



ACPL DIGEST

(Jun-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 45 scrips from 14 sectors which constitute around 60% of the market capitalization of the KSE 100 index

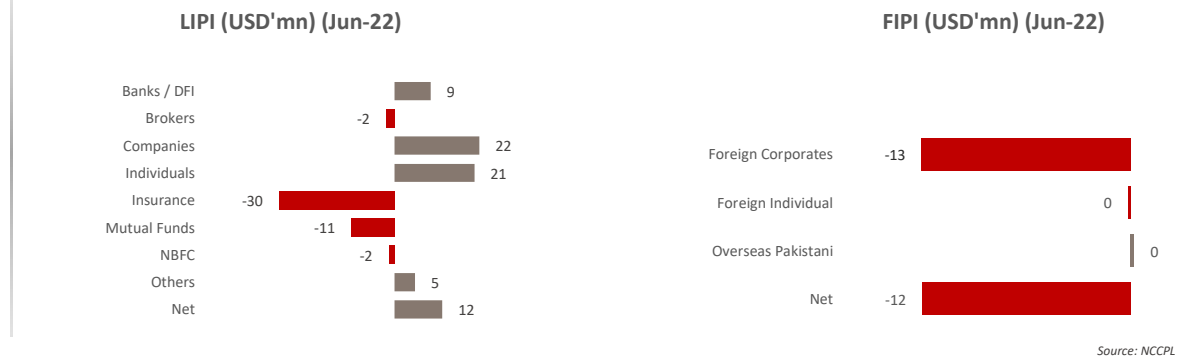
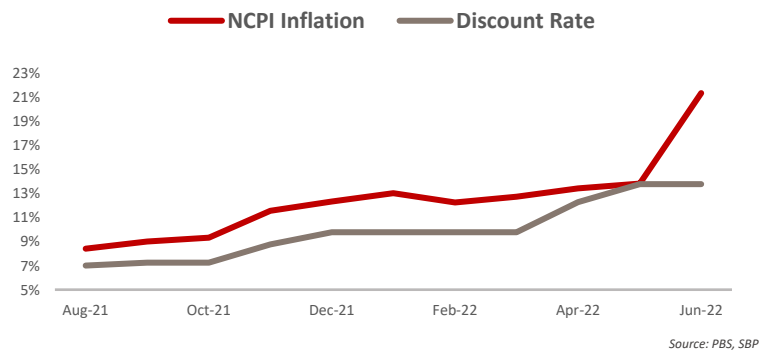
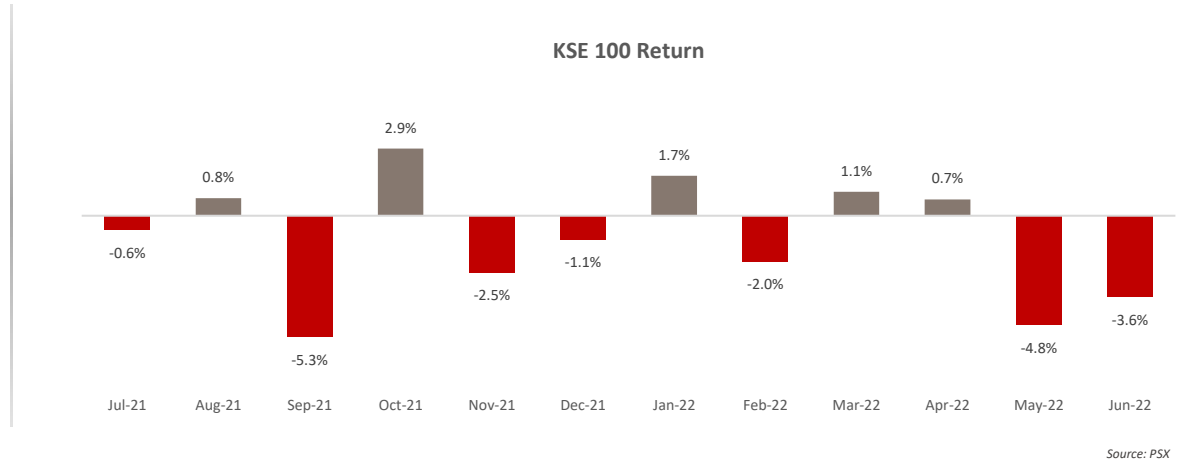


