




ACPL DIGEST

(Jun-21)

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 “BFR 2” with “Stable” outlook to Abbasi and Company (Pvt.) Limited.



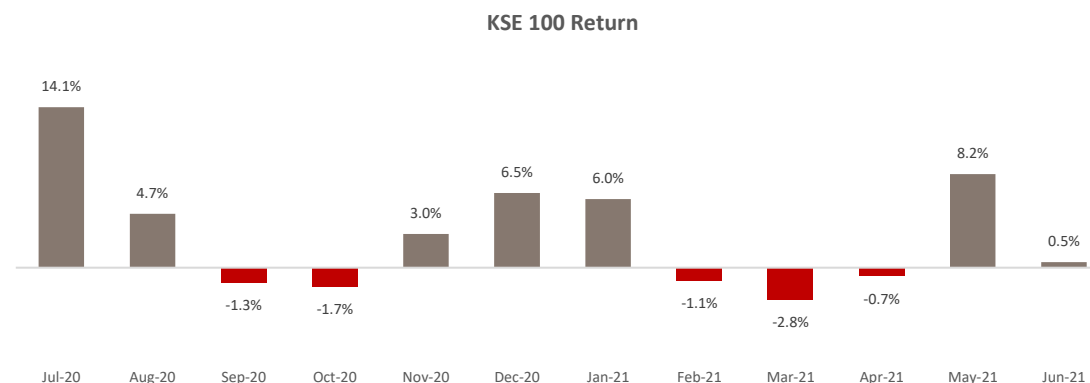
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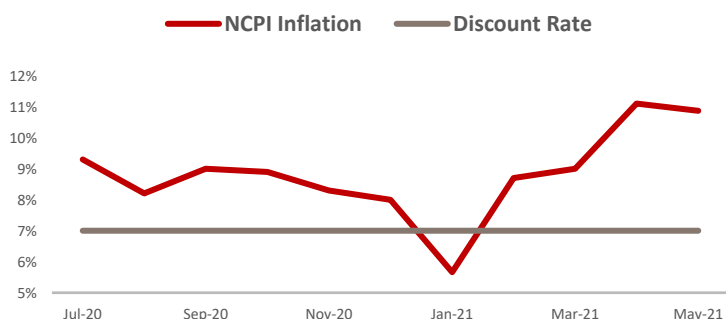
Remittances		Exports		Imports		Current Account Balance		Fiscal Balance	
May-21	▲ 33.5%	May-21	▲ 18.5%	May-21	▲ 85.9%	May-21	\$632mn	9MFY21	Rs.1.65tn
11MFY21	▲ 29.4%	11MFY21	▲ 14.0%	11MFY21	▲ 22.5%	11MFY21	\$153mn	Primary	Rs.452bn

After posting the encouraging return of 8.2% in May-21, the index closed the month of Jun-21 with an insignificant return of 0.5%. However, on annual basis, the index performed extremely well and posted an absolute return of 37.6% in FY21 against 1.5% in FY20. The most encouraging development during the year was the sharp recovery in economy fueled by the robust growth in remittances and government’s policy of keeping the businesses open with SOPs amid the third wave of Covid-19.

Going forward, we expect the stock market to perform well in the long term as the expansionary fiscal policy adopted by the government in the recent budget would help the economy to grow further. However, in the short term, the addition of further six points in FATF’s action plan, the probable hike in interest rate in coming months amid rising inflationary pressure, and the depreciation of Pak Rupee amid widening of CAD would keep the market performance in check. Please refer to the third page of this document for scrip recommendations.



