ABBASI AND COMPANY (Pvt) Ltd.

Annual Investment Strategy (2022)

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Introduction to ACPL

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 a “Stable” outlook to Abbasi and Company (Pvt.) Limited.

Although Abbasi and Company (Pvt.) Limited has been providing brokerage services to its clients since 1999 yet, it had been registered as a formal Research Entity in April 2019. Within a short period of around 2.5 years, we have covered 37 scrips from 12 sectors which constitute around 40% of the market capitalization of the KSE 100 index.

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EXECUTIVE SUMMARY

Considering political stability, resumption of the IMF program, and cheap valuations, we expect the benchmark KSE 100 index to cross the level of 53,000 in CY22. The target of the index is determined by using technical and earnings growth methods.

A rally is overdue in Banks and E&Ps which is likely to get triggered as soon as the overall sentiment gets positive. As Banks and Exploration alone constitute around 34% of the KSE 100 index, the rally in these two sectors would play a major role in achieving the target of our index in CY22.

Furthermore, the performance of the stock market would be dependent on the reversal of the international commodity prices in our view. As we have seen that many of the commodities i.e., crude oil, palm oil, coal & steel, etc. have started to stabilize after touching their peaks. It is expected that global inflationary pressure would calm down by the end of this fiscal year amid worldwide efforts to ensure an adequate supply of the commodities. Furthermore, fiscal and monetary tightening along with the commencement of the textile expansions would help the rupee to recover which in our view would trigger the stock market rally.

We have an Overweight stance on Commercial Banks, Oil & Gas Exploration, Fertilizer, and Textile sectors. Whereas, we have a Market Weight Stance on Cement, Engineering, and Pharmaceutical sectors.

ACPL COVERAGE

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ABBASI AND COMPANY (Pvt) Ltd.

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	44.5	Dec 22 70	57.0 ▲	45.55	69.2	0.7	FY22E 4.50	10.0	1QFY22 9.23	FY22E 20.96	2.17	240	108
ILP	71.0	Dec 22 85	19.7 ▲	72.69	25.8	2.8	FY22E 2.00	2.8	1QFY22 2.99	FY22E 11.90	6.1	898	135
GATM	45.0	Dec 22 70	55.6 ▲	47.06	38.8	1.2	FY22E 1.50	3.2	1QFY22 2.16	FY22E 10.70	4.4	513	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 22 150	78.6 ▲	86.20	186.8	0.5	FY22E 10.50	12.2	1QFY22 7.82	FY22E 32.28	2.7	4,301	645
PPL	77.0	Dec 22 135	75.3 ▲	79.04	149.8	0.5	FY22E 5.00	6.3	1QFY22 6.24	FY22E 27.58	2.9	2,721	667
POL	345.0	Dec 22 450	30.4 ▲	357.62	127.2	2.8	FY22E 65.00	18.2	1QFY22 18.52	FY22E 74.39	4.8	284	130
MARI	1600.0	Dec 22 2,200	37.5 ▲	1654.23	934.3	1.8	FY22E 178.00	10.8	1QFY22 68.21	FY22E 297.70	5.6	133	27

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	615.0	Dec 22 800	30.1 ▲	627.85	136.4	4.6	CY21E 17.50	2.8	9MCY21 32.23	CY21E 43.92	14.3	38	17
SEARL	137.0	Dec 22 180	31.4 ▲	143.72	86.5	1.7	FY22E 2.00	1.4	1QFY22 2.84	FY22E 11.79	12.2	312	140
AGP	95.0	Dec 22 120	26.3 ▲	96.99	32.0	3.0	CY21E 2.25	2.3	9MCY21 3.98	CY21E 6.54	14.8	280	84
CPHL	34.5	Dec 22 45	30.4 ▲	35.76	19.5	1.8	FY22E -	0.0	1QFY22 0.41	FY22E 1.77	20.2	228	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	750.0	Dec 22 835	11.3 ▲	759.84	67.2	11.3	CY21E 5.00	0.7	9MCY21 16.74	CY21E 22.95	33.1	138	83
AIRLINK	56.0	Dec 22 80	42.9 ▲	58.06	27.7	2.1	FY22E 3.40	5.9	1QFY22 1.14	FY22E 9.72	6.0	395	110
OCTOPUS	72.0	Dec 22 100	38.9 ▲	77.76	12.1	1.17	CY21E -	0.0	9MCY21 2.56	CY21E 5.39	14.4	137	27

ACPL COVERAGE

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	28.5	Dec 22	35	22.8 ▲	30.20	54.3	0.6	FY22E	-	0.0	1QFY22	(0.24)	FY22E	0.45	67.1	122	31
TOMCL	30.0	Dec 22	35	16.7 ▲	31.73	23.0	1.4	FY22E	-	0.0	1QFY22	0.75	FY22E	2.86	11.1	123	50
UNITY	24.0	Dec 22	35	45.8 ▲	26.47	13.4	2.0	FY22E	-	0.0	1QFY22	(0.03)	FY22E	1.82	14.5	994	497

