



# ACPL DIGEST

(May-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

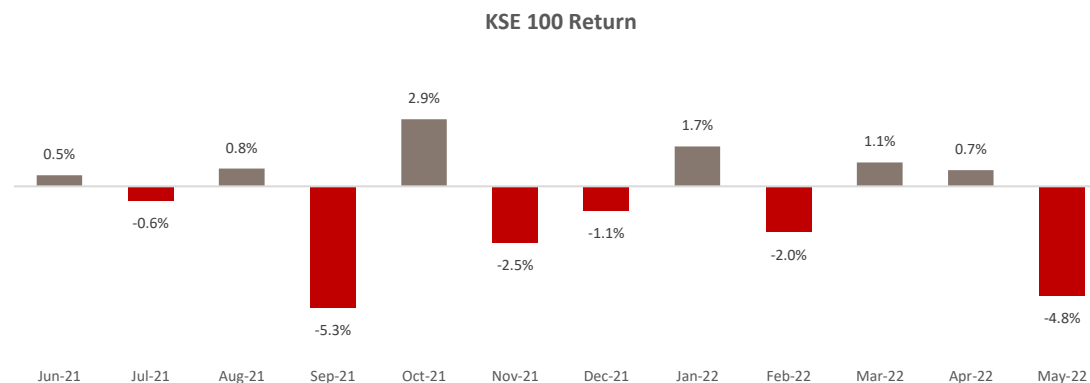


# ACPL DIGEST (May-22)

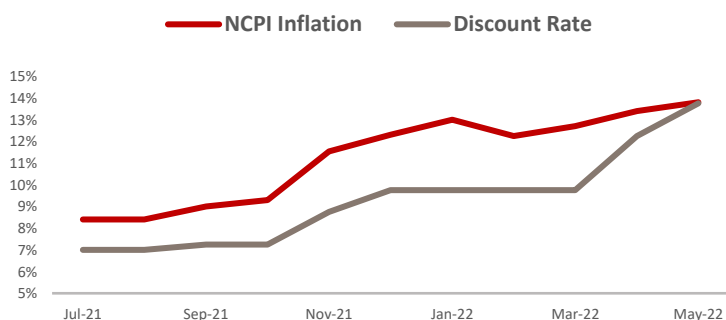


Remittances			Exports			Imports			Current Account	
Jul - Apr 21	Jul - Apr 22	Change	Jul - Apr 21	Jul - Apr 22	Change	Jul - Apr 21	Jul - Apr 22	Change	Jul - Apr 21	Jul - Apr 22
\$24.3 bn	\$26.1 bn	▲ 7.6%	\$21.0 bn	\$26.2 bn	▲ 24.8%	\$44.7 bn	\$65.5 bn	▲ 46.5%	-\$0.5 bn	-\$13.8 bn

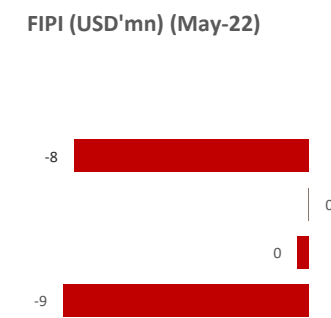
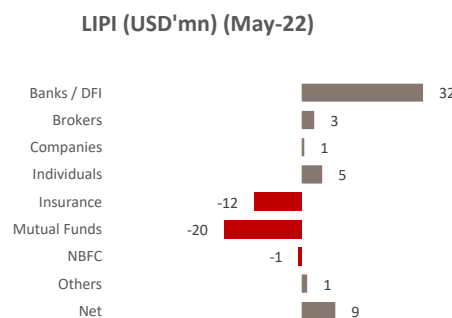
The index remained under immense selling pressure in majority part of the month as the political uncertainty and a delay in the resumption of IMF program dampened the investors' sentiments. However, later on, the index reversed around half of its intra-month losses and concluded the month by posting a negative return of 4.8% in May-22 as the government showed its willingness to take unpopular measures to control twin deficit and resume IMF program. The government raised the prices of gasoline and diesel by 30 rupees a liter each and banned the import of more than thirty luxury products. Furthermore, the MPC in its meeting decided to raise the interest rate by 150 bps to 13.75% during the month. PKR depreciated by around 6.9% during the period to close at Rs.198.46. Going forward, the federal government is likely to take more tough economic decisions in next few weeks to revive stalled



