



ACPL DIGEST

(Jan-23)

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 46 scrips from 14 sectors which constitute around 60% of the market capitalization of the KSE 100 index

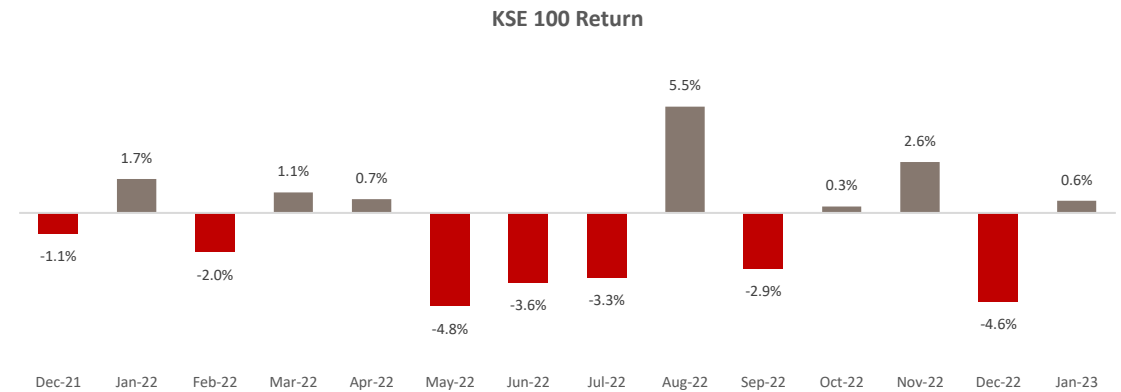


ACPL DIGEST (Jan-23)

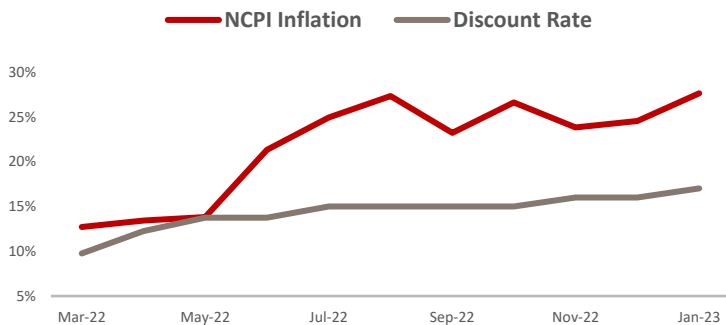


Remittances			Exports			Imports			Current Account	
1HFY23	1HFY22	Change	1HFY23	1HFY22	Change	1HFY23	1HFY22	Change	1HFY23	1HFY22
\$14.1 bn	\$15.8 bn	▼ -11.1%	\$14.3 bn	\$15.1 bn	▼ -5.7%	\$31.2 bn	\$40.6 bn	▼ -23.0%	-\$0.4 bn	-\$1.9 bn

The stock market showed a positive trend for the majority part of the month of Jan-23. However, political uncertainty in addition to macroeconomic factors such as a delay in the completion of the 9th review of the IMF programme and the expected interest rate hike by SBP forced the market to plunge over 1,350 points in a single day. Despite extreme political uncertainty and the worsening economic situation, the market managed to conclude the month at 40,673, posting a return of 0.6%. PKR depreciated by around 18.3% during the period to close at Rs267.89. Moreover, on January 30th, the IMF team visited Pakistan to discuss the 9th review of the Extended Fund Facility. Going forward, with the recent hike in petroleum prices in addition to higher food prices along with the imported inflation owing to the depreciation of PKR, we expect the inflation to push further upward in FY23. Moreover, inflation for the month of Jan-23 clocked at 27.6% as