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	12.0	Dec 22	13	8.3 ▲	12.16	25.8	0.5	FY22E	1.25	10.3	1QFY22	0.32	FY22E	3.56	3.4	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	148.0	Dec 22	200	35.1 ▲	153.35	149.9	1.0	CY21E	20.00	13.0	9MCY21	19.03	CY21E	24.73	6.2	1,185	415
BAHL	68.0	Dec 22	110	61.8 ▲	69.01	79.0	0.9	CY21E	4.50	6.5	9MCY21	12.53	CY21E	16.61	4.2	1,111	722
BAFL	33.8	Dec 22	50	47.9 ▲	34.60	52.1	0.7	CY21E	4.00	11.6	9MCY21	5.90	CY21E	7.07	4.9	1,777	622
BOP	8.3	Dec 22	12	44.6 ▲	8.47	20.3	0.4	CY21E	1.00	11.8	9MCY21	3.30	CY21E	4.81	1.8	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	18.0	Dec 22	27	50.0 ▲	18.37	17.9	1.0	FY22E	0.50	2.7	1QFY22	0.62	FY22E	3.60	5.1	1,380	759
ACPL	120.0	Dec 22	175	45.8 ▲	138.96	127.1	1.1	FY22E	3.00	2.2	1QFY22	1.97	FY22E	6.97	19.9	137	27
MLCF	34.0	Dec 22	50	47.1 ▲	35.95	35.7	1.0	FY22E	1.00	2.8	1QFY22	0.51	FY22E	3.91	9.2	1,098	494
CHCC	140.0	Dec 22	190	35.7 ▲	148.31	75.7	2.0	FY22E	3.50	2.4	1QFY22	6.14	FY22E	26.22	5.7	194	117

ACPL COVERAGE

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	97.0	Dec 22	140	44.3 ▲	104.11	54.2	1.9	FY22E	5.50	5.3	1QFY22	5.03	FY22E	18.47	5.6	336	84
ASTL	42.8	Dec 22	70	63.6 ▲	44.76	49.3	0.9	FY22E	3.50	7.8	1QFY22	2.36	FY22E	8.99	5.0	297	74
AGHA	25.0	Dec 22	35	40.0 ▲	26.17	23.8	1.1	FY22E	-	0.0	1QFY22	0.97	FY22E	3.36	7.8	605	144
ISL	64.0	Dec 22	120	87.5 ▲	66.12	42.6	1.6	FY22E	9.50	14.4	1QFY22	6.13	FY22E	19.00	3.5	435	152
ASL	14.0	Dec 22	25	78.6 ▲	15.06	19.9	0.8	FY22E	1.00	6.6	1QFY22	0.96	FY22E	5.01	3.0	766	347

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	40.0	Dec 22	50	25.0 ▲	41.76	39.8	1.0	FY22E	1.00	2.4	1QFY22	0.66	FY22E	2.47	16.9	168	42

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	98.0	Dec 22	120	22.4 ▲	100.26	76.1	1.3	CY21E	11.00	11.0	9MCY21	7.42	CY21E	15.93	6.3	1,272	700
EFERT	74.5	Dec 22	90	20.8 ▲	76.09	33.0	2.3	CY21E	13.00	17.1	9MCY21	11.21	CY21E	14.42	5.3	1,335	601
FFBL	23.5	Dec 22	35	48.9 ▲	24.78	21.3	1.2	CY21E	-	0.0	9MCY21	4.76	CY21E	5.30	4.7	1,291	452
FATIMA	34.0	Dec 22	50	47.1 ▲	35.99	45.7	0.8	CY21E	3.50	9.7	9MCY21	6.71	CY21E	8.56	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	33.0	Dec 22	45	36.4 ▲	34.24	12.0	2.9	CY21E	-	0.0	9MCY21	3.61	CY21E	3.81	9.0	361	108

PAKISTAN POLITICS

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Political Stability to Remain Intact Despite PDM's Efforts and Backlash on Inflation: A few months ago, when PPP decided to part ways with PDM on the issue of resignations and the opposition alliance just faded away, it seemed that PTI has gained some strength. However, the recent defeat in the local government polls of KPK has put the ruling party in a state of shock. The main reasons for this defeat were the poor candidate's selection and the high rate. In the meanwhile, opposition parties are again trying to mobilize their workers by arranging anti-inflation protests in the coming year. However, despite all these efforts of the opposition and public backlash on inflation, there is no threat to the continuity of the government as the ruling party has completed most of its tenor without being into the headlines of any mega corruption scandal. Furthermore, the opposition is divided over internal conflicts and the "One Page" narrative of the government still seems to hold true. Therefore, we expect the political stability to remain intact in the coming year with a smooth transfer of power to take place in the general elections of 2023.

