



ACPL DIGEST

(Jul-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

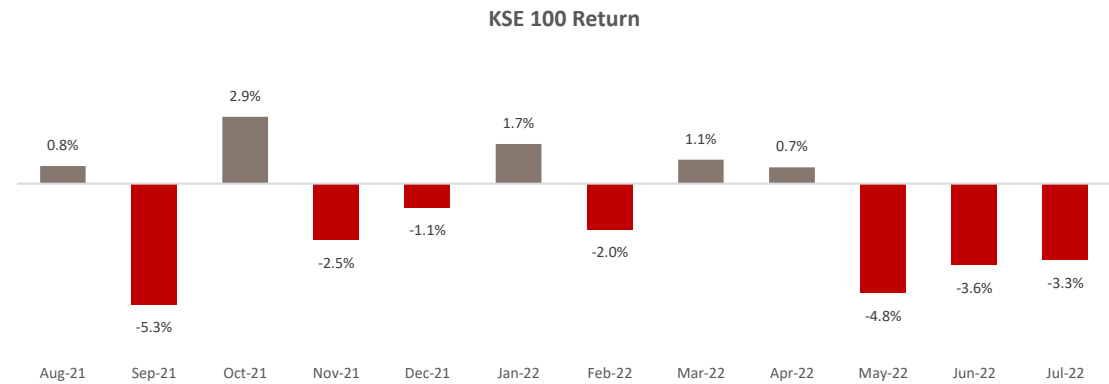


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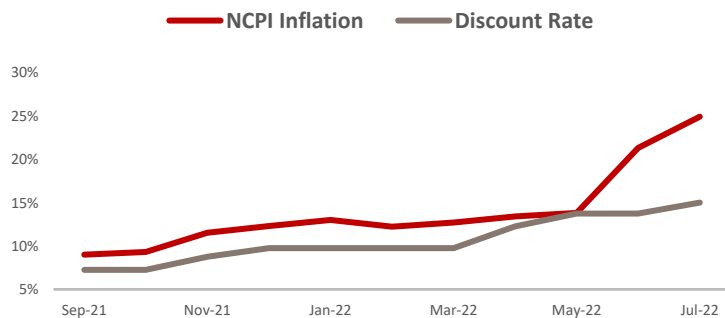


Remittances			Exports			Imports			Current Account	
FY-22	FY-21	Change	FY-22	FY-21	Change	FY-22	FY-21	Change	FY-22	FY-21
\$31.2 bn	\$29.5 bn	▲ 6.1%	\$31.8 bn	\$25.3 bn	▲ 25.6%	\$80.2 bn	\$56.4 bn	▲ 42.2%	-\$17.4 bn	-\$2.8 bn

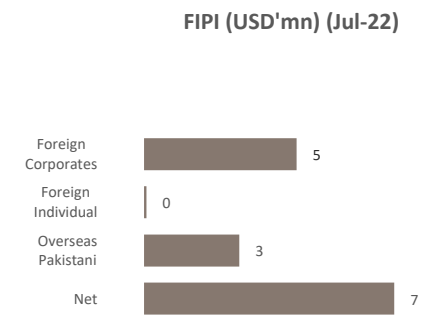
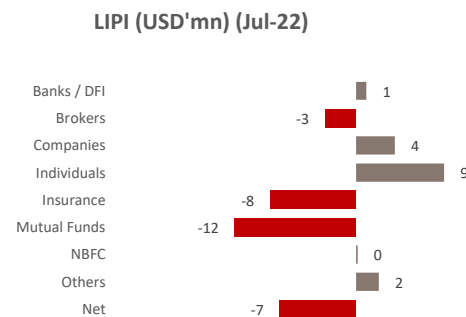
The index continued its downward momentum during the third consecutive month and concluded Jul-22 by posting a negative return of 3.3% as a sharp decline in PKR, political uncertainty and a delay in the resumption of the IMF program dampened the investors' sentiments. PKR depreciated by around 16.9% during the period to close at Rs239.37. The month of Jul-22 was full of exciting political events in which the PTI-led coalition formed its government in Punjab as a result of the rejection of the Deputy Speaker ruling by the Supreme Court, followed by a stunning political upset of winning 15 out of 20 legislative seats in Punjab. All of this political dust and failure of the government to secure the much-needed IMF loan despite staff level agreement pushed the local currency into a free fall zone. Cumulatively, the prices of petrol and diesel have decreased by Rs21.5 and 31.6 per liter



