



ACPL DIGEST

(Feb-22)

Abbasi and Company (Pvt.) Limited (ACPL) is amongst the notable financial brokerage firms in Pakistan. The company is a TREC holder of Pakistan Stock Exchange Limited (PSX) and is a universal member of Pakistan Mercantile Exchange Limited (PMEX). Pakistan Credit Rating Agency (PACRA) has assigned the initial broker rating of “BMR 2” and “BFR 2” with “Stable” outlook to Abbasi and Company (Pvt.) Limited.

ACPL Research covers 40 scrips from 13 sectors which constitute around 50% of the market capitalization of the KSE 100 index

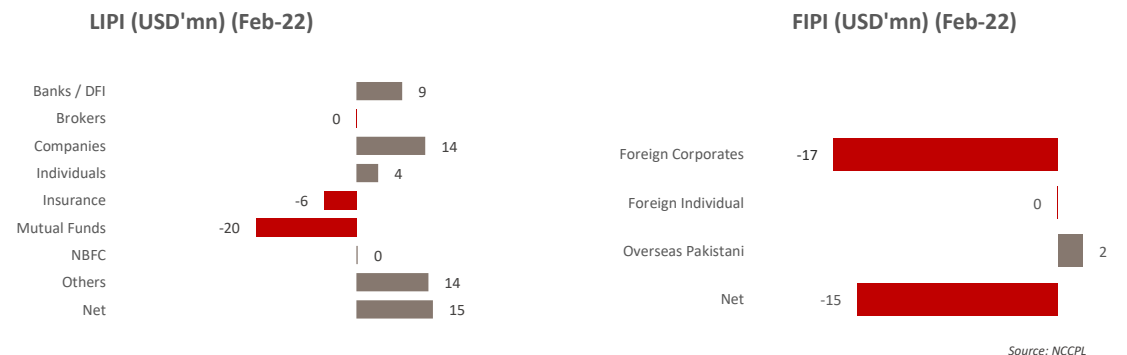
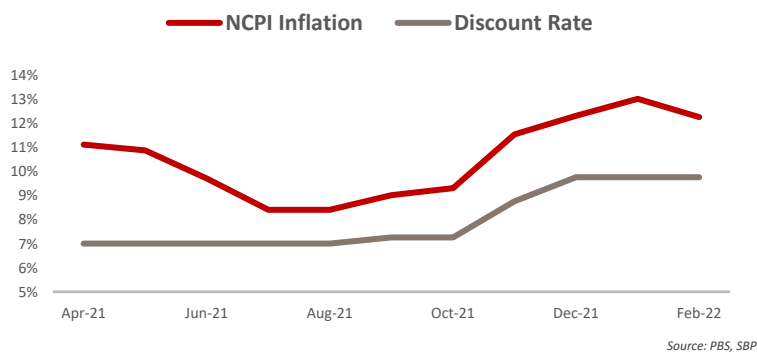
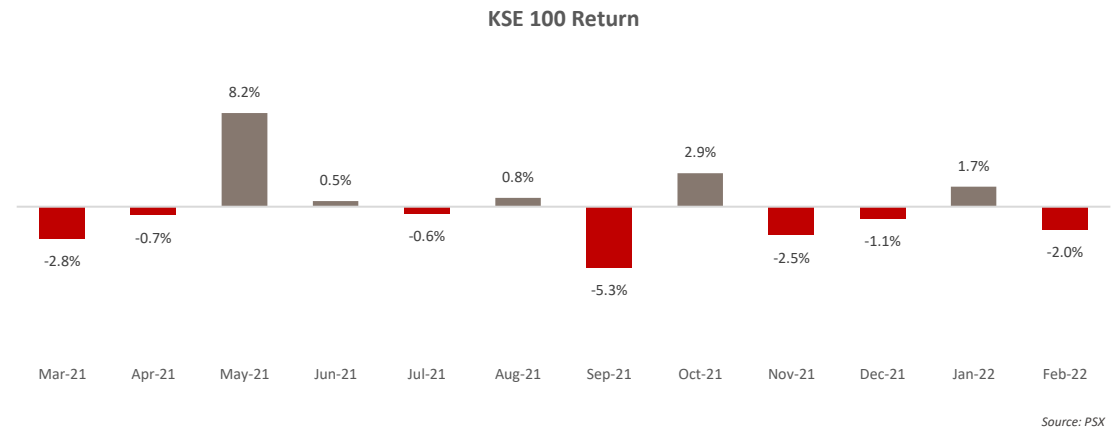