Foreign Relations of Pakistan: Pakistan has been an important ally of the US for four decades with respect to the US interest in Afghanistan. Now, the US is out of Afghanistan and the US-Pak relations are kind of fragile. That's why PM Khan is the only major world leader Biden has not talked to on the telephone. Furthermore, Islamabad has not been visited by any senior American official who is close to President Biden. That's because the US blames Pakistan for its defeat in Afghanistan. Furthermore, the US is also concerned about the growing ties of Pakistan with China which is the fastest growing economy in the world and is a major threat to the supremacy of the US in coming years. Pakistan is facing the consequences of these stiff relations in the form of being on FATF's grey list despite significant progress on the implementation of the key points. Furthermore, IMF is not ready to show any leniency as well with respect to the conditions related to its $6bn finance facility. On the other hand, Pakistan has also shifted its preferences towards China as Pakistan decided to skip the summit on democracy being convened by US President Joe Biden last month because China was excluded from the invitees. This move is seen as a clear snub to the White House that could entail serious implications for the already strained relations between the two countries. However, Pakistan is now eyeing its future prosperity in being an ally of China, not the US. Furthermore, the relations with Saudi Arabia have also witnessed a turnaround as the recent package of around $3bn from Saudis proved to be a great support to the declining reserves of Pakistan. Lastly, the relations with Afghanistan have also been revived after the withdrawal of the US as Pakistan has organized the OIC conference that has driven the global focus to the humanitarian crisis in Afghanistan. We foresee immense trading opportunities for Pakistan amid the revival of Afghanistan.

PAKISTAN ECONOMY

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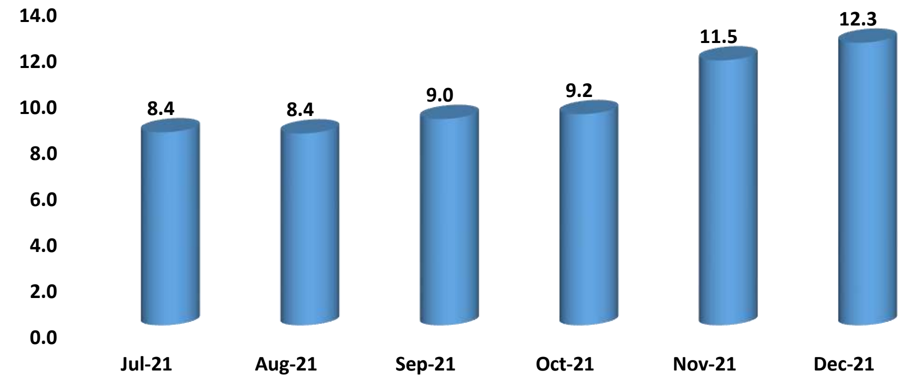
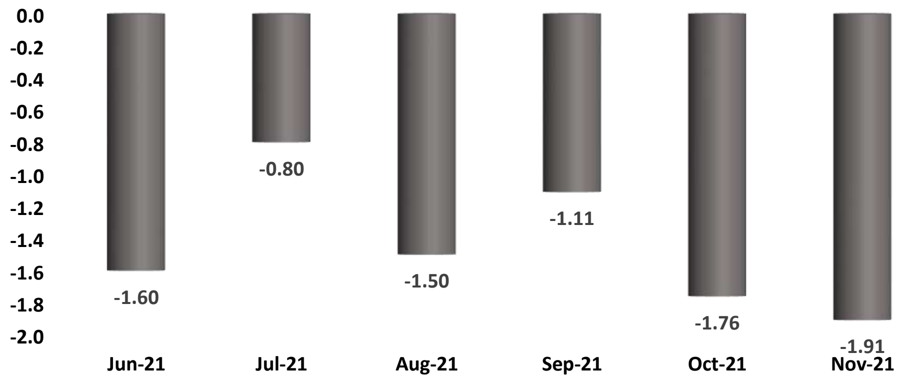
Inflation to Remain Between 11-12% Through 2022: Pakistan's inflation rate increased to 12.3% YoY in Dec-21 as compared to 11.5% YoY during last month. Average inflation during CY21 stood at 9.5% YoY as compared to 8.4% YoY during last year. The surge in the inflation rate is caused mainly due to the increase in energy rates and higher domestic commodity prices owing to higher global commodity prices coupled with the devaluation of the local currency. During the crisis of Covid-19, supply chain bottlenecks and labor shortages had slowed the pace of economic growth. Overwhelmed ports, truck shortages, and record low warehouse vacancy rates collided with strong demand from consumers caused the international commodity prices to surge. Furthermore, the continuous devaluation of the PKR owing to the rising CAD magnified the impact of high commodity prices. On the other hand, GoP increased the electricity tariff by around Rs. 1.39 per unit as a part of the deal with the IMF. Going forward, the government is again ready to increase the electricity base tariff by up to Rs. 0.95 per unit along with an increase in gas tariff under the garb of the second phase of subsidy reforms agreed with International Monetary Fund (IMF) and World Bank (WB). Therefore, we expect the inflation rate to remain between 11-12% in 2022 as energy tariffs adjustments and higher global commodity prices are likely to exert upward pressure on domestic prices. Furthermore, we expect the inflation to start tapering off from 2023 as the global supply chain to remain in crisis through 2022 according to the Federal Reserve chairman, Jerome Powell.