Source: PSX



Source: PBS, SBP



Source: NCCPL

## ACPL DIGEST (May-22)

International Monetary Fund (IMF) program including enhancing oil, electricity and gas prices besides introducing massive revenue generation measures in the upcoming budget. As far as the monetary policy is concerned, we forecast an increase of another 100 bps in the next MPC meeting on 7<sup>th</sup> July 2022, which will affect the industrial output and growth as credit is a major input for the industry. Furthermore, inflation is likely to exacerbate further amid the removal of fuel subsidies. **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, 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) (May-22)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	5.40	12.75	2.10	0.17	2.44	-0.69	0.16	4.50	1.04	1.89	29.78
	Broker Proprietary Trading	0.48	0.21	0.48	0.09	0.12	0.24	0.08	0.03	0.20	1.42	3.36
	Companies	-0.44	-5.73	1.61	-0.19	0.32	-0.20	-0.37	-0.66	0.87	4.85	0.07
	Individuals	3.85	-0.04	-2.18	3.20	2.33	2.97	1.01	-5.16	0.02	-0.64	5.35
	Insurance Companies	-0.46	2.86	-1.03	-1.27	-3.52	-1.51	-0.62	0.05	-0.17	-6.77	-12.44
	Mutual Funds	-4.20	-4.35	-1.06	-0.94	-2.08	-0.77	-0.77	0.70	-1.11	-4.86	-19.45
	NBFC	0.01	-0.37	0.04	-0.00	-0.04	0.00	0.00	0.01	0.00	-0.45	-0.80
	Other Organization	0.19	1.05	1.76	-1.45	-0.15	-0.07	-0.03	0.23	-0.03	1.45	2.95
<b>LIPI Total</b>		<b>4.83</b>	<b>6.38</b>	<b>1.72</b>	<b>-0.39</b>	<b>-0.57</b>	<b>-0.02</b>	<b>-0.54</b>	<b>-0.30</b>	<b>0.83</b>	<b>-3.12</b>	<b>8.82</b>

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-4.85	-7.45	-1.39	0.50	0.18	0.16	1.12	0.81	-0.79	3.29	-8.43
	Foreign Individual	-0.04	0.03	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.01	0.02
	Overseas Pakistani	0.06	1.04	-0.33	-0.11	0.39	-0.13	-0.58	-0.53	-0.04	-0.18	-0.41
	<b>Total</b>	<b>-4.83</b>	<b>-6.38</b>	<b>-1.72</b>	<b>0.39</b>	<b>0.57</b>	<b>0.02</b>	<b>0.86</b>	<b>0.30</b>	<b>-0.83</b>	<b>3.12</b>	<b>-8.82</b>

Source: NCCPL

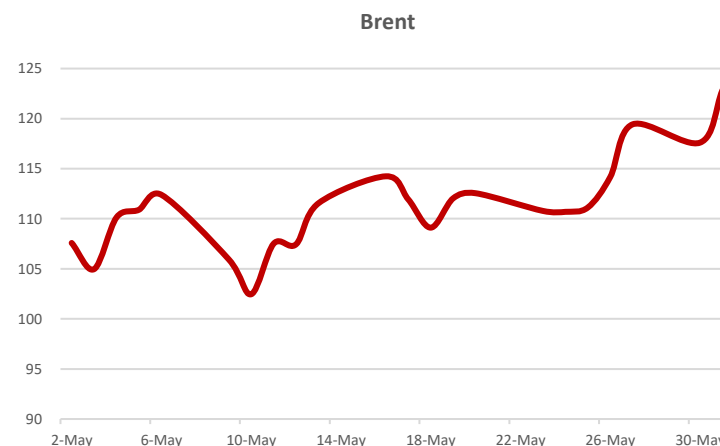
## COMMODITIES OVERVIEW

### Crude Oil

Brent Crude Oil closed the month at 122.84 and was up 12.3% in May, marking the sixth straight month of rising prices as the EU leaders agreed in principle to cut 90% of oil imports from Russia by the end of this year, the bloc's toughest sanctions yet on Moscow since the invasion of Ukraine three months ago. Furthermore, Shanghai's strict COVID-19 lockdown ended after two months. The full reopening of Shanghai from COVID-19 restrictions may boost sentiment at the periphery, but the possible exemption of Russia by OPEC, from the output agreement, is the bigger story as some producers are exploring the idea of suspending Russia's participation in a production deal of OPEC+ which will result in increased supply. Going forward, the anticipation of more supply hitting the market, even after cutting Russia out, could be fuelling some of the sell-off as oil gave up its post-EU embargo bounce.

### Gold

Gold declined by 3.3% during May and concluded the month at \$1,848.40 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, the medium-term fundamentals continue to deteriorate as modern history showcases that the U.S. 10-Year Treasury yield doesn't peak until the Fed is well within its rate hike cycle. Therefore, the U.S. 10-Year Treasury yield should have room to run, and this is bullish for real yields and bearish for gold.



