205,948	215,286	128,851	124,898	137,047
Investments (Others)	-	-	-	5,565	5,301
Current Assets	56,701	30,891	13,954	8,773	11,553
Inventory (Finished Goods)	471	234	433	433	222
Trade Receivables	6,908	6,399	3,412	2,204	1,980
Other Current Assets	42,852	7,919	7,252	4,056	3,821
Cash & Bank Balances	6,470	16,338	2,857	2,081	5,530
Total Assets	262,649	246,176	142,805	139,236	153,901
Debt	93,650	77,266	45,098	44,627	40,875
Short-term	-	-	-	-	-
Long-term (Incl. Current Maturity of long-term debt)	93,650	77,266	45,098	44,627	40,875
Trade Payables	8,856	7,321	2,773	6,029	20,672
Due to Associates	-	-	-	609	136
Provision for Taxation	1,058	3,642	6,263	4,486	4,943
Other Liabilities	71,116	72,683	47,172	51,801	52,331
Shareholder's Equity	84,435	80,264	41,499	31,684	34,944
Total Liabilities & Equity	259,115	241,176	142,805	139,236	153,901

INCOME STATEMENT					
Turnover	74,599	128,751	99,912	94,300	92,379
Gross Profit	29,578	49,673	25,266	22,525	28,029
Operating Profit	14,129	17,162	589	(1,481)	7,193
Other Income	621	788	543	3,489	3,138
Financial Charges	(2,125)	(4,672)	(4,538)	(4,562)	(4,473)
Taxation	(7,600)	(7,136)	19	784	(8,957)
Net Income	7,641	10,210	(1,223)	(2,703)	(1,438)

Cashflow Statement					
Free Cashflow from Operations (FCFO)	25,552	45,243	38,753	36,896	32,760
Net Cash changes in Working Capital	(3,147)	10,305	(12,104)	(14,983)	10,758
Net Cash from Operating Activities	21,133	52,808	23,148	17,849	40,269
Net Cash from Investing Activities	(43,074)	(23,705)	(24,997)	(23,854)	(67,840)
Net Cash from Financing Activities	12,742	(17,086)	(1,164)	3,336	20,681
Net Cash generated during the period	(9,198)	12,017	(3,014)	(2,669)	(6,891)
Closing Balance of Cash & Equivalents	6,770	16,338	3,637	2,860	5,530

Ratio Analysis					
Performance					
Turnover Growth	42.3%	28.9%	8.2%	34.7%	21.8%
Gross Margin	39.7%	38.6%	25.3%	23.9%	30.3%
EBITDA Margin	44.0%	39.1%	41.9%	41.3%	40.1%
Net Margin	10.2%	7.9%	-1.2%	-2.9%	-1.6%
ROE	13.4%	10.0%	-2.3%	-6.4%	-3.2%

Coverages					
Debt Service Coverage					
1. (FCFO/Gross Interest+CMLTD) (X)	1.8	1.8	2.1	2.1	2.5
2. (FCFO/Gross Interest+CMLTD+Uncovered STB) (X)	1.1	0.6	0.7	0.6	2.5
Interest Coverage					
1. (FCFO/Gross Interest) (X)	10.1	8.1	7.2	6.8	7.3
2. (EBITDA/Gross Interest) (X)	13.0	9.0	7.7	7.2	8.3

Liquidity and Cashflows					
Current ratio excluding CMLTD (X)	0.7	0.4	0.3	0.2	0.2
Net Cash Cycle (Inventory Days + Receivable Days - Payable)	-15.1	-9.1	-21.3	-43.4	-120.0
Capital Structure (Total Debt/Total Debt+Equity)	54.6%	51.2%	52.1%	58.5%	53.9%

CREDIT RATING SCALE & DEFINITIONS

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

LONG TERM RATINGS		SHORT TERM RATINGS
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments.	A1+: The highest capacity for timely repayment. A1: A strong capacity for timely repayment. A2: A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions. A3: An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions. B: The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. C: An inadequate capacity to ensure timely repayment.
AA+	Very high credit quality. Very low expectation of credit risk.	
AA	Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	
AA-		
A+	High credit quality. Low expectation of credit risk.	
A	The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.	
A-		
BBB+	Good credit quality. Currently a low expectation of credit risk.	
BBB	The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.	
BBB-		
BB+	Moderate risk. Possibility of credit risk developing.	
BB	There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.	
BB-		
B+	High credit risk.	
B	A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.	
B-		
CCC	Very high credit risk. Substantial credit risk	
CC	“CCC” Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. “CC” Rating indicates that default of some kind appears probable. “C” Ratings signal imminent default.	
C		
D	Obligations are currently in default.	

Outlook (Stable, Positive, Negative, Developing)
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. ‘Stable’ outlook means a rating is not likely to change. ‘Positive’ means it may be raised. ‘Negative’ means it may be lowered. Where the trends have conflicting elements, the outlook may be described as ‘Developing’.

Rating Watch
Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating Watch may accompany Outlook of the respective opinion.

Suspension
It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn
A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the debt instrument is redeemed, d) the rating remains suspended for six months, e) the entity/issuer defaults, or/and f) PACRA finds it impractical to surveil the opinion due to lack of requisite information

Disclaimer: PACRA's ratings are an assessment of the credit standing of entities/issue in Pakistan. They do not take into account the potential transfer / convertibility risk that may exist for foreign currency creditors. PACRA's opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.