Current Account Deficit to Remain Between $14-15bn: The country recorded a current account deficit of $7 billion in the first five months of the current fiscal year against a $1.64 billion surplus in the same period last year when the coronavirus pandemic was taking a heavy toll on the economy and imports ground to a virtual halt. The reason behind the deficit was a 70% YoY rise in imports in 5MFY22. However, exports of goods also increased by 27% YoY and remittances rose by 10% during the period.

National Consumer Price Index (%)

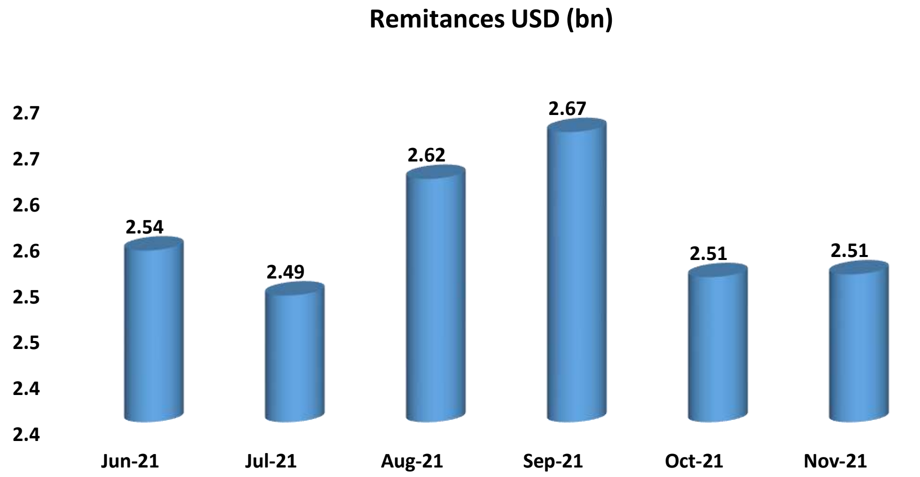


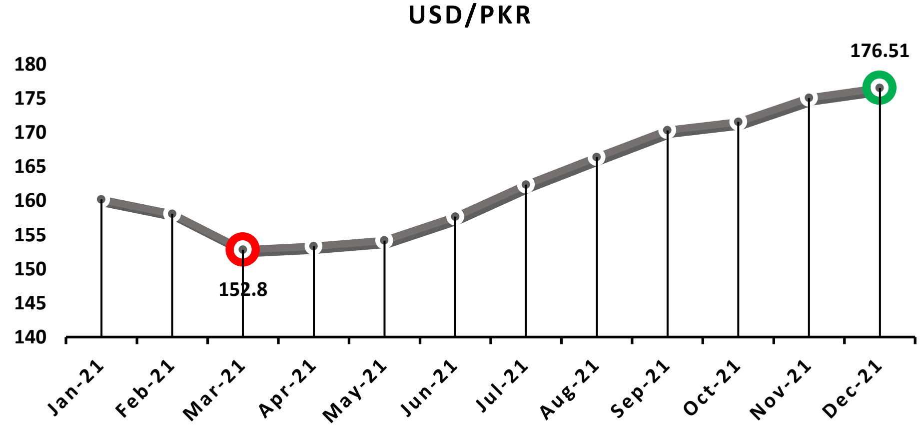
Current Account Deficit (USD'bn)



The growth in imports is mainly driven by strong domestic activity and high international commodity prices especially petroleum products which constitute around 25% of our total import bill. Oil markets have hit this year's finishing line on a winning note as oil prices put up a respectable rally thanks to rampant lockdown fears easing. Several reports have shown that, despite spreading faster, the Omicron variant of Covid-19 causes milder symptoms than Delta and even leads to lower hospitalization rates. Furthermore, low crude oil inventories, both globally and in the United States, have put upward price pressure on near-dated crude oil contracts, whereas longer-dated crude oil contract prices are lower, likely reflecting expectations of a more balanced market as the rising production from OPEC+ countries and the United States will lead to global liquid fuels inventories increasing through which the supply and demand mismatch for crude will ease in 2022. Keeping this in view, we expect the CAD to remain between $14-15bn in FY22. Moving forward, the deficit would be curtailed gradually as the monetary and fiscal tightening measures would bring much-needed stability to the external account. Furthermore, the ongoing expansion in the textile sector worth $3.5bn would also reap the benefits in the form of higher exports and lead towards a lower deficit.