## 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	46.0	Dec 22 70	52.2 ▲	47.16	88.3	0.5	FY22E 5.50	11.7	9MFY22 28.10	FY22E 38.00	1.2	240	108
ILP	64.0	Dec 22 85	32.8 ▲	67.57	27.1	2.5	FY22E 2.00	3.0	9MFY22 7.79	FY22E 10.78	6.3	898	135
GATM	37.0	Dec 22 60	62.2 ▲	38.90	32.3	1.2	FY22E 2.00	5.1	9MFY22 9.09	FY22E 12.64	3.1	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	78.0	Dec 22 150	92.3 ▲	81.08	191.7	0.4	FY22E 9.00	11.1	9MFY22 26.05	FY22E 36.68	2.2	4,301	645
PPL	65.0	Dec 22 150	130.8 ▲	68.72	153.3	0.4	FY22E 5.00	7.3	9MFY22 19.23	FY22E 28.83	2.4	2,721	667
POL	378.0	Dec 22 470	24.3 ▲	400.51	147.2	2.7	FY22E 70.00	17.5	9MFY22 61.64	FY22E 107.39	3.7	284	130
MARI	1575.0	Dec 22 2,000	27.0 ▲	1614.83	915.3	1.8	FY22E 138.00	8.5	9MFY22 205.84	FY22E 276.30	5.8	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	155.0	Dec 22 250	61.3 ▲	164.68	359.6	0.5	FY22E 15.00	9.1	9MFY22 137.96	FY22E 196.48	0.8	469	211
APL	305.0	Dec 22 360	18.0 ▲	304.88	301.8	1.0	FY22E 45.00	14.8	9MFY22 113.00	FY22E 153.51	2.0	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	515.0	Dec 22 800	55.3 ▲	525.00	151.3	3.5	CY22E 24.50	4.7	1QCY22 12.74	CY22E 52.83	9.9	42	19
SEARL	98.0	Dec 22 140	42.9 ▲	102.12	86.5	1.2	FY22E 3.00	2.9	9MFY22 6.51	FY22E 9.49	10.8	312	140
AGP	75.0	Dec 22 100	33.3 ▲	82.00	33.9	2.4	CY22E 3.00	3.7	1QCY22 1.61	CY22E 6.45	12.7	280	84
CPHL	29.0	Dec 22 50	72.4 ▲	31.00	19.5	1.6	FY22E -	0.0	9MFY22 2.41	FY22E 3.20	9.7	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	318.0	Dec 22 500	57.2 ▲	340.54	75.9	4.5	CY22E 6.50	1.9	1QCY22 3.87	CY22E 15.82	21.5	276	166
AIRLINK	39.0	Dec 22 70	79.5 ▲	40.12	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 ▲	69.51	12.1	5.7	CY22E -	0.0	1QCY22 0.77	CY22E 4.72	14.7	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	28.0	Dec 22	40	42.9 ▲	30.00	54.3	0.6	FY22E	-	0.0	9MFY22	1.20	FY22E	1.64	18.3	122	31
TOMCL	21.0	Dec 22	35	66.7 ▲	22.98	23.0	1.0	FY22E	-	0.0	9MFY22	2.62	FY22E	3.88	5.9	123	55
UNITY	20.6	Dec 22	30	45.6 ▲	22.77	14.6	1.6	FY22E	-	0.0	9MFY22	1.66	FY22E	2.22	10.3	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	14.0	Dec 22	15	7.1 ▲	14.47	26.6	0.5	FY22E	1.50	10.4	9MFY22	1.21	FY22E	1.39	10.4	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	132.0	Dec 22	180	36.4 ▲	133.82	147.2	0.9	CY22E	27.00	20.2	1QCY22	7.52	CY22E	36.97	3.6	1,185	415
BAHL	63.0	Dec 22	100	58.7 ▲	65.31	81.0	0.8	CY22E	8.50	13.0	1QCY22	4.47	CY22E	20.81	3.1	1,111	722
BAFL	32.0	Dec 22	55	71.9 ▲	34.01	56.3	0.6	CY22E	6.00	17.6	1QCY22	2.82	CY22E	12.09	2.8	1,777	622
BOP	5.7	Dec 22	10	76.7 ▲	5.95	18.4	0.3	CY22E	1.00	16.8	1QCY22	0.73	CY22E	3.05	2.0	2,974	1,256
HBL	100.0	Dec 22	140	40.0 ▲	103.40	175.8	0.6	CY22E	4.25	4.1	1QCY22	5.65	CY22E	22.69	4.6	1,467	733
UBL	124.0	Dec 22	180	45.2 ▲	131.11	167.2	0.8	CY22E	23.00	17.5	1QCY22	7.78	CY22E	38.73	3.4	1,224	490