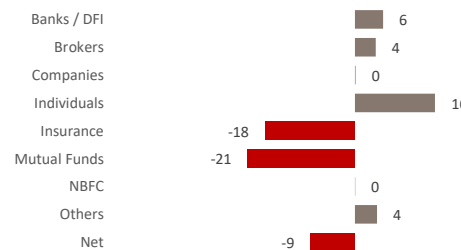


Source: PSX

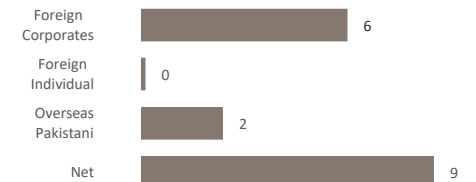


Source: PBS, SBP

LIPI (USD'mn) (Jan-23)



FIPI (USD'mn) (Jan-23)



Source: NCCPL

compared to 24.5% in the last month. Also, after incorporating the Post-Disaster Needs Assessment of the floods and latest developments, the FY23 projections for growth of around 2 percent and a current account deficit of around 3 percent of GDP shared in the last monetary policy statement are re-affirmed. Further, the announcement of elections can create much-needed political stability in the country. In addition, the fall of Pakistan's foreign exchange reserves below \$4 billion in addition to the upcoming \$8 billion debt payments in the remaining five months of the fiscal year raises serious concern. However, the current visit of IMF team to Islamabad and the government's willingness to implement robust reforms such as the imposition of further taxes, discontinuation of the power subsidy, and measures for the settlement of gas circular debt are a beam of hope. Lastly, once again, the revival of IMF programme is crucial to pull the country out of the worsening forex exchange crisis. **Therefore, we suggest our investors consider the dips as buying opportunity and accumulate the scrips from the banking sector as the elevated interest rates will improve net interest earnings. Furthermore, having noncyclical and high dividend-yielding stocks in the portfolio would also provide a constant stream of income during depressed times. We recommend building positions in EFERT, SYS, BAHL, MEBL, UBL, and MCB, as they can yield good returns in the mid-term.** Please refer to the fourth page for further scrips.

		(USD' mn) (Jan-23)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	-2.05	3.33	4.28	-0.01	1.75	-0.71	-0.38	2.39	-0.39	-2.67	5.54
	Broker Proprietary Trading	0.30	0.90	0.69	0.03	1.60	0.23	0.15	-0.52	0.57	0.13	4.09
	Companies	4.10	-4.54	-0.11	0.14	1.08	0.05	-0.25	0.32	-0.14	-0.33	0.32
	Individuals	4.12	0.83	-1.27	0.25	0.32	1.60	3.68	-0.19	0.78	5.57	15.70
	Insurance Companies	-4.51	-1.96	-2.30	0.30	-8.57	-0.83	-0.93	1.75	-0.08	-0.84	-17.98
	Mutual Funds	-2.76	-2.77	-1.85	-0.07	0.68	-1.58	-4.47	-2.40	-0.75	-4.82	-20.80
	NBFC	0.01	0.00	-0.01	0.01	0.00	-0.00	-0.00	0.03	0.00	0.00	0.05
	Other Organization	0.31	0.32	0.11	-0.00	0.17	0.24	0.47	0.19	0.12	2.40	4.34
LIPI Total		-0.48	-3.87	-0.46	0.64	-2.97	-0.99	-1.74	1.57	0.12	-0.56	-8.74
FIPI Portfolio	Foreign Corporates	1.38	3.67	-0.12	-0.81	2.17	0.69	1.68	-2.29	-0.16	-0.03	6.16
	Foreign Individual	0.00	0.01	0.00	0.00	0.03	0.01	0.00	0.11	0.00	-0.02	0.13
	Overseas Pakistani	-0.90	0.19	0.58	0.18	0.78	0.29	0.06	0.62	0.04	0.61	2.45
	Total	0.48	3.87	0.46	-0.64	2.97	0.99	0.96	-1.57	-0.12	0.56	8.74