ACPL DIGEST (Feb-22)



Remittances			Exports			Imports			Current Account	
Jul - Jan 21	Jul - Jan 22	Change	Jul - Jan 21	Jul - Jan 22	Change	Jul - Jan 21	Jul - Jan 22	Change	Jul - Jan 21	Jul - Jan 22
\$16.5 bn	\$18.0 bn	▲ 9.1%	\$14.3 bn	\$17.7 bn	▲ 24.2%	\$29.2 bn	\$46.0 bn	▲ 57.5%	\$1.0 bn	-\$11.6 bn

After posting a return of 1.7% in Jan-22, the index closed the month of Feb-22 with a negative return of 2% amid declining Pak Rupee which depreciated by around 0.4% during the period to close at Rs.177.47. The market remained under selling pressure in the majority part of the month due to the uncertainty over rising international crude oil prices owing to the Russi-Ukraine conflict. Furthermore, the uncertainty on the political front related to the vote of no confidence also kept the investors' confidence in check. However, the PM Khan, in an unexpected move, announced a relief package on the last day of the month in which he announced Rs10/liter reduction in the petrol prices, Rs5/unit reduction in electricity, tax exemptions for the IT sector, new startups and sick industrial units. According to the Finance Minister Mr. Shaukat Tarin, the total cost of the package is around Rs250-300bn which would



be financed through PSDP cut and dividends of government public companies. We expect the package would bring much-needed stability to the market and revive the sentiments of the investors. Furthermore, we reinforce our stance that there is no threat to the continuity of the government as the opposition alliance has almost failed to take the support of government allies for the vote of no confidence. However, the economic front remains a key area of concern for investors in the near future as the CAD is increasing at a higher than expected rate owing to rising petroleum prices. As far as the monetary policy is concerned, we expect the interest rate to be in double digits from Mar-22. However, the raise wouldn't be more than 100 bps in our view as the MPC announced that the upcoming fine-tuning of interest rate would be modest. Going forward, we expect the market to remain volatile until ease in Russia/Ukraine war tension. Scrips from the textile, E&P, bank, fertilizer, and pharmaceutical sectors can yield good returns in the mid-term. Please refer to the fourth page of this document for scrip recommendations.

		(USD' mn) (Feb-22)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	0.31	4.34	-1.91	0.22	1.20	0.71	0.89	4.10	1.29	-2.12	9.02
	Broker Proprietary Trading	0.32	-1.06	0.45	-0.19	0.76	0.41	-0.19	0.08	0.16	-0.77	-0.04
	Companies	2.20	4.52	1.95	0.22	2.01	-0.46	0.71	0.05	1.45	0.87	13.51
	Individuals	1.22	-1.69	-2.00	0.28	-4.77	1.31	0.96	0.94	-2.85	10.86	4.26
	Insurance Companies	0.55	-1.28	-2.08	-0.51	-1.76	-0.33	-0.06	2.87	-0.29	-3.43	-6.34
	Mutual Funds	-3.58	-2.22	0.86	-0.12	1.00	-1.24	-1.83	1.97	-1.92	-11.19	-18.26
	NBFC	0.02	0.03	0.05	-0.00	-0.01	-0.02	-0.00	0.02	0.02	0.17	0.27
	Other Organization	1.56	0.70	4.78	0.61	1.44	-0.11	-0.74	-2.06	-0.59	7.03	12.62
LIPI Total		2.60	3.34	2.09	0.50	-0.13	0.26	-0.25	7.96	-2.74	1.42	15.04

