


ACPL DIGEST

(Sep-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.



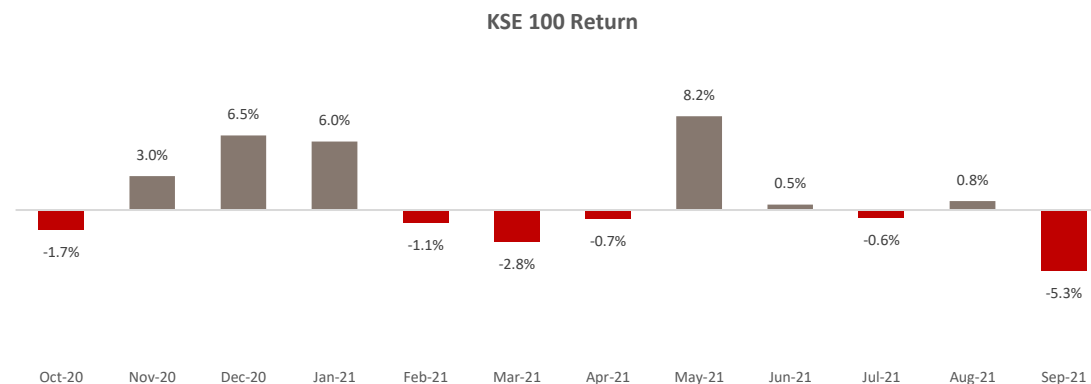
ACPL DIGEST (Sep-21)



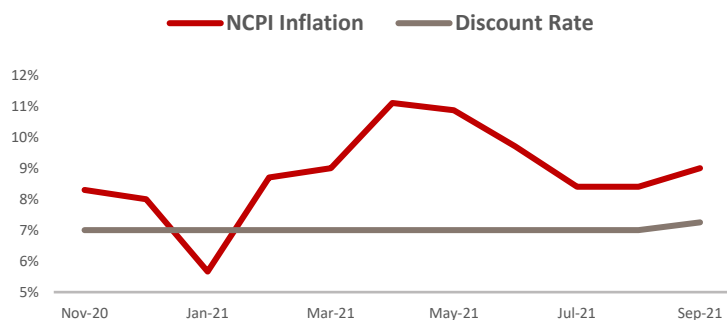
Remittances		Exports		Imports		Current Account Balance		Fiscal Balance	
Aug-21	▲ 27.0%	Aug-21	▲ 43.0%	Aug-21	▲ 95.0%	Aug-21	\$1.50bn	FY21	Rs.3.40tn
2MFY22	▲ 10.4%	2MFY22	▲ 28.0%	2MFY22	▲ 73.0%	2MFY22	\$2.29bn	Primary	Rs.654bn

After posting an insignificant return of 0.8% in Aug-21, the index closed the month of Sep-21 with a negative return of 5.3% amid the declining Pak Rupee which has been depreciated by 2.8% during the month and the downgrading of Pakistan from its index of emerging markets (EM) to a frontier markets (FM) classification. The market remained under extreme selling pressure throughout the month amid the SBP in its recent MPC meeting finally decided to increase the policy rate by 25 bps to 7.25% as they noted that the robust recovery in domestic demand, coupled with higher international commodity prices, is leading to a strong pick-up in imports and a rise in the current account deficit which is needed to be addressed. Furthermore, a Bill moved in US Senate to put sanctions on the Taliban and supporters including Pakistan also hurt the investors' sentiments very badly.

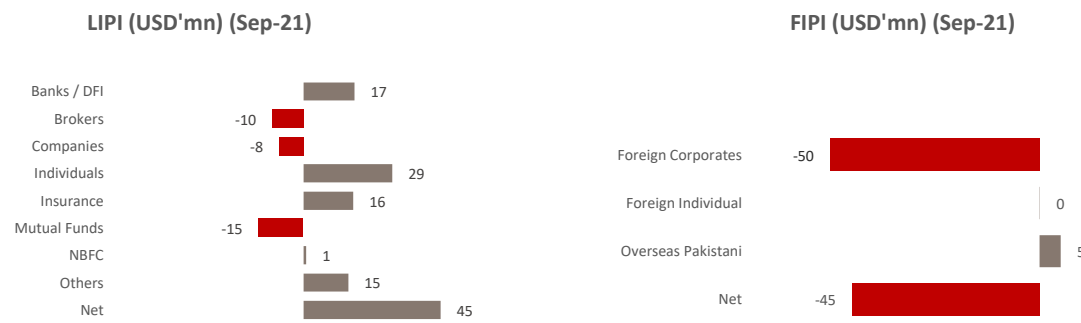
Going forward, the IMF review is scheduled for Oct-21 before which the market is likely to remain volatile owing to the uncertainties regarding IMF conditions and the depreciation of PKR due to the widening CAD. However, taking positions in fundamentally strong scrips would surely benefit the investors in the mid to long-term as the monetary tightening has already been incorporated in the prices and there are no chances of Pakistan to face any sanctions from the US in our view. Please refer to the third page of this document for scrip recommendations.