Source: NCCPL

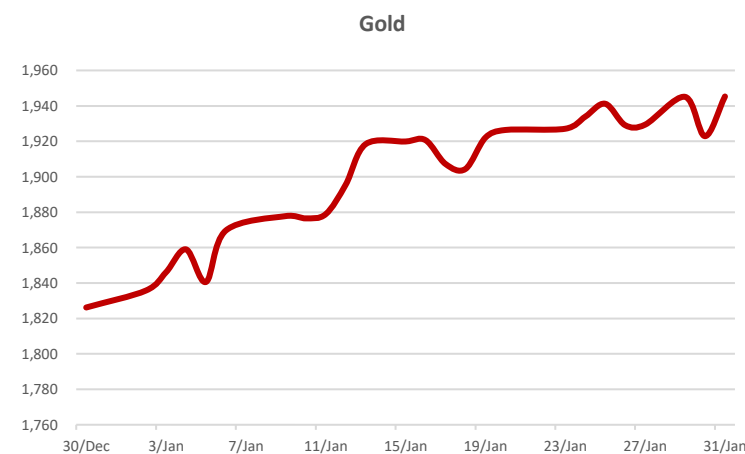
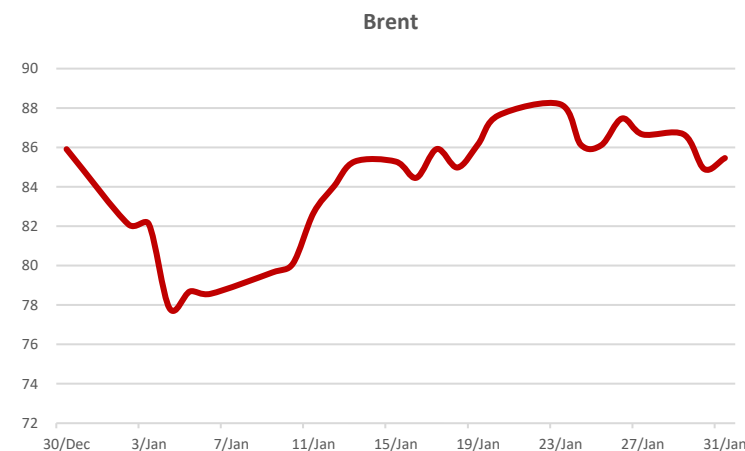
COMMODITIES OVERVIEW

Crude Oil

Brent Oil closed the month at 85.46, down by 0.5% in Jan-23 amid the fear of global recession. Brent oil is currently trading at around \$85.39, down from the \$120-130 levels seen after the Russian invasion of Ukraine. The volatility in crude prices is unlikely to subside in the near term. The Organisation of Petroleum Exporting Countries and its allies are holding a virtual meeting today to discuss their output level. Moreover, Russian oil exports continue to rise despite recent price curbs by the West. Going forward, the growth in Chinese business activity amid the relaxation of anti-covid restrictions is expected to push the price upward.

Gold

Gold increased by 6.5% during Jan-23 and concluded the month at \$1945.30. During the month, the precious metal continued its upward streak and hit its 9-month high. However, owing to the fear of a hike in interest rates, gold has muted its gains ahead of the FOMC policy statement. Recent economic data from the US suggested the Fed has enough headroom to raise the interest rates further. Going forward, amid the fear of a rise in the global recession and higher inflation, we expect the gold prices to touch \$2000 in 2023; although the Fed has indicated that a reversal in monetary policy is unlikely to happen soon unless the core US CPI falls below the annual target of 2%, suggesting further hikes in interest rates.