Source: PSX



Source: PBS, SBP



Source: NCCPL

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		(USD' mn) (FY21)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	-9.61	8.77	-7.18	-6.01	5.58	-3.59	-40.49	-8.53	-10.01	-26.30	-97.36
	Broker Proprietary Trading	-1.46	-6.58	-6.08	6.18	7.10	2.51	2.63	-13.76	0.11	-22.53	-31.88
	Companies	4.42	45.82	-20.99	-11.26	18.88	-9.31	2.76	6.35	6.46	95.17	138.29
	Individuals	9.35	70.23	92.53	20.13	57.94	30.69	43.73	2.89	8.17	-10.75	324.91
	Insurance Companies	-8.16	-58.92	-11.50	2.71	-0.48	8.96	4.56	14.63	-15.45	55.20	-8.47
	Mutual Funds	27.33	3.01	-28.10	-2.67	-2.84	-4.89	-8.96	-10.22	12.11	41.10	25.87
	NBFC	-0.02	1.27	0.09	-0.60	-0.26	-1.04	0.83	0.59	0.01	-0.17	0.70
	Other Organization	-22.20	50.32	2.42	0.14	3.92	-8.94	5.82	1.76	-1.74	3.77	35.28
LIPI Total		-0.34	113.91	21.18	8.62	89.84	14.39	10.88	-6.31	-0.34	135.49	387.33

		(USD' mn) (FY21)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-15.57	-122.39	-18.55	-9.15	-95.00	-10.96	-11.06	7.63	0.80	-100.51	-374.76
	Foreign Individual	0.18	-1.38	-0.22	0.02	0.18	-0.09	-0.02	-0.35	0.11	1.63	0.07
	Overseas Pakistani	15.73	9.86	-2.41	0.50	4.98	-3.34	0.19	-0.97	-0.57	-36.61	-12.64
	Total	0.34	-113.91	-21.18	-8.62	-89.84	-14.39	6.43	6.31	0.34	-135.48	-387.33

Source: NCCPL

SCRIP RECOMMENDATIONS

Textile Composite

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
NCL	BUY	Dec 21	90	50.29	79.0 ▲	56.8	0.9	FY21E	1.75	3.5	9MFY21	15.11	FY21E	20.97	2.4	240	108
ILP	BUY	Dec 21	80	70.03	14.2 ▲	19.9	3.5	FY21E	2.00	2.9	9MFY21	5.29	FY21E	7.26	9.6	869	130
GATM	BUY	Dec 21	60	50.73	18.3 ▲	32.6	1.6	FY21E	1.50	3.0	9MFY21	8.08	FY21E	9.59	5.3	428	107

Oil & Gas Exploration Companies

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
OGDC	BUY	Dec 21	125	95.03	31.5 ▲	160.0	0.6	FY21E	6.10	6.4	9MFY21	15.45	FY21E	21.04	4.5	4,301	645
PPL	BUY	Dec 21	100	86.83	15.2 ▲	126.7	0.7	FY21E	-	0.0	9MFY21	14.01	FY21E	18.48	4.7	2,721	482
POL	HOLD	Dec 21	400	393.86	1.6 ▲	141.9	2.8	FY21E	36.60	9.3	9MFY21	33.74	FY21E	42.24	9.3	284	108
MARI	BUY	Dec 21	1,800	1524.39	18.1 ▲	698.0	2.2	FY21E	6.00	0.4	9MFY21	175.08	FY21E	237.10	6.4	133	22

Pharmaceuticals

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
HINOON	BUY	Dec 21	750	600.00	25.0 ▲	115.8	5.2	CY21E	18.00	3.0	1QCY21	10.74	CY21E	42.97	14.0	35	9
SEARL	BUY	Dec 21	320	242.62	31.9 ▲	66.5	3.6	FY21E	3.00	1.2	9MFY21	8.98	FY21E	13.82	17.6	240	108
AGP	HOLD	Dec 21	120	117.33	2.3 ▲	30.2	3.9	CY21E	3.50	3.0	1QCY21	1.37	CY21E	5.50	21.3	280	84

Technology & Communication

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
SYS	SELL	Dec 21	380	560.22	32.2 ▼	52.9	10.6	CY21E	5.00	0.9	1QCY21	3.83	CY21E	17.82	31.4	123	62