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Remittances			Exports			Imports			Current Account	
Jul - May 21	Jul - May 22	Change	Jul - May 21	Jul - May 22	Change	Jul - May 21	Jul - May 22	Change	Jul - May 21	Jul - May 22
\$26.7 bn	\$28.4 bn	▲ 6.4%	\$22.6 bn	\$28.9 bn	▲ 27.9%	\$50.0 bn	\$72.3 bn	▲ 44.6%	-\$1.2 bn	-\$15.2 bn

The index remained under selling pressure during the second consecutive month and concluded the month by posting a negative return of 3.6% in Jun-22 as the political uncertainty and a delay in the resumption of the IMF program dampened the investors' sentiments. PKR depreciated by around 3.2% during the period to close at Rs204.85. The government continued to take unpopular measures to control the twin deficit during this month as well i.e. 10% one-time super tax had been imposed on 13 sectors, 1-4% one-time additional "poverty alleviation tax" imposed on people and firms earning from Rs150 million to over Rs300, and income tax rates for salaried class also revised upward. Furthermore, the government jacked up the prices of petrol and diesel by Rs14.85 and Rs13.23 per liter respectively after imposing the petroleum levy, the electricity tariff increased by Rs7.91 per unit



while the gas prices increased up to 45%. Going forward, we expect all of the said measures to jack up the inflation in the coming days which has already risen to a whopping 21.3% in Jun-22, the highest in over 13 years. As far as the monetary policy is concerned, we forecast an increase of 100-200 bps in the next MPC meeting on 7th July 2022, which will affect the industrial output and growth. The Financial Action Task Force (FATF) announced an on-site visit to Pakistan after Islamabad completed the 34 items on the watchdog's list, inching closer to exiting the "grey list". We expect the removal of Pakistan from the grey list to be a big positive trigger for our stock market. Furthermore, the revival of the IMF program would also improve the sentiments of the investors. **Therefore, We suggest our investors to consider the dips as buying opportunity and accumulate the scrips with low debt to equity and high margin ratios. Furthermore, having high dividend-yielding stocks in the portfolio would also provide a constant stream of income during depressed times. We recommend to build positions in POL, NCL, AVN, SEARL, ISL, TGL, and UBL as they can yield good returns in the mid-term.** Please refer to the fourth page of this document for further scrip recommendations.

		(USD' mn) (Jun-22)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	12.53	-3.02	-1.71	-0.70	-1.06	-1.65	-0.77	0.10	1.85	4.39	9.97
	Broker Proprietary Trading	0.73	0.50	2.25	-1.98	-3.53	0.23	0.04	-0.79	-0.57	-0.00	-3.12
	Companies	2.48	9.30	1.27	-0.98	4.74	1.98	-0.11	-1.29	-0.10	5.51	22.78
	Individuals	1.57	3.53	2.04	3.64	3.62	-0.46	1.21	2.63	0.20	2.96	20.93
	Insurance Companies	-10.46	-0.54	-2.37	-0.92	-5.39	-2.61	-0.69	-2.72	-0.20	-3.35	-29.24
	Mutual Funds	-5.33	-1.53	0.10	0.59	0.47	1.50	-0.48	-1.70	-1.00	-4.58	-11.96
	NBFC	-0.01	-1.07	-0.09	0.00	-0.03	-0.00	0.00	-0.01	-0.01	-0.33	-1.54
	Other Organization	0.29	1.52	0.62	-0.13	1.34	0.61	0.29	-0.39	-0.07	0.58	4.65
LIPI Total		1.78	8.69	2.11	-0.48	0.16	-0.41	-0.50	-4.15	0.09	5.18	12.48

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-2.01	-9.59	-2.59	0.04	0.21	0.50	-0.04	4.63	-0.26	-3.41	-12.52
	Foreign Individual	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	-0.22	-0.18
	Overseas Pakistani	0.23	0.90	0.48	0.44	-0.42	-0.09	0.55	-0.48	0.17	-1.56	0.21
	Total	-1.78	-8.69	-2.11	0.48	-0.16	0.41	0.33	4.15	-0.09	-5.18	-12.48