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	20.3	Dec 23	28	37.9 ▲	21.89	99.2	0.2	FY23E	-	0.0	1QFY23	(0.54)	FY22E	(2.20)	-10.0	240	108
ILP	50.0	Dec 23	62	24.0 ▲	52.35	37.4	1.4	FY23E	4.50	8.6	1QFY23	5.31	FY23E	22.35	2.3	898	135
GATM	19.3	Dec 23	27	37.3 ▲	20.48	58.6	0.3	FY23E	-	0.0	1QFY23	2.23	FY23E	8.93	2.3	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	84.0	Dec 23	110	31.0 ▲	87.80	216.0	0.4	FY23E	8.50	9.7	1QFY23	12.39	FY23E	36.45	2.4	4,301	645
PPL	74.0	Dec 23	96	29.7 ▲	77.53	169.8	0.5	FY23E	3.50	4.5	1QFY23	9.78	FY23E	32.32	2.4	2,721	667
POL	400.0	Dec 23	485	21.3 ▲	413.42	159.5	2.6	FY23E	90.00	21.8	1QFY23	29.59	FY23E	117.42	3.5	284	130
MARI	1463.0	Dec 23	1,770	21.0 ▲	1518.37	1016	1.5	FY23E	179.00	11.8	1HFY23	178.87	FY23E	357.30	4.2	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	126.4	Dec 23	170	34.5 ▲	131.23	489.0	0.3	FY23E	3.00	2.3	1QFY23	2.55	FY23E	25.03	5.2	469	211
APL	301.6	Dec 23	360	19.4 ▲	309.92	310.4	1.0	FY23E	42.00	13.6	1QFY23	34.48	FY23E	96.13	3.2	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	428.0	Dec 23	520	21.5 ▲	448.18	145.5	3.1	CY23E	27.50	6.1	9MCY22	41.37	CY22E	55.12	8.1	42	19
SEARL	49.0	Dec 23	70	42.9 ▲	53.48	79.4	0.7	FY23E	1.00	1.9	1QFY23	0.75	FY23E	3.21	16.7	390	176
AGP	51.5	Dec 23	76	47.6 ▲	57.06	34.1	1.7	CY23E	2.75	4.8	9MCY22	3.50	CY22E	4.73	12.1	280	84
CPHL	21.6	Dec 23	29	34.3 ▲	24.03	20.2	1.2	FY23E	-	0.0	1QFY23	0.64	FY23E	2.54	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	440.0	Dec 23	600	36.4 ▲	458.02	45.4	10.1	CY23E	8.25	1.8	9MCY22	17.30	CY22E	23.10	19.8	276	166
AIRLINK	22.0	Dec 23	28	27.3 ▲	23.69	29.1	0.8	FY23E	-	0.0	1QFY23	0.67	FY23E	3.91	6.1	395	119
OCTOPUS	52.5	Dec 23	65	23.8 ▲	54.83	13.8	4.0	CY23E	-	0.0	9MCY22	3.67	CY22E	4.89	11.2	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	33.6	Dec 23	40	19.2 ▲	34.50	55.8	0.6	FY23E	-	0.0	1QFY23	1.80	FY23E	4.19	8.2	122	31
TOMCL	18.3	Dec 23	24	31.0 ▲	18.98	24.2	0.8	FY23E	-	0.0	1QFY23	0.83	FY23E	3.57	5.3	135	60
UNITY	12.9	Dec 23	17	31.8 ▲	13.97	17.7	0.8	FY23E	-	0.0	FY22	2.04	FY23E	2.82	5.0	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 23	14	6.9 ▲	13.59	26.6	0.5	FY23E	1.75	12.9	1QFY23	0.43	FY23E	1.73	7.9	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	108.5	Dec 23	160	47.5 ▲	112.99	142.6	0.8	CY23E	23.00	20.4	9MICY22	16.75	CY22E	19.99	5.7	1,185	415
BAHL	51.0	Dec 23	66	29.4 ▲	54.04	82.5	0.7	CY23E	9.00	16.7	9MICY22	13.47	CY22E	17.65	3.1	1,111	722
BAFL	29.5	Dec 23	40	35.6 ▲	30.90	58.1	0.5	CY23E	7.50	24.3	9MICY22	7.93	CY22E	11.23	2.8	1,777	622