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-3.03	-2.14	-1.84	-0.18	-0.46	-0.65	-0.23	-7.73	2.66	-3.20	-16.80
	Foreign Individual	0.00	0.00	0.00	-0.07	0.00	0.00	0.00	0.01	0.00	0.00	-0.07
	Overseas Pakistani	0.43	-1.19	-0.25	-0.24	0.60	0.39	0.48	-0.24	0.07	1.78	1.84
	Total	-2.60	-3.34	-2.09	-0.50	0.13	-0.26	0.36	-7.96	2.74	-1.42	-15.04

Source: NCCPL

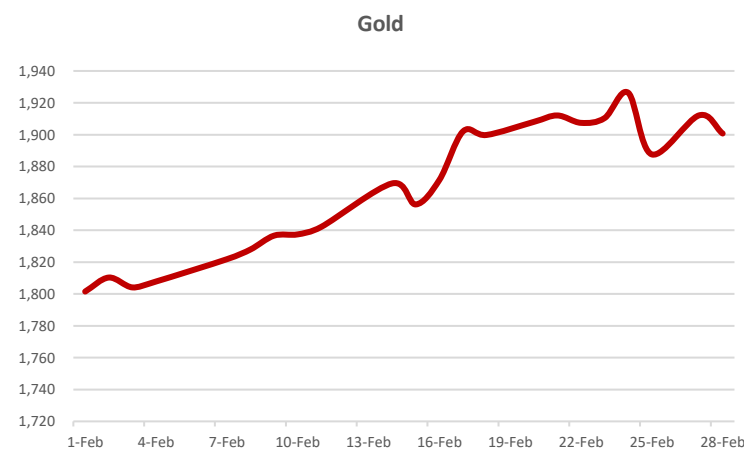
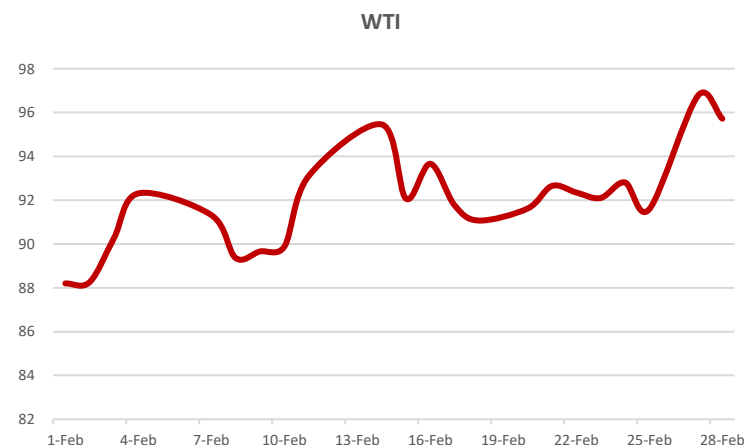
COMMODITIES OVERVIEW

Crude Oil

WTI Crude Oil surged by 9% during Feb-22 and concluded the month at \$95.72 as concerns over potential supply disruption amid Russia's invasion of Ukraine outweighed talk of a coordinated global release of crude stocks to calm markets. Furthermore, OPEC nations barely increased production last month amid chronic struggles among members and renewed unrest in Libya, again illustrating the group's inability to calm a booming market. Therefore, we expect the fragile situation in Ukraine and financial and energy sanctions against Russia will keep the energy crisis stoked and oil well above \$100 per barrel in the near-term and even higher if the conflict escalates further. On the other hand, the Organization of the Petroleum Exporting Countries (OPEC) and other producers - including Russia - will also meet on Wednesday and are anticipated to maintain a gradual increase to supplies.

Gold

Gold surged by 6% during Feb-22 and concluded the month at \$1,799.30 as concerns surrounding Russia's invasion of Ukraine continued to grow. Tensions have increased as Russia's invasion continues to escalate, with no real sign of a peaceful resolution through diplomacy seeming possible. Ukrainian citizens continue to witness Russian airstrikes now for the fifth day as Russian troops move closer to the capital of Kyiv. All things being equal, as long as the invasion by Russia continues to escalate and America, Canada, and EU countries continue to support Ukraine, it appears that the fighting in Ukraine will get much worse before it gets better. That fact will continue to support safe-haven assets specifically gold taking the precious yellow metal to yet higher prices.



