



# ACPL DIGEST

(Aug-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

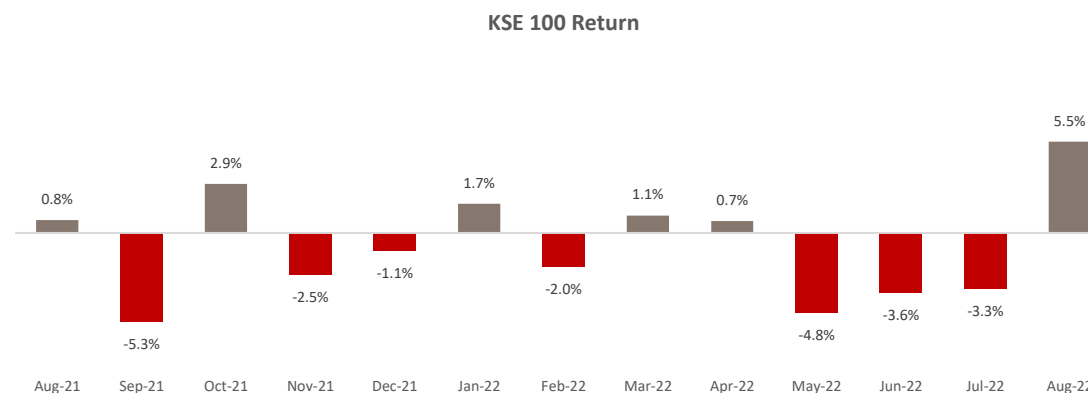


# ACPL DIGEST (Aug-22)

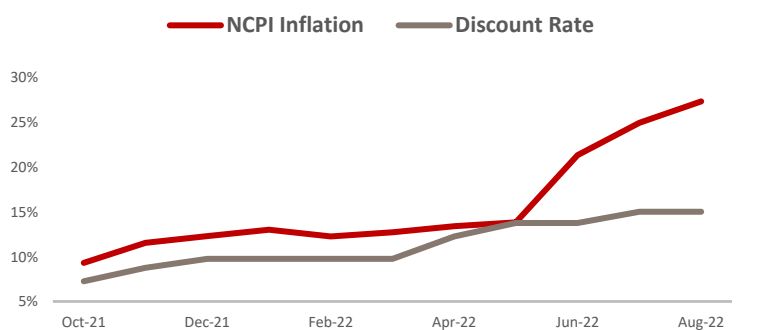


Remittances			Exports			Imports			Current Account	
Jul-22	Jul-21	Change	Jul-22	Jul-21	Change	Jul-22	Jul-21	Change	Jul-22	Jul-21
\$2.5 bn	\$2.7 bn	▼ -7.8%	\$2.3 bn	\$2.3 bn	▼ -3.7%	\$5.0 bn	\$5.6 bn	▼ -10.4%	-\$1.2 bn	-\$0.9 bn

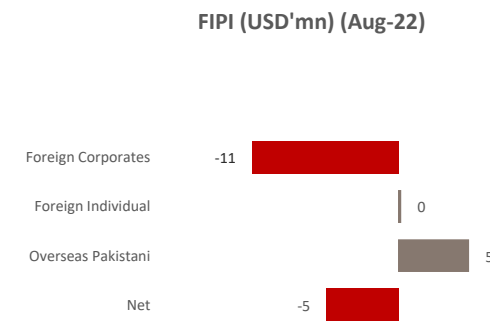
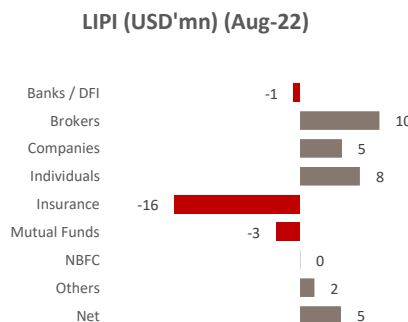
The stock market rebounded and remained bullish during the first half of Aug-22 due to a V-shape recovery of PKR amid anticipation of the revival of the IMF program. However, profit taking was witnessed in the latter half and the index concluded the month at 42,351 by posting a return of 5.5% as Pakistan was hit by heavy rains and floods for which the nation incurred losses of around \$10 billion. PKR appreciated by around 8.6% during the period to close at Rs218.75. The major development during the month was the revival of the IMF program after which the country will receive the 7th and 8th tranches of \$1.17 billion. Furthermore, friendly countries like Qatar, UAE, and Saudi Arabia also announced to invest around \$5 billion in Pakistan after which the country has secured its financing needs for the whole year. Going forward, we expect the loss of crops and infrastructure due to