Source: PSX



Source: PBS, SBP



Source: NCCPL

respectively during the month on account of the decline in international crude oil prices. Going forward, we expect the local markets to follow the global trend of declining commodity prices which will provide relief to the end consumers as well as the current account. However, the massive depreciation of the exchange rate will further cause inflation to surge in the coming days which has already risen to a whopping 24.9% in Jul-22. As far as the monetary policy is concerned, we forecast an increase of 100-200 bps in the next MPC meeting on 22nd August 2022, which will affect the industrial output and growth. The Financial Action Task Force (FATF) is expected to visit Pakistan before Oct-22 to decide the removal of Pakistan from the grey list. Furthermore, Pakistan is also expected to receive the disbursement of \$1.2bn from IMF this month as the country's military chief has reportedly sought help from the United States in this regard. We expect the removal of Pakistan from the grey list and disbursement of IMF loan to be big positive triggers for our stock market. **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, FFC, 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) (Jul-22)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	-4.09	0.64	2.08	-0.30	0.39	0.26	-0.10	-0.13	0.64	2.63	2.01
	Broker Proprietary Trading	-0.02	0.45	-0.19	-0.44	-0.10	-1.06	-0.08	0.26	-0.11	-1.73	-3.02
	Companies	1.05	1.48	-1.51	-0.22	1.32	-0.41	-0.53	-1.00	0.65	2.98	3.82
	Individuals	3.84	1.23	0.95	0.49	1.01	1.19	0.64	-5.37	0.33	4.34	8.66
	Insurance Companies	0.17	-2.24	0.17	-0.62	-1.06	-0.18	-0.02	-0.44	-0.33	-3.86	-8.42
	Mutual Funds	-0.64	-0.21	-1.49	0.43	-2.44	-0.01	0.05	0.60	-1.95	-5.82	-11.49
	NBFC	0.00	-0.01	0.03	0.00	0.00	0.04	-0.01	-0.03	-0.02	-0.03	-0.02
	Other Organization	0.34	0.30	-0.16	-0.04	-0.27	0.04	-0.11	0.01	-0.10	0.96	0.98
LIPI Total		0.65	1.64	-0.11	-0.70	-1.15	-0.13	-0.16	-6.10	-0.89	-0.52	-7.48
		<hr/>										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-1.09	-1.85	-0.62	0.61	0.51	0.03	0.35	6.71	0.64	-0.73	4.57
	Foreign Individual	0.00	0.00	0.00	0.04	0.00	0.07	0.00	0.00	0.00	-0.04	0.07
	Overseas Pakistani	0.45	0.21	0.73	0.05	0.63	0.03	-0.19	-0.62	0.26	1.29	2.85
	Total	-0.65	-1.64	0.11	0.70	1.15	0.13	0.27	6.10	0.89	0.52	7.48

Source: NCCPL

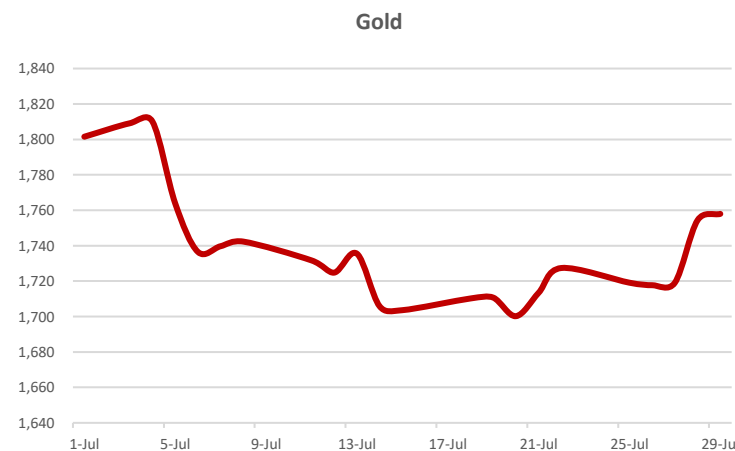
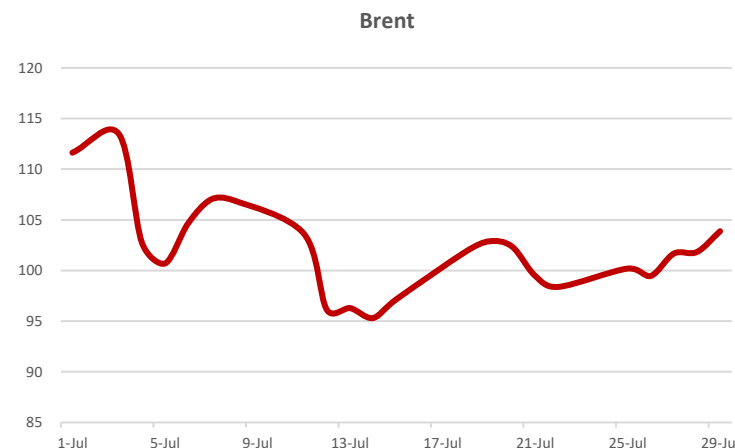
COMMODITIES OVERVIEW