BOP	4.5	Dec 23	6	33.3 ▲	4.73	21.7	0.2	CY23E	1.00	21.1	9MICY22	2.55	CY22E	3.72	1.3	2,974	1,256
HBL	68.0	Dec 23	90	32.4 ▲	72.28	172.3	0.4	CY23E	9.50	13.1	9MICY22	14.79	CY22E	19.84	3.6	1,467	733
UBL	96.8	Dec 23	140	44.6 ▲	101.59	164.9	0.6	CY23E	18.00	17.7	9MICY22	15.33	CY22E	20.30	5.0	1,224	490
FABL	22.6	Dec 23	28	23.9 ▲	23.68	46.0	0.5	CY23E	4.50	19.0	9MICY22	5.05	CY22E	6.68	3.5	1,518	379
MEBL	88.0	Dec 23	110	25.0 ▲	92.48	58.0	1.6	CY23E	8.50	9.2	9MICY22	15.98	CY22E	20.17	4.6	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	10.6	Dec 23	14	32.1 ▲	11.39	24.5	0.5	FY23E	-	0.0	1QFY23	0.94	FY23E	3.43	3.3	2,180	759
ACPL	53.0	Dec 23	70	32.1 ▲	55.29	128.1	0.4	FY23E	1.50	2.7	1QFY23	0.84	FY23E	3.37	16.4	137	27
MLCF	19.8	Dec 23	27	36.4 ▲	21.36	38.9	0.5	FY23E	-	0.0	1QFY23	1.13	FY23E	4.74	4.5	1,073	483
CHCC	92.0	Dec 23	120	30.4 ▲	98.84	96.6	1.0	FY23E	3.50	3.5	1QFY23	7.63	FY23E	26.38	3.7	194	117
DGKC	39.5	Dec 23	55	39.2 ▲	41.34	159.2	0.3	FY23E	1.00	2.4	1QFY23	0.89	FY23E	3.97	10.4	438	219
LUCK	383.0	Dec 23	520	35.8 ▲	408.75	646.5	0.6	FY23E	-	0.0	1HFY23	22.04	FY23E	41.89	9.8	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	44.3	Dec 23 61	37.7 ▲	48.42	62.1	0.8	FY23E 3.00	6.2	1QFY23 2.60	FY23E 11.74	4.1	336	84
ASTL	18.0	Dec 23 23	25.0 ▲	19.24	51.4	0.4	FY23E -	0.0	1QFY23 0.69	FY23E 2.93	6.6	297	74
AGHA	11.3	Dec 23 14	23.9 ▲	11.85	25.9	0.5	FY23E -	0.0	1QFY23 0.25	FY23E 1.85	6.4	605	151
ISL	37.7	Dec 23 50	32.6 ▲	40.24	46.2	0.9	FY23E -	0.0	1HFY23 0.14	FY23E 0.23	175.0	435	152
ASL	6.4	Dec 23 9	37.5 ▲	6.93	14.5	0.5	FY23E -	0.0	1QFY23 (1.53)	FY23E (4.94)	0.0	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	16.5	Dec 23 27	63.6 ▲	17.15	39.3	0.4	FY23E -	0.0	1HFY23 (0.81)	FY23E (1.61)	0.0	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	101.6	Dec 23 120	18.1 ▲	103.55	87.8	1.2	CY23E 12.50	12.1	CY22 15.76	CY23E 15.97	6.5	1,272	700
EFERT	78.7	Dec 23 100	27.1 ▲	81.65	30.9	2.6	CY23E 15.00	18.4	9MICY22 7.19	CY22E 11.28	7.2	1,335	601
FFBL	12.5	Dec 23 18	44.0 ▲	13.52	28.8	0.5	CY23E -	0.0	CY22 1.80	CY23E 1.85	7.3	1,291	452
FATIMA	29.8	Dec 23 36	20.8 ▲	30.99	47.0	0.7	CY23E 4.50	14.5	9MICY22 4.71	CY22E 6.63	4.7	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	55.8	Dec 23 80	43.4 ▲	59.11	78.1	0.8	FY23E 2.00	3.4	1QFY23 2.05	FY23E 8.23	7.2	172	69

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	Dec 23 46	21.1 ▲	40.55	15.9	2.5	CY23E 3.00	7.4	9MICY22 6.83	CY22E 10.07	4.0	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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