Source: PSX



Source: PBS, SBP



Source: NCCPL

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heavy floods will cause inflation to rise in the coming months which has already risen to a whopping 27.3% in Aug-22. As far as the monetary policy is concerned, SBP maintained the policy rate at 15% in its latest MPC meeting held on 22nd Aug 2022 due to an improved inflation outlook amid ease in international commodity prices. Furthermore, actions like curtailing imports and fiscal consolidation are expected to work their way through the system over the coming months. The Financial Action Task Force (FATF) is expected to visit Pakistan in Sep-22 to decide on the removal of Pakistan from the grey list. We expect the removal of Pakistan from the grey list to be a big positive trigger for our stock market. However, floods' impact on economic stability remains a concern. **Therefore, we suggest our investors to consider the dips as buying opportunity and accumulate the scrips from the cement and steel sectors as the rehabilitation after the floods will uplift the demand for construction-related products. Furthermore, having high dividend-yielding stocks in the portfolio would also provide a constant stream of income during depressed times. We recommend building positions in FCCL, LUCK, MUGHAL, NCL, ISL, BAHL, and EPCL 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) (Aug-22)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
<b>LIPI Portfolio</b>	Banks / DFI	0.29	-0.39	0.80	-0.18	0.91	-1.57	-0.37	-0.01	-0.72	-1.97	-3.20
	Broker Proprietary Trading	0.69	-0.12	0.19	1.30	3.87	2.71	-0.29	0.64	0.25	1.15	10.38
	Companies	1.07	6.33	0.08	-0.35	0.61	-1.60	-0.04	-3.43	2.09	0.73	5.49
	Individuals	-3.21	5.41	-1.53	0.65	-1.62	0.44	1.18	3.56	0.34	2.62	7.85
	Insurance Companies	-0.30	-2.75	-0.23	-0.42	-1.67	-1.60	-1.67	-3.02	-1.60	-2.26	-15.52
	Mutual Funds	4.70	-0.10	0.12	-0.39	-2.80	-0.60	-0.25	0.04	-0.78	-0.82	-0.89
	NBFC	-0.05	0.12	0.00	-0.05	-0.01	0.05	-0.02	0.00	-0.00	0.01	0.05
	Other Organization	0.87	0.70	1.18	-0.05	-0.17	0.02	-0.13	0.02	0.22	-1.46	1.21
<b>LIPI Total</b>		<b>4.07</b>	<b>9.20</b>	<b>0.61</b>	<b>0.52</b>	<b>-0.88</b>	<b>-2.15</b>	<b>-1.59</b>	<b>-2.20</b>	<b>-0.19</b>	<b>-2.00</b>	<b>5.38</b>

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
<b>FIPI Portfolio</b>	Foreign Corporates	-4.32	-9.22	-0.96	-0.09	-0.76	1.59	1.07	1.60	0.03	0.14	-10.91
	Foreign Individual	0.06	0.03	-0.02	0.00	0.00	0.08	0.00	0.02	0.07	-0.02	0.23
	Overseas Pakistani	0.19	-0.01	0.37	-0.43	1.64	0.48	0.51	0.59	0.09	1.88	5.31
	<b>Total</b>	<b>-4.07</b>	<b>-9.20</b>	<b>-0.61</b>	<b>-0.52</b>	<b>0.88</b>	<b>2.15</b>	<b>0.54</b>	<b>2.20</b>	<b>0.19</b>	<b>2.00</b>	<b>-5.38</b>