MEBL	126.0	Dec 22	175	38.9 ▲	131.08	53.2	2.5	CY22E	7.50	5.7	1QCY22	5.66	CY22E	22.48	5.8	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	14.0	Dec 22	22	57.1 ▲	15.13	19.0	0.8	FY22E	-	0.0	9MFY22	1.86	FY22E	2.87	5.3	1,380	759
ACPL	80.0	Dec 22	180	125.0 ▲	82.69	127.4	0.6	FY22E	4.00	4.8	9MFY22	8.59	FY22E	8.13	10.2	137	27
MLCF	25.0	Dec 22	48	92.0 ▲	27.27	37.4	0.7	FY22E	-	0.0	9MFY22	3.27	FY22E	4.52	6.0	1,098	494
CHCC	105.0	Dec 22	160	52.4 ▲	107.15	80.0	1.3	FY22E	3.00	2.8	9MFY22	12.20	FY22E	23.08	4.6	194	117
DGKC	55.0	Dec 22	100	81.8 ▲	61.59	168.2	0.4	FY22E	1.30	2.1	9MFY22	8.26	FY22E	10.93	5.6	438	219
LUCK	453.0	Dec 22	700	54.5 ▲	472.24	545.8	0.9	FY22E	9.00	1.9	9MFY22	34.97	FY22E	46.04	10.3	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	59.0	Dec 22 120	103.4 ▲	62.40	59.5	1.0	FY22E 5.00	8.0	9MFY22 13.02	FY22E 17.78	3.5	336	84
ASTL	24.0	Dec 22 50	108.3 ▲	26.01	51.3	0.5	FY22E 3.50	13.5	9MFY22 6.18	FY22E 8.93	2.9	297	74
AGHA	15.0	Dec 22 24	60.0 ▲	15.85	24.8	0.6	FY22E -	0.0	9MFY22 2.88	FY22E 4.31	3.7	605	151
ISL	58.0	Dec 22 90	55.2 ▲	61.68	46.1	1.3	FY22E 8.00	13.0	9MFY22 12.31	FY22E 16.09	3.8	435	152
ASL	10.3	Dec 22 18	74.8 ▲	12.11	14.5	0.8	FY22E -	0.0	9MFY22 0.56	FY22E 0.96	12.6	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	25.0	Dec 22 40	60.0 ▲	28.75	39.1	0.7	FY22E -	0.0	9MFY22 1.61	FY22E 2.39	12.0	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	110.0	Dec 22 135	22.7 ▲	115.15	78.4	1.5	CY22E 17.00	14.8	1QCY22 4.90	CY22E 20.19	5.7	1,272	700
EFERT	81.0	Dec 22 105	29.6 ▲	86.71	33.9	2.6	CY22E 16.50	19.0	1QCY22 4.13	CY22E 17.11	5.1	1,335	601
FFBL	20.5	Dec 22 50	143.9 ▲	22.14	25.5	0.9	CY22E -	0.0	1QCY22 1.26	CY22E 9.19	2.4	1,291	452
FATIMA	34.5	Dec 22 55	59.4 ▲	36.45	47.7	0.8	CY22E 5.50	15.1	1QCY22 2.71	CY22E 13.65	2.7	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 ▲	107.73	85.4	1.3	FY22E 16.00	14.9	9MFY22 27.92	FY22E 32.55	3.3	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 ▲	31.48	12.0	2.6	CY22E 2.00	6.4	1QCY22 1.69	CY22E 7.16	4.4	361	108

# DISCLAIMER

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation, and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment–banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever.

## VALIDITY OF THE PUBLICATION OR REPORT

The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

## DEFINITION OF TERMS

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

### PREPARED BY

Muhammad Fawad Naveed  
Phone: (+92) 42 38302028  
Ext: 117  
Email: fawad@abbasiandcompany.com

### RESEARCH DEPARTMENT

6 - Shadman, Lahore  
Phone: (+92) 42 38302028; Ext: 116, 117  
Email: research@abbasiandcompany.com  
web: www.abbasiandcompany.com

### HEAD OFFICE

6 - Shadman, Lahore  
Phone: (+92) 42 38302028  
Email: support@abbasiandcompany.com  
web: www.abbasiandcompany.com

### BRANCH OFFICE

42 - Mall Road, Lahore  
Phone: (+92) 42 37320707  
Email: support@abbasiandcompany.com  
web: www.abbasiandcompany.com