Source: NCCPL

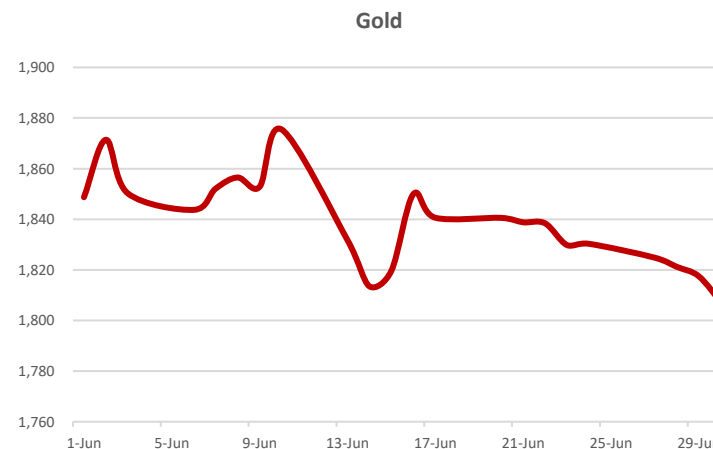
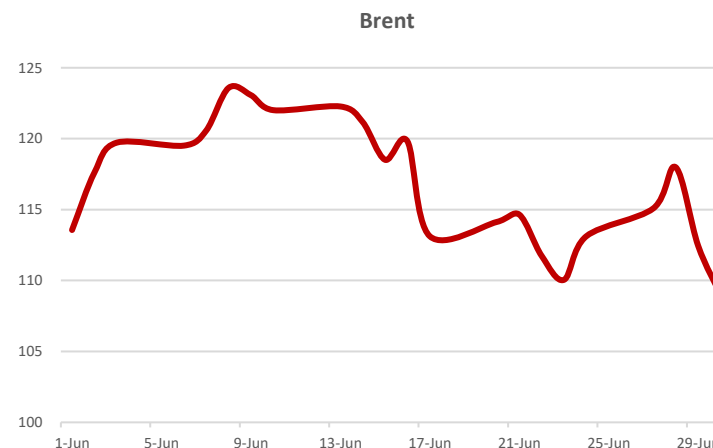
COMMODITIES OVERVIEW

Crude Oil

Brent Crude Oil closed the month at 109.03, declined by 5.7% in June as fears of an economic slowdown outweighed the supply tightness amid lower output from the Organization of the Petroleum Exporting Countries (OPEC). In addition, a strong USD also weakened broad commodity markets, including crude prices. In the U.S. and elsewhere, signs of economic weakness are becoming more apparent with U.S. consumer sentiment dropping to a record low in June. The U.S. Federal Reserve reiterated last week its resolution to bring down inflation, increasing concerns of a recession following interest rate hikes. Going forward, we expect the weakening macroeconomic fundamentals will likely weigh on oil prices in the near term, though a fundamentally tight oil market will keep declines limited.

Gold

Gold declined by 2.2% during June and concluded the month at \$1,807.40 amid rising U.S. Treasury yields and a strengthening U.S. dollar. Gold is highly sensitive to rising US short-term interest rates and higher yields, which increase the opportunity cost of holding non-yielding bullion. It is also, however, seen as a safe store of value during economic and political crises. Going forward, we expect gold prices to fall below \$1,800 an ounce as sentiment in the marketplace continues to have a slightly bearish tilt; however, we are not expecting any major route in gold as the precious metal continues to stand its ground, faced with rising interest rates worldwide.