Source: NCCPL

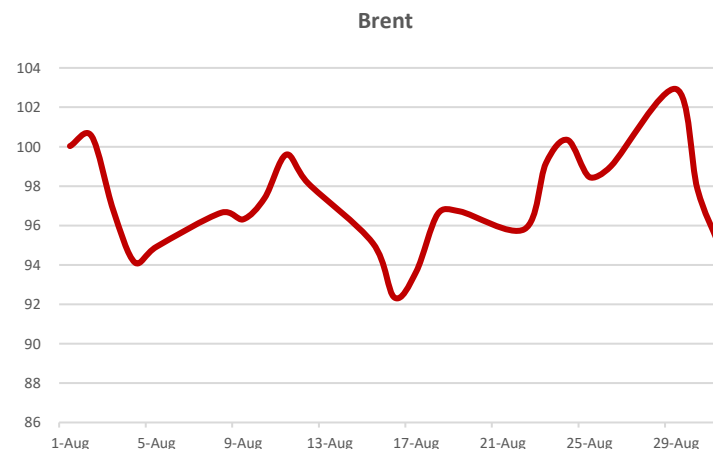
# COMMODITIES OVERVIEW

## Crude Oil

Brent Crude Oil closed the month at 95, declined by 8.5% in Aug-22 amid the United States and Iran reached a deal to revive the nuclear deal which is likely to lift the sanctions on Iran and that can add up to 1 million barrels per day of supply to the market. Meanwhile, US data showed a surge in gasoline demand which stabilized the prices at the current level. China, the biggest importer of crude, has seen a drastic slowdown in economic growth this year, which has hurt crude imports in the country. Crude prices are set for their third straight month of declines, their worst losing streak in over two years. 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 1.8% during Aug and concluded the month at \$1,726 amid fears of aggressive policy tightening by the Federal Reserve. Gold has been on an extended downturn this year as a series of sharp interest rate hikes by the Fed drove up the dollar and U.S. Treasury yields. The yellow metal was hit especially hard last week after Fed Chair Jerome Powell warned that the central bank has no intention of slowing its tightening cycle. Going forward, the weakness is likely to continue for a while as expectations of tighter monetary policy are expected to weigh on gold prices.



## 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	36.0	Jun 23 60	66.7 ▲	37.26	99.2	0.4	FY22E 5.50	14.8	9MFY22 28.10	FY22E 38.00	1.0	240	108
ILP	60.0	Jun 23 80	33.3 ▲	63.44	27.7	2.3	FY22E 2.00	3.2	9MFY22 7.79	FY22E 10.78	5.9	898	135
GATM	31.0	Jun 23 40	29.0 ▲	32.94	54.5	0.6	FY22E 2.00	6.1	9MFY22 9.09	FY22E 12.64	2.6	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	80.0	Jun 23 120	50.0 ▲	82.20	199.7	0.4	FY22E 9.00	10.9	9MFY22 26.05	FY22E 36.68	2.2	4,301	645
PPL	66.0	Jun 23 110	66.7 ▲	69.34	159.4	0.4	FY22E 5.00	7.2	9MFY22 19.23	FY22E 28.83	2.4	2,721	667
POL	410.0	Jun 23 480	17.1 ▲	418.61	179.9	2.3	FY23E 70.00	16.7	FY22 91.37	FY23E 98.91	4.2	284	130
MARI	1680.0	Jun 23 2,000	19.0 ▲	1688.06	934.9	1.8	FY23E 126.00	7.5	FY22 247.84	FY23E 252.50	6.7	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 23 210	27.3 ▲	170.31	443.1	0.4	FY23E 10.00	5.9	FY22 183.66	FY23E 84.89	2.0	469	211
APL	285.0*	Jun 23 360	26.3 ▲	391.14	301.8	1.3	FY23E 45.00	11.5	FY22 148.99	FY23E 96.09	4.1	100	25

