

### BAFL reminder: Warid sell off to beef up BAFL earnings

Warid telecom fully owned company of Abu Dhabi group.

With 8.24% stake in Warid, Bank Alfalah (BAFL) is showing 319mn shares of WaridTell in its books, which translated into net cost of Rs 4.4bn.

### Etisalat group keen to buy Warid for \$1 billion

Etisalat Group has already hired Goldman to advice on this acquisition deal. Etisalat group hold stake with managerial control in Pakistan Telecommunication (PTC) and it is also expected that the acquisition will be done on the ground of PTC.

### BAFL shareholders' earnings sensitivity with deal of Warid

Etisalat group has offered almost double the price at which Abu Dhabi group bought back 30% stake from SingTel of Singapore back in January.

Etisalat offered US \$1 billion (Rs 27 per share) for acquisition wherein BAFL is recording its book value at Rs 13 per share in its books. BAFL yields 1x (BVS: Rs 22/sh).

**We expect that if this deal is finalized at said price than BAFL will enjoy incremental earnings between Rs 1.90 to 2.30 per share. BAFL total EPS could spike up to Rs 5.5 – Rs 5.7 (incl. of gain in deal).**

**Else our *recurring* EPS forecast as per BAFL model is Rs 3.3 – Rs 3.4. On recurring EPS, BAFL yields PE of 5.9x. We maintain BUY**

**BAFL is a deposit mobilization play and yield one of the lowest market capitalizations to deposit ratio in the industry.**

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