Crude Oil

Brent Crude Oil closed the month at 103.88, declined by 4.7% in July as investors continued to fret over weakening demand. US data continued to show signs of economic weakness, with the US GDP contracting for a second straight quarter in the three months ended June, data from the Commerce Department showed July 28. The technical recession was not declared official, considering that the US labor market remains healthy, but tighter conditions ahead suggest that such risks remain prominent. 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 2.7% during July and concluded the month at \$1,757.95 as inflation pressures continue to rise more than expected. In our view, the latest inflation data is a double-edged sword for the gold market. The latest data shows that inflation remains persistently high; however, it could force the Federal Reserve to continue to aggressively raise interest rates longer than markets currently expect. However, we note that with two months before the next Federal Reserve monetary policy meeting, gold has room to move higher as expectations remain that inflation will start to cool, giving the central bank room to slow the pace of its rate hikes through the end of the year.



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	Jun 23 60	36.4 ▲	45.93	88.3	0.5	FY22E 5.50	12.0	9MFY22 28.10	FY22E 38.00	1.2	240	108
ILP	59.5	Jun 23 80	34.5 ▲	62.23	27.1	2.3	FY22E 2.00	3.2	9MFY22 7.79	FY22E 10.78	5.8	898	135
GATM	29.0	Jun 23 40	37.9 ▲	30.59	32.3	0.9	FY22E 2.00	6.5	9MFY22 9.09	FY22E 12.64	2.4	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	77.0	Jun 23 120	55.8 ▲	80.42	191.7	0.4	FY22E 9.00	11.2	9MFY22 26.05	FY22E 36.68	2.2	4,301	645
PPL	66.0	Jun 23 110	66.7 ▲	68.45	153.3	0.4	FY22E 5.00	7.3	9MFY22 19.23	FY22E 28.83	2.4	2,721	667
POL	378.0	Jun 23 470	24.3 ▲	390.49	147.2	2.7	FY22E 70.00	17.9	9MFY22 61.64	FY22E 107.39	3.6	284	130
MARI	1667.0	Jun 23 2,000	20.0 ▲	1695.88	915.3	1.9	FY22E 138.00	8.1	9MFY22 205.84	FY22E 276.30	6.1	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	Jun 23 200	21.2 ▲	172.44	359.6	0.5	FY22E 15.00	8.7	9MFY22 137.96	FY22E 196.48	0.9	469	211
APL	333.0	Jun 23 380	14.1 ▲	344.32	301.8	1.1	FY22E 45.00	13.1	9MFY22 113.00	FY22E 153.51	2.2	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	530.0	Jun 23 700	32.1 ▲	549.81	151.3	3.6	CY22E 24.50	4.5	1QCY22 12.74	CY22E 52.83	10.4	42	19
SEARL	90.0	Jun 23 120	33.3 ▲	98.08	86.5	1.1	FY22E 3.00	3.1	9MFY22 6.51	FY22E 9.49	10.3	312	140
AGP	73.0	Jun 23 100	37.0 ▲	77.57	33.9	2.3	CY22E 3.00	3.9	1QCY22 1.61	CY22E 6.45	12.0	280	84
CPHL	29.1	Jun 23 40	37.7 ▲	30.36	19.5	1.6	FY22E -	0.0	9MFY22 2.41	FY22E 3.20	9.5	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	315.0	Jun 23 500	58.7 ▲	347.64	75.9	4.6	CY22E 6.50	1.9	1QCY22 3.87	CY22E 15.82	22.0	276	166
AIRLINK	32.5	Jun 23 50	53.8 ▲	35.53	28.2	1.3	FY22E -	0.0	9MFY22 3.62	FY22E 6.18	5.7	395	119
OCTOPUS	66.0	Jun 23 80	21.2 ▲	70.12	12.1	5.8	CY22E -	0.0	1QCY22 0.77	CY22E 4.72	14.9	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	23.0	Jun 23	30	30.4 ▲	24.45	54.3	0.5	FY22E	-	0.0	9MFY22	1.20	FY22E	1.64	14.9	122	31