\*Bonus and dividend-adjusted

### 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	539.0	Jun 23 641	18.9 ▲	549.39	150.3	3.7	CY22E 24.50	4.5	1HCY22 26.10	CY22E 52.35	10.5	42	19
SEARL	100.0	Jun 23 120	20.0 ▲	107.37	86.8	1.2	FY22E 3.00	2.8	9MFY22 6.51	FY22E 9.49	11.3	312	140
AGP	78.0	Jun 23 100	28.2 ▲	81.52	35.5	2.3	CY22E 2.25	2.8	1HCY22 2.46	CY22E 5.28	15.4	280	84
CPHL	32.5	Jun 23 40	23.1 ▲	33.71	20.2	1.7	FY22E -	0.0	9MFY22 2.41	FY22E 3.20	10.5	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	360.0	Jun 23 500	38.9 ▲	397.71	41.9	9.5	CY22E 8.50	2.1	1HCY22 10.03	CY22E 20.25	19.6	276	166
AIRLINK	35.0	Jun 23 50	42.9 ▲	37.01	29.1	1.3	FY22E -	0.0	9MFY22 3.62	FY22E 6.18	6.0	395	119
OCTOPUS	66.5	Jun 23 80	20.3 ▲	69.78	12.8	5.5	CY22E -	0.0	1HCY22 1.76	CY22E 3.99	17.5	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	30.0	Jun 23	30	-	38.64	55.8	0.7	FY22E	-	0.0	9MFY22	1.20	FY22E	1.64	23.6	122	31
TOMCL	22.0	Jun 23	30	36.4 ▲	22.75	24.9	0.9	FY22E	-	0.0	9MFY22	2.62	FY22E	3.88	5.9	123	55
UNITY	21.3	Jun 23	25	17.4 ▲	23.65	17.3	1.4	FY22E	-	0.0	9MFY22	1.66	FY22E	2.22	10.7	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	13.5	Jun 23	15	11.1 ▲	13.99	26.6	0.5	FY22E	1.50	10.7	9MFY22	1.21	FY22E	1.39	10.1	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	Jun 23	160	34.5 ▲	120.42	146.0	0.8	CY22E	14.00	11.6	1HCY22	9.39	CY22E	19.18	6.3	1,185	415
BAHL	56.0	Jun 23	80	42.9 ▲	55.93	77.1	0.7	CY22E	7.00	12.5	1HCY22	8.66	CY22E	17.33	3.2	1,111	722
BAFL	32.0	Jun 23	45	40.6 ▲	32.25	58.8	0.5	CY22E	5.00	15.5	1HCY22	4.90	CY22E	10.45	3.1	1,777	622
BOP	5.6	Jun 23	7	24.1 ▲	5.77	18.8	0.3	CY22E	1.00	17.3	1HCY22	1.82	CY22E	3.71	1.6	2,974	1,256
HBL	89.0	Jun 23	110	23.6 ▲	90.66	168.7	0.5	CY22E	5.25	5.8	1HCY22	7.85	CY22E	16.10	5.6	1,467	733
UBL	115.0	Jun 23	150	30.4 ▲	116.71	166.8	0.7	CY22E	14.00	12.0	1HCY22	7.78	CY22E	22.65	5.2	1,224	490
MEBL	113.0	Jun 23	160	41.6 ▲	121.40	55.3	2.2	CY22E	7.00	5.8	1HCY22	9.57	CY22E	20.63	5.9	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	14.2	Jun 23	20	41.1 ▲	15.02	19.9	0.8	FY22E	-	0.0	9MFY22	1.86	FY22E	2.87	5.2	1,380	759
ACPL	76.5	Jun 23	100	30.7 ▲	86.77	127.8	0.7	FY23E	3.00	3.5	FY22	8.16	FY23E	6.26	13.9	137	27
MLCF	26.8	Jun 23	38	41.6 ▲	28.62	38.9	0.7	FY22E	-	0.0	9MFY22	3.27	FY22E	4.52	6.3	1,098	494
CHCC	97.0	Jun 23	150	54.6 ▲	102.09	85.6	1.2	FY23E	4.00	3.9	FY22	22.93	FY23E	28.61	3.6	194	117
DGKC	56.0	Jun 23	70	25.0 ▲	60.11	169.8	0.4	FY22E	1.30	2.2	9MFY22	8.26	FY22E	10.93	5.5	438	219
LUCK	505.0	Jun 23	650	28.7 ▲	516.72	617.7	0.8	FY22E	-	0.0	FY22	47.31	FY23E	63.05	8.2	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	63.5	Jun 23 80	26.0 ▲	68.47	59.0	1.2	FY22E 5.00	7.3	9MFY22 13.02	FY22E 17.78	3.9	336	84
ASTL	27.5	Jun 23 35	27.3 ▲	28.43	53.1	0.5	FY22E -	0.0	FY22 4.46	FY23E 2.99	9.5	297	74
AGHA	14.9	Jun 23 20	34.0 ▲	16.33	25.7	0.6	FY22E -	0.0	9MFY22 2.88	FY22E 4.31	3.8	605	151
ISL	57.9	Jun 23 80	38.1 ▲	60.57	46.7	1.3	FY23E 5.00	8.3	FY22 12.44	FY23E 9.14	6.6	435	152
ASL	10.5	Jun 23 15	42.9 ▲	11.12	14.5	0.8	FY22E -	0.0	9MFY22 0.56	FY22E 0.96	11.6	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	29.4	Jun 23 40	36.1 ▲	32.01	39.2	0.8	FY22E -	0.0	9MFY22 1.61	FY22E 2.39	13.4	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	102.0	Jun 23 130	27.5 ▲	104.00	80.7	1.3	CY22E 12.50	12.0	1HCY22 7.55	CY22E 20.19	5.2	1,272	700
EFERT	80.0	Jun 23 95	18.8 ▲	84.09	29.0	2.9	CY22E 7.50	8.9	1HCY22 4.05	CY22E 7.83	10.7	1,335	601
FFBL	20.2	Jun 23 29	43.6 ▲	20.60	28.3	0.7	CY22E -	0.0	1HCY22 2.64	CY22E 3.90	5.3	1,291	452
FATIMA	36.7	Jun 23 45	22.7 ▲	36.95	50.5	0.7	CY22E 3.00	8.1	1HCY22 2.78	CY22E 7.66	4.8	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	120.0	Jun 23 130	8.3 ▲	128.92	92.9	1.4	FY22E 16.00	12.4	9MFY22 27.92	FY22E 32.55	4.0	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	38.0	Jun 23 50	31.6 ▲	41.16	14.8	2.8	CY22E 2.50	6.1	1HCY22 4.37	CY22E 8.80	4.7	361	108

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- 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

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