Source: PSX



Source: PBS, SBP



Source: NCCPL

ACPL DIGEST (Sep-21)

		(USD' mn) (Sep-21)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	10.31	5.26	-1.40	0.39	0.56	0.78	-3.39	-4.58	0.06	5.13	13.13
	Broker Proprietary Trading	0.29	-1.11	-0.70	-1.92	0.77	-0.42	-0.02	-6.12	0.27	-1.30	-10.26
	Companies	1.43	13.04	-11.36	-0.49	-3.58	0.02	-6.10	-1.34	-2.32	2.70	-7.99
	Individuals	6.19	2.39	18.60	-2.34	2.29	-1.38	10.49	-5.42	-1.80	0.10	29.11
	Insurance Companies	3.11	6.17	-1.67	2.51	-1.90	1.46	-3.89	5.38	-1.79	6.81	16.18
	Mutual Funds	-11.16	10.01	-0.31	0.15	2.87	-2.91	1.73	0.83	3.09	-15.25	-10.95
	NBFC	0.01	0.23	0.16	0.46	0.11	0.01	0.03	-0.05	-0.02	-0.06	0.89
	Other Organization	-0.84	5.65	1.34	0.14	2.86	-0.15	1.31	3.47	1.98	-0.94	14.82
LIPI Total		9.35	41.64	4.65	-1.10	3.97	-2.58	0.16	-7.82	-0.54	-2.80	44.93

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-10.03	-45.21	-5.49	0.11	-5.05	2.43	-0.67	7.76	0.27	5.70	-50.18
	Foreign Individual	-0.04	0.11	0.02	0.15	0.00	0.00	0.05	0.02	0.02	-0.19	0.14
	Overseas Pakistani	0.72	3.45	0.82	0.83	1.09	0.14	0.47	0.04	0.26	-2.72	5.11
	Total	-9.35	-41.64	-4.65	1.10	-3.97	2.58	0.58	7.82	0.54	2.80	-44.93

Source: NCCPL

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	48.5	Jun 22 70	44.3 ▲	49.52	69.2	0.7	FY22E 5.00	10.1	FY21 23.32	FY22E 27.71	1.8	240	108
ILP	70.0	Jun 22 80	14.3 ▲	71.17	23.5	3.0	FY22E 2.50	3.5	FY21 7.21	FY22E 7.99	8.9	869	130
GATM	53.0	Dec 21 60	13.2 ▲	54.81	32.6	1.7	FY21E 1.50	2.7	9MFY21 8.08	FY21E 9.59	5.7	428	107

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	81.0	Jun 22 150	85.2 ▲	83.80	174.5	0.5	FY22E 6.90	8.2	FY21 21.28	FY22E 24.04	3.5	4,301	645
PPL	72.5	Jun 22 140	93.1 ▲	74.91	138.2	0.5	FY22E 3.50	4.7	FY21 19.27	FY22E 25.44	2.9	2,721	482
POL	360.0	Jun 22 490	36.1 ▲	375.35	149.6	2.5	FY22E 63.14	16.8	FY21 72.86	FY22E 68.70	5.5	284	108
MARI	1535.0	Jun 22 2,180	42.0 ▲	1553.37	865.0	1.8	FY22E 141.00	9.1	FY21 235.70	FY22E 286.30	5.4	133	22

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	600.0	Jun 22 725	20.8 ▲	619.67	126.5	4.9	CY21E 18.00	2.9	1HCY21 17.11	CY21E 44.39	14.0	35	9
SEARL	200.0	Dec 21 320	60.0 ▲	201.51	66.5	3.0	FY21E 3.00	1.5	9MFY21 8.98	FY21E 13.82	14.6	240	108
AGP	110.0	Jun 22 140	27.3 ▲	114.79	30.7	3.7	CY21E 3.50	3.0	1HCY21 2.76	CY21E 6.03	19.0	280	84
CPHL	42.5	Jun 22 55	29.4 ▲	44.92	30.1	1.5	FY22E 1.50	3.3	FY21 1.69	FY22E 2.71	16.6	208	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	700.0	Jun 22 900	28.6 ▲	727.51	60.4	12.0	CY21E 5.00	0.7	1HCY21 7.51	CY21E 18.85	38.6	123	62