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	44.0	Dec 22 70	59.1 ▲	44.79	88.3	0.5	FY22E 5.50	12.3	9MFY22 28.10	FY22E 38.00	1.2	240	108
ILP	59.5	Dec 22 85	42.9 ▲	61.00	27.1	2.3	FY22E 2.00	3.3	9MFY22 7.79	FY22E 10.78	5.7	898	135
GATM	32.0	Dec 22 60	87.5 ▲	33.81	32.3	1.0	FY22E 2.00	5.9	9MFY22 9.09	FY22E 12.64	2.7	617	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	75.5	Dec 22 150	98.7 ▲	78.67	191.7	0.4	FY22E 9.00	11.4	9MFY22 26.05	FY22E 36.68	2.1	4,301	645
PPL	65.0	Dec 22 150	130.8 ▲	67.51	153.3	0.4	FY22E 5.00	7.4	9MFY22 19.23	FY22E 28.83	2.3	2,721	667
POL	394.0	Dec 22 470	19.3 ▲	405.81	147.2	2.8	FY22E 70.00	17.2	9MFY22 61.64	FY22E 107.39	3.8	284	130
MARI	1695.0	Dec 22 2,000	18.0 ▲	1739.74	915.3	1.9	FY22E 138.00	7.9	9MFY22 205.84	FY22E 276.30	6.3	133	27

Oil & Gas Marketing 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)
PSO	165.0	Dec 22 250	51.5 ▲	171.84	359.6	0.5	FY22E 15.00	8.7	9MFY22 137.96	FY22E 196.48	0.9	469	211
APL	313.0	Dec 22 360	15.0 ▲	321.31	301.8	1.1	FY22E 45.00	14.0	9MFY22 113.00	FY22E 153.51	2.1	100	25

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	519.0	Dec 22 800	54.1 ▲	529.87	151.3	3.5	CY22E 24.50	4.6	1QCY22 12.74	CY22E 52.83	10.0	42	19
SEARL	100.0	Dec 22 140	40.0 ▲	109.02	86.5	1.3	FY22E 3.00	2.8	9MFY22 6.51	FY22E 9.49	11.5	312	140
AGP	84.0	Dec 22 100	19.0 ▲	87.62	33.9	2.6	CY22E 3.00	3.4	1QCY22 1.61	CY22E 6.45	13.6	280	84
CPHL	31.0	Dec 22 50	61.3 ▲	32.64	19.5	1.7	FY22E -	0.0	9MFY22 2.41	FY22E 3.20	10.2	228	80

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	317.0	Dec 22 500	57.7 ▲	329.86	75.9	4.3	CY22E 6.50	2.0	1QCY22 3.87	CY22E 15.82	20.9	276	166
AIRLINK	37.5	Dec 22 70	86.7 ▲	40.39	28.2	1.4	FY22E -	0.0	9MFY22 3.62	FY22E 6.18	6.5	395	119
OCTOPUS	66.0	Dec 22 80	21.2 ▲	71.31	12.1	5.9	CY22E -	0.0	1QCY22 0.77	CY22E 4.72	15.1	137	27

SCRIP RECOMMENDATIONS

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	24.0	Dec 22 40	66.7 ▲	24.92	54.3	0.5	FY22E -	0.0	9MFY22 1.20	FY22E 1.64	15.2	122	31
TOMCL	21.0	Dec 22 35	66.7 ▲	21.84	23.0	0.9	FY22E -	0.0	9MFY22 2.62	FY22E 3.88	5.6	123	55
UNITY	18.5	Dec 22 30	62.2 ▲	20.07	14.6	1.4	FY22E -	0.0	9MFY22 1.66	FY22E 2.22	9.0	1,194	478

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	13.1	Dec 22 15	14.5 ▲	13.52	26.6	0.5	FY22E 1.50	11.1	9MFY22 1.21	FY22E 1.39	9.7	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	119.0	Dec 22 180	51.3 ▲	122.98	147.2	0.8	CY22E 27.00	22.0	1QCY22 7.52	CY22E 36.97	3.3	1,185	415
BAHL	57.5	Dec 22 100	73.9 ▲	58.06	81.0	0.7	CY22E 8.50	14.6	1QCY22 4.47	CY22E 20.81	2.8	1,111	722
BAFL	31.1	Dec 22 55	76.8 ▲	32.00	56.3	0.6	CY22E 6.00	18.8	1QCY22 2.82	CY22E 12.09	2.6	1,777	622
BOP	5.4	Dec 22 10	86.9 ▲	5.42	18.4	0.3	CY22E 1.00	18.5	1QCY22 0.73	CY22E 3.05	1.8	2,974	1,256
HBL	88.0	Dec 22 140	59.1 ▲	91.34	175.8	0.5	CY22E 4.25	4.7	1QCY22 5.65	CY22E 22.69	4.0	1,467	733
UBL	111.0	Dec 22 180	62.2 ▲	113.13	167.2	0.7	CY22E 23.00	20.3	1QCY22 7.78	CY22E 38.73	2.9	1,224	490
MEBL	108.0	Dec 22 175	62.0 ▲	112.98	53.2	2.1	CY22E 7.50	6.6	1QCY22 5.66	CY22E 22.48	5.0	1,627	407