PKR to Recover to Around Rs.170 by 2HCY22: Though the foreign exchange reserves of the country have increased by 19% YoY from $20.5bn to $24.3bn during CY21 yet the PKR depreciated by 10% YoY from Rs159.9 to Rs176.51 during the same period. The primary reason behind the rupee decline was the widening trade deficit mainly due to high import bill as described earlier. Going forward, we expect the PKR to recover to around Rs170 by the end of this fiscal year assuming that the current account deficit would start tapering off amid higher textile exports, monetary and fiscal tightening policies along with declining international commodity prices. Furthermore, the resumption of the IMF program would pave the way for other international lenders such as the World Bank, Asian Development Bank (ADB) to provide funds to Pakistan which will also provide the much-needed support to PKR.



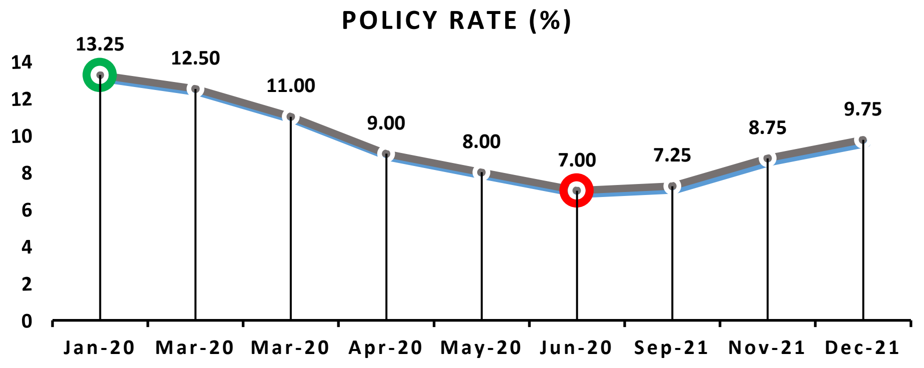


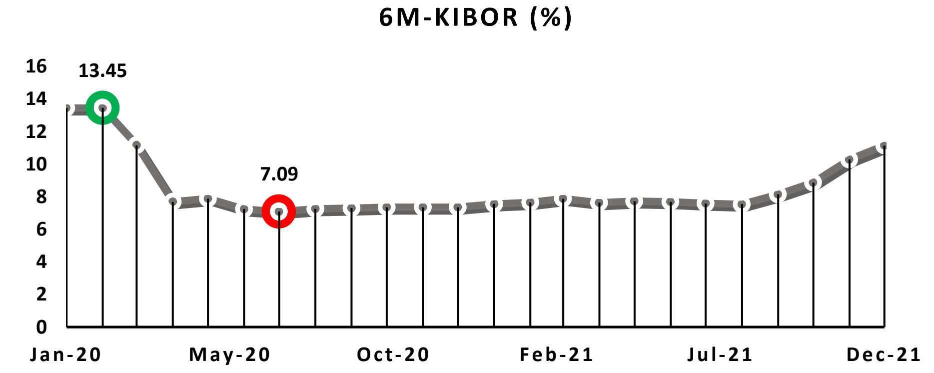
PAKISTAN ECONOMY

Monetary Policy: Interest Rate Peak is Just a 100 bps Away: In order to counter the inflationary pressures and ensure that the CAD remains under control, the SBP decided to increase the policy rate by 100 bps to 9.75% in its recent MPC meeting, accumulating to an increase of 250 bps in a period of one month. Considering the inflation forecast of around 11% in FY22, the MPC feels that the end goal of mildly positive real interest rates on a forward-looking basis is now close to being achieved and monetary policy settings are expected to remain broadly unchanged in the near term. Going forward, we expect the interest rate to be in double digits from Mar-22. However, the raise wouldn't be more than 100 bps in our view assuming that the inflation would start tapering off by the start of the next fiscal year.

Furthermore, in a surprise move, the SBP raised the banks' Cash Reserve Requirement (CRR) from 5% to 6% on 13th November 2021 in order to moderate domestic demand. Last time, the CRR was increased in 2008 from 7% to 9% at its peak to curb credit demand. Then it was reduced to 5% in 2012 and now in 2021, it has increased for the first time in nine years to 6%. This policy measure will reduce the monetary expansion because, in Covid times, huge liquidity was injected into the economy to stimulate demand through monetary and fiscal stimulus while intended to prevent or moderate economic downturns and recessions. However, things started to get out of control just after the lifting of lockdowns, resulting in skyrocketing current account deficit. Amid such a scenario, raising CRR was a good move by SBP as the banks would now be left with the less lendable amount and the goal of monetary contraction would be achieved without putting the burden on the bottom lines of the borrowers.

