



ACPL DIGEST

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

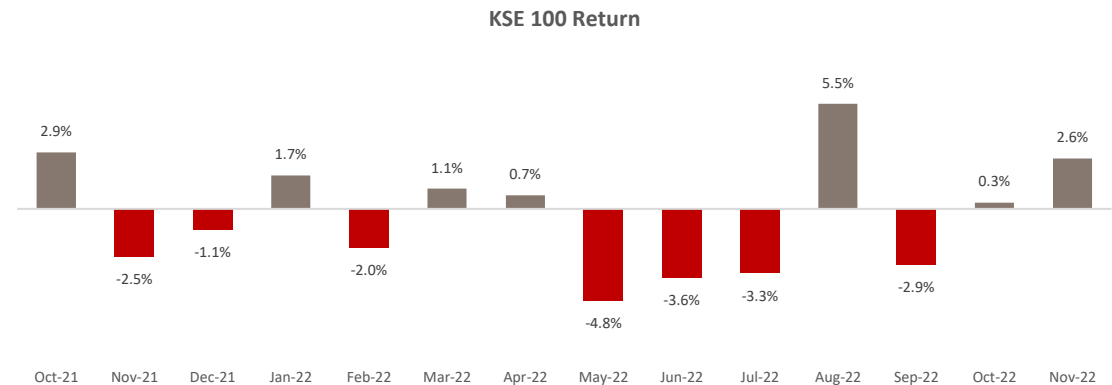


ACPL DIGEST (Nov-22)

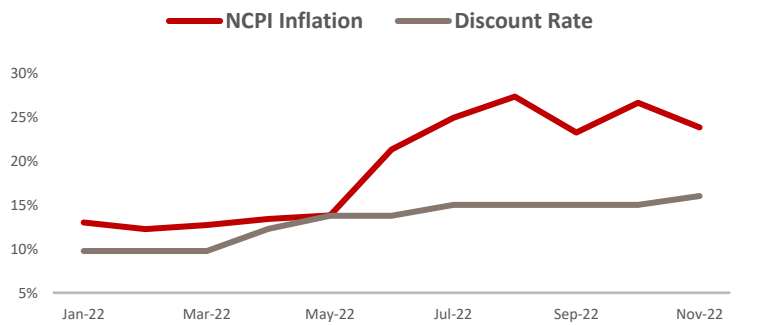


Remittances			Exports			Imports			Current Account	
4MFY23	4MFY22	Change	4MFY23	4MFY22	Change	4MFY23	4MFY22	Change	4MFY23	4MFY22
\$9.9 bn	\$10.8 bn	▼ -8.6%	\$9.6 bn	\$9.5 bn	▲ 1.1%	\$21.1 bn	\$25.1 bn	▼ -15.9%	-\$2.8 bn	-\$5.3 bn

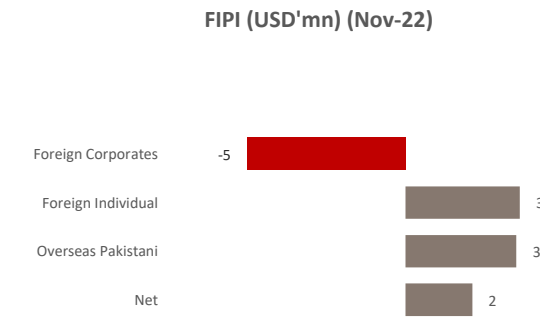
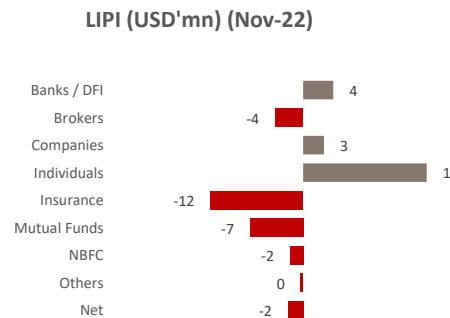
The stock market showed a positive trend for the majority part of the month of Nov-22. However, an unexpected increase in the policy rate by MPC in its latest meeting took the market by surprise and drained around 1,000 points in a single day. Despite extreme political uncertainty after Imran Khan was shoot in his long march and the country facing a financial crunch, the market managed to conclude the month at 42,349, posting a return of 2.6%. PKR depreciated by around 1.6% during the period to close at Rs224.4. Moreover, on November 29th, Pakistan received \$500 million from Asian Infrastructure Investment Bank (AIIB). The funds are deposited with the State Bank of Pakistan (SBP) and will augment our reserves. Going forward, higher food prices and core inflation are now expected to push average FY23 inflation up to 21-23 percent. Moreover, inflation for the month of Nov-