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	13.0	Dec 22 22	69.2 ▲	14.17	19.0	0.7	FY22E -	0.0	9MFY22 1.86	FY22E 2.87	4.9	1,380	759
ACPL	64.0	Dec 22 180	181.3 ▲	66.50	127.4	0.5	FY22E 4.00	6.0	9MFY22 8.59	FY22E 8.13	8.2	137	27
MLCF	24.6	Dec 22 48	95.1 ▲	27.35	37.4	0.7	FY22E -	0.0	9MFY22 3.27	FY22E 4.52	6.1	1,098	494
CHCC	87.0	Dec 22 160	83.9 ▲	93.04	80.0	1.2	FY22E 3.00	3.2	9MFY22 12.20	FY22E 23.08	4.0	194	117
DGKC	56.5	Dec 22 100	77.0 ▲	62.50	168.2	0.4	FY22E 1.30	2.1	9MFY22 8.26	FY22E 10.93	5.7	438	219
LUCK	425.0	Dec 22 700	64.7 ▲	459.04	545.8	0.8	FY22E 9.00	2.0	9MFY22 34.97	FY22E 46.04	10.0	323	113

SCRIP RECOMMENDATIONS

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	54.0	Dec 22 120	122.2 ▲	57.64	59.5	1.0	FY22E 5.00	8.7	9MFY22 13.02	FY22E 17.78	3.2	336	84
ASTL	22.5	Dec 22 50	122.2 ▲	23.44	51.3	0.5	FY22E 3.50	14.9	9MFY22 6.18	FY22E 8.93	2.6	297	74
AGHA	14.5	Dec 22 24	65.5 ▲	15.68	24.8	0.6	FY22E -	0.0	9MFY22 2.88	FY22E 4.31	3.6	605	151
ISL	56.0	Dec 22 90	60.7 ▲	59.36	46.1	1.3	FY22E 8.00	13.5	9MFY22 12.31	FY22E 16.09	3.7	435	152
ASL	10.5	Dec 22 18	71.4 ▲	11.05	14.5	0.8	FY22E -	0.0	9MFY22 0.56	FY22E 0.96	11.5	925	324

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	28.0	Dec 22 40	42.9 ▲	32.40	39.1	0.8	FY22E -	0.0	9MFY22 1.61	FY22E 2.39	13.6	168	50

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	106.5	Dec 22 135	26.8 ▲	110.22	78.4	1.4	CY22E 17.00	15.4	1QCY22 4.90	CY22E 20.19	5.5	1,272	700
EFERT	88.5	Dec 22 105	18.6 ▲	88.64	33.9	2.6	CY22E 16.50	18.6	1QCY22 4.13	CY22E 17.11	5.2	1,335	601
FFBL	19.5	Dec 22 50	156.4 ▲	20.24	25.5	0.8	CY22E -	0.0	1QCY22 1.26	CY22E 9.19	2.2	1,291	452
FATIMA	36.0	Dec 22 55	52.8 ▲	37.80	47.7	0.8	CY22E 5.50	14.6	1QCY22 2.71	CY22E 13.65	2.8	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	100.0	Dec 22 175	75.0 ▲	103.81	85.4	1.2	FY22E 16.00	15.4	9MFY22 27.92	FY22E 32.55	3.2	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	30.0	Dec 22 50	66.7 ▲	31.53	12.0	2.6	CY22E 2.00	6.3	1QCY22 1.69	CY22E 7.16	4.4	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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