Furthermore, the SBP has also tightened consumer lending rules to limit auto loans. The changes in the regulations effectively prohibit financing for imported vehicles and tighten regulatory requirements for financing of domestically manufactured/assembled vehicles of more than 1,000 cc engine capacity and other consumer finance facilities like personal loans and credit cards.



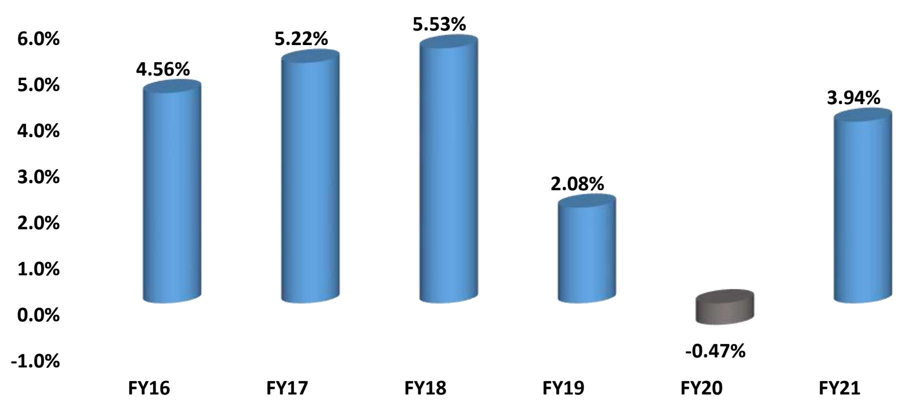


PAKISTAN ECONOMY

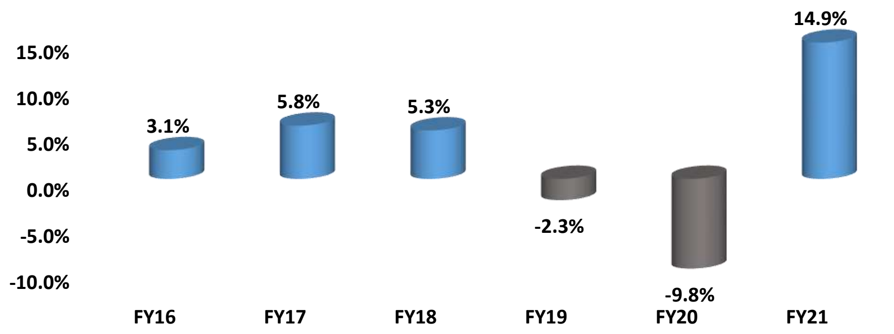
This targeted step will help to moderate demand growth in the economy, leading to slower import growth and thus supporting the balance of payments.

GDP Growth to Remain between 4-5% Despite Fiscal Consolidation Under IMF Program: The government allocated Rs900bn for PSDP in its annual budget FY22, which was 38% higher than the previous year. The budget was termed as a ”Pro-Growth Budget” as several tax waivers were given to different industries. The sole aim at that time was to stimulate growth and prevent or moderate economic downturn and recession. Resultantly, the economy showed a V-shaped recovery which is reflected in higher import bills and LSM growth of 3.56% YoY in 4MFY22. Now, as the current account deficit is getting out of control and the government has to resume its IMF program as well, the government has presented a supplementary finance bill (mini-budget) in the parliament which is aimed to roll back tax exemptions worth Rs343bn. This is part of the targets of the prior actions set by the International Monetary Fund (IMF) for the resumption of the $6bn program. Tax exemptions are being withdrawn on imported plant and machinery, dairy products, meat/poultry, pharmaceutical raw materials, beauty products, food supplements, computers, baggage of overseas Pakistanis, cotton/sunflower/canola seeds, mobile phones (exceeding US$200), branded iodized salt, energy saver lamps/tube lights and imported re-meltable scrap, jewelry, and silver. Despite all these contractionary measures, we expect the GDP growth rate to remain between 4-5% in FY22 as the economy has grown at around 5% in the first five months of the current fiscal year despite ongoing inflationary pressures and resultant policies undertaken to counter them. Furthermore, the domestic economic dynamism is expected to remain strong and the government policies to stimulate exports are also bearing fruits.