Source: PSX



Source: PBS, SBP



Source: NCCPL

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22 clocked at 23.8% as compared to 26.6% 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. Furthermore, General Asim Munir took over as the new chief of army staff which can lead to political stability. However, the recent indication from PTI to resign from provincial assemblies can lead to further chaos in the country. Moreover, Pakistan's credit default swap slumped to 71% raising serious concern over the probability of default. However, the situation is not that grave as reflected by the CDS rate. Lastly, once again, the IMF review seems to be delayed which can affect our economy adversely, so the government is trying to put it back on track by considering a mini-budget of around Rs.60 Billion. **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) (Nov-22)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	0.86	5.75	0.52	-0.43	-0.24	-0.46	-0.90	-1.32	0.33	-0.18	3.93
	Broker Proprietary Trading	-0.02	0.68	-0.27	-0.01	-0.81	-0.92	0.18	-2.27	-0.04	-0.12	-3.62
	Companies	1.75	-2.04	1.00	0.27	-0.58	0.12	-0.02	4.24	-0.04	-1.54	3.15
	Individuals	-0.91	5.79	3.42	1.73	-0.63	0.16	2.39	-2.02	0.84	5.24	16.01
	Insurance Companies	-0.07	-2.62	-2.19	-1.09	-3.93	-0.56	-0.10	-0.34	0.09	-0.64	-11.45
	Mutual Funds	-2.72	-0.39	-0.27	-0.27	0.78	0.45	-2.03	0.29	-1.04	-3.11	-8.31
	NBFC	-0.06	-0.08	-0.02	-0.01	-0.02	-0.09	-0.02	-0.03	-0.02	-1.35	-1.71
	Other Organization	-0.31	0.31	-0.44	-0.00	0.03	0.10	-0.24	-0.08	-0.02	0.65	0.00
LIPI Total		-1.48	7.40	1.74	0.18	-5.39	-1.21	-0.75	-1.54	0.10	-1.05	-1.99

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	1.57	-10.86	-1.79	0.22	4.30	0.70	0.82	1.57	0.00	-1.28	-4.74
	Foreign Individual	0.00	3.47	0.05	0.00	0.00	0.00	-0.03	-0.04	0.00	-0.02	3.42
	Overseas Pakistani	-0.09	-0.01	0.00	-0.40	1.09	0.51	-0.05	0.01	-0.10	2.35	3.31
Total		1.48	-7.40	-1.74	-0.18	5.39	1.21	0.50	1.54	-0.10	1.05	1.99

Source: NCCPL

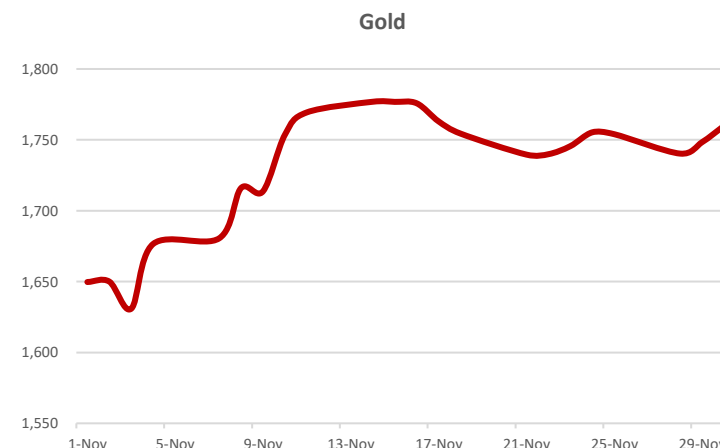
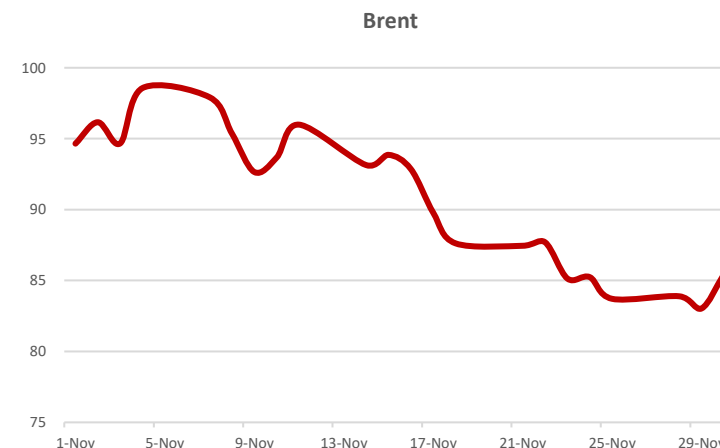
COMMODITIES OVERVIEW

Crude Oil

Brent Crude Oil closed the month at 85.43, down by 12.4% in Nov-22 amid protests across major cities in China against the imposition of stringent Covid restrictions raised concerns over the economic outlook. Brent crude oil is currently trading at around \$81, 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 meeting over the weekend to discuss their output level even as the EU countries continue to debate capping the price of Russian oil and the US allows Chevron to restart oil production in Venezuela. Going forward, group of seven (G7) nations and the European Union have been discussing a cap on Russian oil between \$65 and \$70 a barrel, The price cap is due to come into effect on Dec. 5.