TOMCL	19.0	Jun 23	30	57.9 ▲	20.88	23.0	0.9	FY22E	-	0.0	9MFY22	2.62	FY22E	3.88	5.4	123	55
UNITY	17.0	Jun 23	25	47.1 ▲	18.74	14.6	1.3	FY22E	-	0.0	9MFY22	1.66	FY22E	2.22	8.4	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	13.3	Jun 23	15	13.0 ▲	13.95	26.6	0.5	FY22E	1.50	10.8	9MFY22	1.21	FY22E	1.39	10.0	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	117.0	Jun 23	160	36.8 ▲	121.63	147.2	0.8	CY22E	27.00	22.2	1QCY22	7.52	CY22E	36.97	3.3	1,185	415
BAHL	55.5	Jun 23	80	44.1 ▲	57.52	81.0	0.7	CY22E	8.50	14.8	1QCY22	4.47	CY22E	20.81	2.8	1,111	722
BAFL	32.0	Jun 23	45	40.6 ▲	33.57	57.0	0.6	CY22E	5.00	14.9	1HCY22	4.90	CY22E	10.45	3.2	1,777	622
BOP	5.1	Jun 23	7	37.3 ▲	5.21	18.4	0.3	CY22E	1.00	19.2	1QCY22	0.73	CY22E	3.05	1.7	2,974	1,256
HBL	80.0	Jun 23	110	37.5 ▲	86.25	168.7	0.5	CY22E	5.25	6.1	1HCY22	7.85	CY22E	16.10	5.4	1,467	733
UBL	106.0	Jun 23	150	41.5 ▲	110.33	167.2	0.7	CY22E	23.00	20.8	1QCY22	7.78	CY22E	38.73	2.8	1,224	490
MEBL	113.0	Jun 23	160	41.6 ▲	118.49	53.2	2.2	CY22E	7.50	6.3	1QCY22	5.66	CY22E	22.48	5.3	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	12.5	Jun 23	16	28.0 ▲	12.93	19.0	0.7	FY22E	-	0.0	9MFY22	1.86	FY22E	2.87	4.5	1,380	759
ACPL	60.0	Jun 23	90	50.0 ▲	67.41	127.4	0.5	FY22E	4.00	5.9	9MFY22	8.59	FY22E	8.13	8.3	137	27
MLCF	22.5	Jun 23	30	33.3 ▲	24.03	37.4	0.6	FY22E	-	0.0	9MFY22	3.27	FY22E	4.52	5.3	1,098	494
CHCC	73.0	Jun 23	100	37.0 ▲	77.88	80.0	1.0	FY22E	3.00	3.9	9MFY22	12.20	FY22E	23.08	3.4	194	117
DGKC	48.5	Jun 23	70	44.3 ▲	52.48	168.2	0.3	FY22E	1.30	2.5	9MFY22	8.26	FY22E	10.93	4.8	438	219
LUCK	395.0	Jun 23	550	39.2 ▲	411.93	545.8	0.8	FY22E	9.00	2.2	9MFY22	34.97	FY22E	46.04	8.9	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	52.5	Jun 23 80	52.4 ▲	55.99	59.5	0.9	FY22E 5.00	8.9	9MFY22 13.02	FY22E 17.78	3.1	336	84
ASTL	20.5	Jun 23 30	46.3 ▲	23.88	51.3	0.5	FY22E 3.50	14.7	9MFY22 6.18	FY22E 8.93	2.7	297	74
AGHA	13.1	Jun 23 20	52.6 ▲	13.72	24.8	0.6	FY22E -	0.0	9MFY22 2.88	FY22E 4.31	3.2	605	151
ISL	52.0	Jun 23 80	53.8 ▲	54.60	46.1	1.2	FY22E 8.00	14.7	9MFY22 12.31	FY22E 16.09	3.4	435	152
ASL	9.9	Jun 23 15	51.5 ▲	10.49	14.5	0.7	FY22E -	0.0	9MFY22 0.56	FY22E 0.96	10.9	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	30.0	Jun 23 40	33.3 ▲	31.76	39.1	0.8	FY22E -	0.0	9MFY22 1.61	FY22E 2.39	13.3	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	101.0	Jun 23 130	28.7 ▲	103.51	79.5	1.3	CY22E 12.50	12.1	1HCY22 7.55	CY22E 20.19	5.1	1,272	700
EFERT	77.0	Jun 23 95	23.4 ▲	79.00	32.5	2.4	CY22E 7.50	9.5	1HCY22 4.05	CY22E 7.83	10.1	1,335	601
FFBL	19.9	Jun 23 29	45.7 ▲	20.49	28.3	0.7	CY22E -	0.0	1HCY22 2.64	CY22E 3.90	5.3	1,291	452
FATIMA	34.5	Jun 23 50	44.9 ▲	35.36	47.7	0.7	CY22E 5.50	15.6	1QCY22 2.71	CY22E 13.65	2.6	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	Jun 23 130	30.0 ▲	103.61	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	28.5	Jun 23 40	40.4 ▲	30.50	12.0	2.5	CY22E 2.00	6.6	1QCY22 1.69	CY22E 7.16	4.3	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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