Gross Domestic Product (GDP)



Large Scale Manufacturing Index (LSMI)



Source: PBS, SBP

PAKISTAN ECONOMY

Resumption of IMF Program is Around the Corner: Pakistan entered the $6bn, 39-month funding program with the IMF in July 2019, but the funding stalled earlier this year due to issues over the required reforms. The country had been in talks with the IMF for several months to seek relaxation in the terms and conditions of the package. Resultantly, Pakistani authorities and IMF staff had reached a staff-level agreement on policies and reforms needed to complete the sixth review. The agreed actions were the parliamentary approval for the passage of two key bills, Tax Laws (Fourth) Amendment Bill and SBP's Autonomy Bill, an increase in the petroleum levy, higher energy tariffs, higher interest rate, and an audit of some $1.4bn in extra funds lent to Pakistan in April 2020 to help it for the COVID-19 pandemic. The government has now fulfilled all the pre-set conditions including the approval of the Tax Amendment Bill and SBP's Autonomy Bill which had been delayed for a couple of weeks due to the reservations of the government allies. Now, as all the conditions of IMF are met, we expect the sixth review of the $6 billion Extended Fund Facility (EFF) for Pakistan will be taken up by the executive board of the International Monetary Fund (IMF) this month, paving the way for the disbursement of about $1bn tranche. It is pertinent to mention here that the funding is essential to ensure that the financing requirement of about US$27 billion for FY2022 is successfully fulfilled. **The resumption of the IMF program would eliminate the uncertainties causing jitters in PSX, money market, and exchange rate**.

Source: PBS, SBP

PAKISTAN STOCK MARKET

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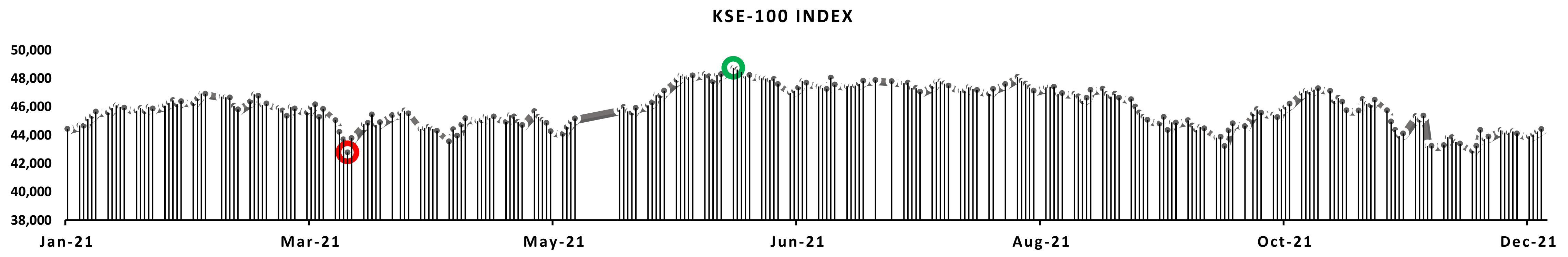
KSE-100 Index	▲ 1.92%	KSE-All Index	▼ -0.17%	KSE-30 Index	▼ -3.73%	KMI-30 Index	▲ 0.73%	KMI-All Index	▲ 1.42%
44,596	841	30,727	-53	17,502	-678	71,687	519	22,027	309

The stock market remained quite volatile throughout CY21 and concluded the year with slight gains. The benchmark KSE 100 index made an intra-year high and low at 48,982 (5,227 points) and 42,715 (-1,040 points) respectively while closed at 44,596 by gaining 841 points. The index started the year with a bull run of around 6% in Jan-21 primarily due to the revived confidence of investors in the overall investment climate fueled by the robust economic momentum across the country as the economy started to show the signs of V shape recovery in the low-interest-rate environment. However, the rally got exhausted in the first week of Feb-21 and the index dived from the level of 47,339 to 42,688 in Mar-21 due to the political uncertainty regarding senate elections. Furthermore, increasing Covid-19 cases, implementation of partial lockdowns, the ECP's rejection of PTI's demand to nullify Yousuf Raza Gilani's victory, and FBR's decision to withdraw corporate income tax exemptions worth PKR70bn-PKR140bn also resulted in a tremendous bear run that saw investors take selling positions across the board. Later on, after posting a flat return in Apr-21, the bulls again took the charge from 43,630 in May-21 and led the index straight towards 48,982 in Jun-21 primarily due to the noticeable reduction in Covid-19 cases further supplemented by expectations of a pro-growth Budget FY22, while provisional estimates of GDP in FY21 clocking in at 3.94% against a negative 0.47% last year, implying a remarkable turnaround. The index concluded the fiscal year at 47,356 with a striking return of 38% in FY21. This was the first time in 4 years when the index surpassed the level of 47,000. Afterward, the index again started its downward momentum and plunged to the level of 43,046 in Oct-21 due to concerns over the rising current account deficit amid ballooning import bill. This led to pressure on



PAKISTAN STOCK MARKET

the currency which hampered the investors' confidence. The market was also concerned over continued uncertainty in Afghanistan and the deterioration of US – Pakistan relationship. Foreign selling also increased as MSCI reclassified Pakistan from Emerging Markets to Frontier Markets. However, lower than expected Current Account Deficit, the decline in international coal prices, and financial support package from Saudi Arabia concurrently helped the index to bounce back in the latter half of Oct-21. Subsequently, Pakistan reaching a staff-level agreement with the IMF failed to improve investors' sentiment as the SBP increased the policy rate by 150 bps to 8.75% in Nov-21 which was much higher than the consensus of the market participants. Furthermore, another increase of 100 bps in the policy rate during Dec-21, mounting current account deficit, a weaker rupee, rising inflation and uncertainty over the delay in mini-budget, and the resumption of the IMF program caused the index to conclude the year without providing any substantial gains to the investors.