Gold

Gold increased by 6.6% during Nov and concluded the month at \$1,759.9. The precious metal has recovered breaking a falling streak of seven straight months due to aggressive tightening by the Fed, which has been boosting the dollar and U.S. Treasury yields. With the bulk of rate hikes from the Fed being priced in, investors are now seeing light at the end of the tunnel in terms of an end to the hikes. Going forward, A potential recovery in the dollar and still-rising interest rates around the world means investors might shy away from low- and zero-yielding assets like gold. However, a reversal in monetary policy is not likely to happen in Q4'22 or early 2023 as the US CPI remains high, capping the gold price.



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	26.0	Jun 23	35	34.6 ▲	26.93	99.2	0.3	FY23E	-	0.0	1QFY23	(0.54)	FY22E	(2.20)	-12.2	240	108
ILP	53.5	Jun 23	65	21.5 ▲	56.05	37.4	1.5	FY23E	4.50	8.0	1QFY23	5.31	FY23E	22.35	2.5	898	135
GATM	24.0	Jun 23	35	45.8 ▲	25.17	58.6	0.4	FY23E	-	0.0	1QFY23	2.23	FY23E	8.93	2.8	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	70.5	Jun 23	110	56.0 ▲	72.56	216.0	0.3	FY23E	8.50	11.7	1QFY23	12.39	FY23E	36.45	2.0	4,301	645
PPL	53.5	Jun 23	75	40.2 ▲	56.49	169.8	0.3	FY23E	3.50	6.2	1QFY23	9.78	FY23E	32.32	1.7	2,721	667
POL	400.0	Jun 23	480	20.0 ▲	420.35	159.5	2.6	FY23E	90.00	21.4	1QFY23	29.59	FY23E	117.42	3.6	284	130
MARI	1643.0	Jun 23	2,200	33.9 ▲	1670.19	1016	1.6	FY23E	160.00	9.6	1QFY23	95.31	FY23E	319.30	5.2	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	144.0	Jun 23	180	25.0 ▲	150.15	489.0	0.3	FY23E	3.00	2.0	1QFY23	2.55	FY23E	25.03	6.0	469	211
APL	305.0	Jun 23	350	14.8 ▲	315.29	310.4	1.0	FY23E	42.00	13.3	1QFY23	34.48	FY23E	96.13	3.3	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	527.0	Jun 23	650	23.3 ▲	548.59	145.5	3.8	CY23E	27.50	5.0	9MCY22	41.37	CY22E	55.12	10.0	42	19
SEARL	65.0	Jun 23	95	46.2 ▲	70.82	79.4	0.9	FY23E	1.00	1.4	1QFY23	0.75	FY23E	3.21	22.1	390	176
AGP	69.5	Jun 23	90	29.5 ▲	72.38	34.1	2.1	CY23E	2.75	3.8	9MCY22	3.50	CY22E	4.73	15.3	280	84
CPHL	25.5	Jun 23	40	56.9 ▲	26.45	20.2	1.3	FY23E	-	0.0	1QFY23	0.64	FY23E	2.54	10.4	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	477.0	Jun 23	600	25.8 ▲	500.36	45.4	11.0	CY23E	8.25	1.6	9MCY22	17.30	CY22E	23.10	21.7	276	166
AIRLINK	27.5	Jun 23	45	63.6 ▲	28.96	29.1	1.0	FY23E	-	0.0	1QFY23	0.67	FY23E	3.91	7.4	395	119
OCTOPUS	66.6	Jun 23	85	27.6 ▲	69.00	13.8	5.0	CY23E	-	0.0	9MCY22	3.67	CY22E	4.89	14.1	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	32.8	Jun 23	40	22.0 ▲	33.15	55.8	0.6	FY23E	-	0.0	1QFY23	1.80	FY23E	4.19	7.9	122	31
TOMCL	22.6	Jun 23	30	32.7 ▲	23.52	24.2	1.0	FY23E	-	0.0	1QFY23	0.83	FY23E	3.57	6.6	135	60