SCRIP RECOMMENDATIONS

Textile Composite

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
NCL	50.0	Dec 22 75	50.0 ▲	52.88	69.2	0.8	FY22E 8.50	16.1	1HFY22 19.61	FY22E 40.50	1.3	240	108
ILP	75.0	Dec 22 85	13.3 ▲	77.12	25.8	3.0	FY22E 2.00	2.6	1HFY22 5.25	FY22E 10.42	7.4	898	135
GATM	44.0	Dec 22 60	36.4 ▲	46.83	38.8	1.2	FY22E 1.50	3.2	1HFY22 5.44	FY22E 11.08	4.2	513	154

Oil & Gas Exploration Companies

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
OGDC	85.0	Dec 22 150	76.5 ▲	87.80	186.8	0.5	FY22E 8.50	9.7	1HFY22 16.02	FY22E 34.26	2.6	4,301	645
PPL	75.0	Dec 22 130	73.3 ▲	78.14	149.8	0.5	FY22E 5.00	6.4	1HFY22 11.65	FY22E 27.26	2.9	2,721	667
POL	363.0	Dec 22 470	29.5 ▲	370.62	127.2	2.9	FY22E 70.00	18.9	1HFY22 38.48	FY22E 76.56	4.8	284	130
MARI	1720.0	Dec 22 2,000	16.3 ▲	1788.34	934.3	1.9	FY22E 125.00	7.0	1HFY22 124.21	FY22E 249.50	7.2	133	27

Pharmaceuticals

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
HINOON	580.0	Dec 22 800	37.9 ▲	597.19	136.4	4.4	CY21E 17.50	2.9	9MICY21 32.23	CY21E 43.92	13.6	38	17
SEARL	125.0	Dec 22 160	28.0 ▲	127.08	86.5	1.5	FY22E 3.00	2.4	1HFY22 4.54	FY22E 10.63	12.0	312	140
AGP	80.0	Dec 22 120	50.0 ▲	82.95	32.0	2.6	CY21E 2.25	2.7	9MICY21 3.98	CY21E 6.54	12.7	280	84
CPHL	36.0	Dec 22 50	38.9 ▲	36.53	19.5	1.9	FY22E -	0.0	1HFY22 1.50	FY22E 3.01	12.1	228	73

Technology & Communication

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
SYS	610.0	Dec 22 835	36.8 ▲	645.98	67.2	9.6	CY21E 5.00	0.8	9MICY21 16.74	CY21E 22.95	28.1	138	83
AIRLINK	52.0	Dec 22 70	34.6 ▲	56.87	27.7	2.1	FY22E -	0.0	1HFY22 2.60	FY22E 6.00	9.5	395	110
OCTOPUS	80.0	Dec 22 100	25.0 ▲	87.85	12.1	7.3	CY21E -	0.0	9MICY21 2.56	CY21E 5.39	16.3	137	27

Food & Personal Care Products

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
MFL	28.0	Dec 22 40	42.9 ▲	30.37	54.3	0.6	FY22E -	0.0	1HFY22 0.49	FY22E 1.56	19.5	122	31
TOMCL	29.0	Dec 22 40	37.9 ▲	30.71	23.0	1.3	FY22E -	0.0	1HFY22 2.05	FY22E 4.50	6.8	123	50
UNITY	25.3	Dec 22 35	38.3 ▲	27.42	13.4	2.0	FY22E -	0.0	1HFY22 0.91	FY22E 1.98	13.8	1,194	478

SCRIP RECOMMENDATIONS

Real Estate Investment Trust

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
DCR	12.8	Dec 22 13	1.6 ▲	13.63	25.8	0.5	FY22E 1.50	11.0	1HFY22 1.21	FY22E 2.98	4.6	2,224	556