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 22 28	21.7 ▲	30.63	55.0	0.6	FY22E 0.45	1.5	FY21 (0.50)	FY22E 3.47	8.8	122	47
TOMCL	33.5	Jun 22 50	49.3 ▲	35.93	23.7	1.5	FY22E -	0.0	FY21 2.71	FY22E 3.66	9.8	112	50
UNITY	30.0	Dec 21 45	50.0 ▲	31.22	5.9	5.3	FY21E 0.90	2.9	9MFY21 2.68	FY21E 3.74	8.3	994	76

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	11.5	Jun 22 13	13.0 ▲	11.72	23.1	0.5	FY22E 1.23	10.5	FY21 3.87	FY22E 2.91	4.0	2,224	556

SCRIP RECOMMENDATIONS

Commercial Banks

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	Recent EPS	Expected EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
MCB	148.0	Jun 22 210	41.9 ▲	150.69	150.7	1.0	CY21E 20.00	13.3	1HCY21 12.44	CY21E 25.50	5.9	1,185	415
BAHL	68.0	Jun 22 90	32.4 ▲	69.15	75.0	0.9	CY21E 5.00	7.2	1HCY21 8.13	CY21E 15.87	4.4	1,111	722
BAFL	31.5	Jun 22 42	33.3 ▲	32.35	49.5	0.7	CY21E 4.00	12.4	1HCY21 3.90	CY21E 7.35	4.4	1,777	563
BOP	8.0	Jun 22 11	37.5 ▲	8.16	19.9	0.4	CY21E 1.00	12.3	1HCY21 2.12	CY21E 4.00	2.0	2,644	1,116

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	16.0	Jun 22 25	56.3 ▲	17.95	16.9	1.1	FY22E -	0.0	FY21 2.52	FY22E 2.78	6.5	1,380	759
ACPL	125.0	Jun 22 170	36.0 ▲	140.86	125.0	1.1	FY22E 2.86	2.0	FY21 8.06	FY22E 6.59	21.4	137	23
MLCF	30.0	Jun 22 50	66.7 ▲	35.20	34.2	1.0	FY22E 1.00	2.8	FY21 5.69	FY22E 5.79	6.1	1,098	267
CHCC	120.0	Jun 22 190	58.3 ▲	143.22	88.2	1.6	FY22E 3.00	2.1	FY21 22.25	FY22E 24.10	5.9	194	106

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	Jun 22 150	66.7 ▲	97.62	50.0	2.0	FY22E -	0.0	FY21 11.75	FY22E 12.12	8.1	252	61
ASTL	32.0	Jun 22 51	59.4 ▲	39.15	46.0	0.9	FY22E 3.25	8.3	FY21 5.92	FY22E 3.37	11.6	297	74
AGHA	26.0	Jun 22 38	46.2 ▲	27.49	23.2	1.2	FY22E -	0.0	FY21 3.53	FY22E 3.63	7.6	576	120

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	48.0	Jun 22 70	45.8 ▲	49.46	40.5	1.2	FY22E 2.50	5.1	FY21 6.08	FY22E 8.11	6.1	42	140

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	100.0	Jun 22 120	20.0 ▲	102.06	63.2	1.6	CY21E 11.00	10.8	2QCY21 7.42	CY21E 14.10	7.2	1,272	700
EFERT	68.5	Jun 22 80	16.8 ▲	70.28	34.5	2.0	CY21E 11.00	15.7	2QCY21 7.90	CY21E 12.25	5.7	1,335	601
FFBL	21.5	Jun 22 40	86.0 ▲	22.50	18.3	1.2	CY21E 1.00	4.4	2QCY21 3.00	CY21E 5.38	4.2	1,291	327
FATIMA	28.0	Jun 22 45	60.7 ▲	29.71	43.3	0.7	CY21E 2.50	8.4	1QCY21 1.80	CY21E 7.06	4.2	2,100	315

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	37.5	Dec 21 50	33.3 ▲	39.24	12.5	3.1	CY21E -	0.0	2QCY21 2.21	CY21E 3.81	10.3	361	94

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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

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