UNITY	16.5	Jun 23	25	51.5 ▲	17.20	17.3	1.0	FY22E	-	0.0	9MFY22	1.66	FY22E	2.22	7.7	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	7.4 ▲	13.53	26.6	0.5	FY23E	1.75	12.9	1QFY23	0.43	FY23E	1.73	7.8	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	118.0	Jun 23	160	35.6 ▲	119.31	142.6	0.8	CY23E	23.00	19.3	9MCMY22	16.75	CY22E	19.99	6.0	1,185	415
BAHL	54.5	Jun 23	80	46.9 ▲	55.70	82.5	0.7	CY23E	9.00	16.2	9MCMY22	13.47	CY22E	17.65	3.2	1,111	722
BAFL	31.7	Jun 23	40	26.3 ▲	32.10	58.1	0.6	CY23E	7.50	23.4	9MCMY22	7.93	CY22E	11.23	2.9	1,777	622
BOP	5.1	Jun 23	8	52.9 ▲	5.18	21.7	0.2	CY23E	1.00	19.3	9MCMY22	2.55	CY22E	3.72	1.4	2,974	1,256
HBL	66.5	Jun 23	90	35.3 ▲	66.59	172.3	0.4	CY23E	9.50	14.3	9MCMY22	14.79	CY22E	19.84	3.4	1,467	733
UBL	106.5	Jun 23	140	31.5 ▲	106.50	164.9	0.6	CY23E	18.00	16.9	9MCMY22	15.33	CY22E	20.30	5.2	1,224	490
FABL	27.0	Jun 23	36	33.3 ▲	27.73	46.0	0.6	CY23E	4.50	16.2	9MCMY22	5.05	CY22E	6.68	4.2	1,518	379
MEBL	108.5	Jun 23	150	38.2 ▲	109.52	58.0	1.9	CY23E	8.50	7.8	9MCMY22	15.98	CY22E	20.17	5.4	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	13.0	Jun 23	20	53.8 ▲	13.45	24.5	0.5	FY23E	-	0.0	1QFY23	0.94	FY23E	3.43	3.9	2,180	759
ACPL	66.0	Jun 23	100	51.5 ▲	68.24	128.1	0.5	FY23E	1.50	2.2	1QFY23	0.84	FY23E	3.37	20.2	137	27
MLCF	24.2	Jun 23	40	65.3 ▲	25.37	38.9	0.7	FY23E	-	0.0	1QFY23	1.13	FY23E	4.74	5.4	1,073	483
CHCC	110.5	Jun 23	150	35.7 ▲	117.07	96.6	1.2	FY23E	3.50	3.0	1QFY23	7.63	FY23E	26.38	4.4	194	117
DGKC	48.3	Jun 23	70	44.9 ▲	50.85	159.2	0.3	FY23E	1.00	2.0	1QFY23	0.89	FY23E	3.97	12.8	438	219
LUCK	446.0	Jun 23	630	41.3 ▲	472.79	617.7	0.8	FY23E	-	0.0	1QFY23	11.91	FY23E	47.02	10.1	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	54.5	Jun 23 85	56.0 ▲	57.63	62.1	0.9	FY23E 3.00	5.2	1QFY23 2.60	FY23E 11.74	4.9	336	84
ASTL	20.7	Jun 23 35	69.2 ▲	21.81	51.4	0.4	FY23E -	0.0	1QFY23 0.69	FY23E 2.93	7.4	297	74
AGHA	12.8	Jun 23 18	40.6 ▲	13.01	25.9	0.5	FY23E -	0.0	1QFY23 0.25	FY23E 1.85	7.0	605	151
ISL	44.4	Jun 23 70	57.7 ▲	47.02	49.7	0.9	FY23E 5.50	11.7	1QFY23 1.03	FY23E 6.65	7.1	435	152
ASL	8.0	Jun 23 12	50.0 ▲	8.34	14.5	0.6	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	24.0	Jun 23 35	45.8 ▲	24.76	40.8	0.6	FY23E -	0.0	1QFY23 (1.59)	FY23E (3.84)	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	102.0	Jun 23 130	27.5 ▲	102.60	80.7	1.3	CY23E 17.00	16.6	9MAY22 11.67	CY22E 15.62	6.6	1,272	700
EFERT	79.0	Jun 23 100	26.6 ▲	81.32	30.9	2.6	CY23E 15.00	18.4	9MAY22 7.19	CY22E 11.28	7.2	1,335	601
FFBL	16.5	Jun 23 23	36.4 ▲	17.01	28.3	0.6	CY23E -	0.0	9MAY22 1.33	CY22E 2.26	7.5	1,291	452
FATIMA	35.5	Jun 23 50	40.8 ▲	36.52	47.0	0.8	CY23E 4.50	12.3	9MAY22 4.71	CY22E 6.63	5.5	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	79.0	Jun 23 110	39.2 ▲	85.02	78.1	1.1	FY23E 2.00	2.4	1QFY23 2.05	FY23E 8.23	10.3	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	43.0	Jun 23 60	39.5 ▲	44.14	15.9	2.8	CY23E 3.00	6.8	9MAY22 6.83	CY22E 10.07	4.4	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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