Food & Personal Care Products

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
MFL	SELL	Dec 21	28	41.05	31.8 ▼	55.3	0.7	FY21E	-	0.0	9MFY21	0.12	FY21E	0.26	157.9	122	47
TOMCL	SELL	Dec 21	27	36.74	26.5 ▼	23.3	1.6	FY21E	-	0.0	9MFY21	1.88	FY21E	2.47	14.9	112	50
UNITY	HOLD	Dec 21	45	44.52	1.1 ▲	5.9	7.6	FY21E	0.90	2.0	9MFY21	2.68	FY21E	3.74	11.9	994	76

Real Estate Investment Trust

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
DCR	HOLD	Dec 21	11	11.02	0.2 ▼	23.1	0.5	FY21E	1.17	10.6	9MFY21	0.90	FY21E	1.21	9.1	2,224	556

SCRIP RECOMMENDATIONS

Commercial Banks

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	Recent EPS		Expected EPS		P/E (F)	Shares ('mn)	Free Float ('mn)
MCB	BUY	Dec 21	205	159.83	28.3 ▲	160.4	1.0	CY21E	20.00	12.5	1QCY21	5.73	CY21E	29.14	5.5	1,185	415
BAHL	BUY	Dec 21	90	70.12	28.4 ▲	71.9	1.0	CY21E	5.00	7.1	1QCY21	4.14	CY21E	15.05	4.7	1,111	722
BAFL	BUY	Dec 21	42	32.18	30.5 ▲	51.2	0.6	CY21E	4.00	12.4	1QCY21	1.95	CY21E	7.35	4.4	1,777	563
BOP	BUY	Dec 21	11	8.40	31.0 ▲	19.8	0.4	CY21E	1.00	11.9	1QCY21	0.69	CY21E	2.80	3.0	2,644	1,116

Cement

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)		
FCCL	BUY	Dec 21	28	23.00	21.7 ▲	14.4	1.6	FY21E	1.50	6.5	9MFY21	1.89	FY21E	2.52	9.1	1,380	759
ACPL	HOLD	Dec 21	200	179.82	11.2 ▲	120.5	1.5	FY21E	3.50	1.9	9MFY21	6.98	FY21E	9.83	18.3	137	23
MLCF	BUY	Dec 21	58	46.98	23.5 ▲	28.5	1.6	FY21E	1.00	2.1	9MFY21	2.37	FY21E	3.26	14.4	1,098	267
CHCC	HOLD	Dec 21	190	177.38	7.1 ▲	51.7	3.4	FY21E	1.00	0.6	9MFY21	11.44	FY21E	15.49	11.5	194	106

Engineering

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)		
MUGHAL	BUY	Dec 21	120	104.40	14.9 ▲	32.4	3.2	FY21E	3.00	2.9	9MFY21	9.97	FY21E	13.02	8.0	252	61
ASTL	BUY	Dec 21	55	43.44	26.6 ▲	37.4	1.2	FY21E	1.50	3.5	9MFY21	3.12	FY21E	3.73	11.6	297	74
AGHA	HOLD	Dec 21	35	33.73	3.8 ▲	22.6	1.5	FY21E	-	0.0	9MFY21	2.77	FY21E	3.48	9.7	576	120

Automobile Parts & Accessories

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)		
PTL	HOLD	Dec 21	75	69.13	8.5 ▲	40.5	1.7	FY21E	-	0.0	9MFY21	5.71	FY21E	7.03	9.8	42	140

Fertilizer

	Stance	Target Price		LDCP	Upside (%)	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)		
FFC	BUY	Dec 21	131	106.10	23.5 ▲	33.4	3.2	CY21E	12.50	11.8	1QCY21	4.72	CY21E	15.56	6.8	1,272	700
EFERT	BUY	Dec 21	73	70.27	3.9 ▲	35.0	2.0	CY21E	10.20	14.5	1QCY21	4.82	CY21E	11.35	6.2	1,335	601
FFBL	BUY	Dec 21	30	26.41	13.6 ▲	14.9	1.8	CY21E	1.60	6.1	1QCY21	0.87	CY21E	3.31	8.0	1,291	327
FATIMA	HOLD	Dec 21	30	28.75	4.3 ▲	41.5	0.7	CY21E	2.50	8.7	1QCY21	1.80	CY21E	5.27	5.5	2,100	315

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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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