Commercial Banks

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
MCB	155.0	Dec 22 180	16.1 ▲	158.00	149.9	1.1	CY22E 20.00	12.7	CY21 26.00	CY22E 27.92	5.7	1,185	415
BAHL	72.5	Dec 22 100	37.9 ▲	76.16	79.0	1.0	CY22E 7.50	9.8	CY21 16.83	CY22E 18.29	4.2	1,111	722
BAFL	35.0	Dec 22 45	28.6 ▲	36.50	52.1	0.7	CY22E 4.50	12.3	CY21 8.00	CY22E 9.33	3.9	1,777	622
BOP	7.6	Dec 22 9	18.4 ▲	7.94	20.3	0.4	CY22E 1.00	12.6	CY21 4.71	CY22E 4.81	1.7	2,644	1,116
HBL	115.0	Dec 22 160	39.1 ▲	116.17	175.1	0.7	CY22E 8.50	7.3	CY21 23.36	CY22E 26.28	4.4	1,467	733
UBL	144.0	Dec 22 175	21.5 ▲	148.29	151.9	1.0	CY22E 21.00	14.2	CY21 25.23	CY22E 35.41	4.2	1,224	490

Cement

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
FCCL	17.0	Dec 22 22	29.4 ▲	17.68	17.9	1.0	FY22E -	0.0	1HFY22 1.30	FY22E 2.23	7.9	1,380	759
ACPL	120.0	Dec 22 175	45.8 ▲	132.00	127.1	1.0	FY22E 5.50	4.2	1HFY22 6.20	FY22E 12.26	10.8	137	27
MLCF	31.0	Dec 22 48	54.8 ▲	33.44	35.7	0.9	FY22E -	0.0	1HFY22 2.19	FY22E 4.28	7.8	1,098	494
CHCC	130.0	Dec 22 180	38.5 ▲	136.35	75.7	1.8	FY22E 3.50	2.6	1HFY22 12.20	FY22E 27.12	5.0	194	117

Engineering

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
MUGHAL	90.0	Dec 22 160	77.8 ▲	95.72	54.2	1.8	FY22E 6.00	6.3	1HFY22 10.52	FY22E 20.54	4.7	336	84
ASTL	34.5	Dec 22 60	73.9 ▲	36.90	49.3	0.7	FY22E 3.50	9.5	1HFY22 4.39	FY22E 8.81	4.2	297	74
AGHA	20.0	Dec 22 28	40.0 ▲	20.63	23.8	0.9	FY22E -	0.0	1HFY22 1.95	FY22E 4.28	4.8	605	144
ISL	58.0	Dec 22 100	72.4 ▲	61.54	42.6	1.4	FY22E 10.50	17.1	1HFY22 9.71	FY22E 20.81	3.0	435	152
ASL	12.5	Dec 22 15	20.0 ▲	13.11	19.9	0.7	FY22E -	0.0	1HFY22 0.59	FY22E 1.26	10.4	766	347

Automobile Parts & Accessories

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
PTL	32.5	Dec 22 50	53.8 ▲	34.28	39.8	0.9	FY22E -	0.0	1HFY22 1.54	FY22E 3.18	10.8	168	42

SCRIP RECOMMENDATIONS

Fertilizer

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
FFC	106.0	Dec 22	125	17.9 ▲	109.23	76.1	1.4	CY22E	15.00	13.7	CY21	17.21	CY22E	17.98	6.1	1,272	700
EFERT	80.0	Dec 22	100	25.0 ▲	88.51	33.0	2.7	CY22E	13.50	15.3	CY21	15.80	CY22E	14.89	5.9	1,335	601
FFBL	21.0	Dec 22	40	90.5 ▲	22.54	21.3	1.1	CY22E	-	0.0	CY21	4.95	CY22E	5.75	3.9	1,291	452
FATIMA	34.5	Dec 22	50	44.9 ▲	36.50	45.7	0.8	CY21E	3.50	9.6	9MCY21	6.71	CY21E	8.56	4.3	2,100	315

Glass & Ceramics

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
TGL	120.0	Dec 22	175	45.8 ▲	128.92	85.4	1.5	FY22E	16.00	12.4	1HFY22	19.09	FY22E	31.36	4.1	138	55

Miscellaneous

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
PABC	27.0	Dec 22	45	66.7 ▲	27.18	12.0	2.3	CY21E	-	0.0	9MCY21	3.61	CY21E	3.81	7.1	361	108

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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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