Going forward, the performance of the stock market would be dependent on the reversal of the international commodity prices in our view. As we have seen that many of the commodities i.e., crude oil, palm oil, coal & steel, etc. have started to stabilize after touching their peaks. It is expected that global inflationary pressure would calm down by the end of this fiscal year amid worldwide efforts to ensure an adequate supply of the commodities. Furthermore, fiscal and monetary tightening along with the commencement of the textile expansions would help the rupee to recover which in our view would trigger the stock market rally.

As far as the sectoral performance is concerned, the Technology & Communication sector was the top-performing sector with an annual return of 24% during the year. On the other hand, Refinery remained the worst-performing sector posting a decline of 30% during CY21. However, the top three heavyweight sectors, Commercial Banks, Fertilizer & Oil & Gas Exploration, which constitute around 46% of the KSE 100 index posted the returns of 3%, 7%, and 2% respectively. It is pertinent to mention here that Banking and Exploration sectors haven't performed well during the year despite favorable dynamics. The policy rate is 275 bps up from the bottom of 7% and further tightening is on the way. However, the banking stocks didn't react to the hawkish stance of the SBP positively. Similarly, crude oil benchmark WTI is also trading above $70 as compared to $48 during SPLY.

Top Performers

Sector	Weight (%)	Return (%)
Technology & Communication	7.18	24.5
Real Estate Investment Trust	0.38	20.5
Modarabas	0.09	12.0
Vanaspati & Allied Industries	0.02	8.3
Textile Weaving	0.01	7.9

Top Decliners

Sector	Weight (%)	Return (%)
Refinery	1.26	(29.6)
Tobacco	0.75	(29.1)
Cable & Electrical Goods	0.30	(27.5)
Paper & Board	0.90	(27.1)
Leather & Tanneries	0.46	(26.7)

Top Heavy Weight Sectors

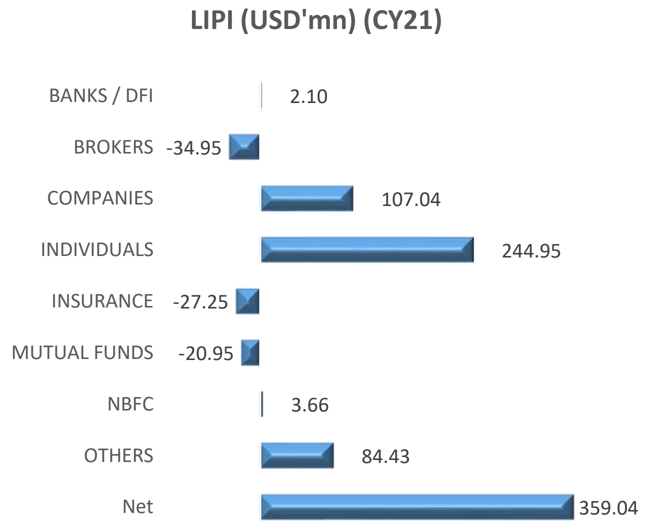
Sector	Weight (%)	Return (%)
Commercial Banks	23.29	2.8
Fertilizer	12.21	7.2
Oil & Gas Exploration	10.87	(2.1)
Cement	8.83	(9.3)
Technology & Communication	7.18	24.5

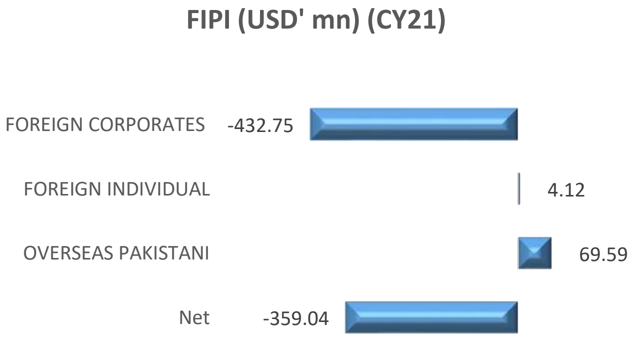
PAKISTAN STOCK MARKET

However, the E&P sector remained almost flat during the year amid concerns of investors over increasing receivables owing to the mounting circular debt. As far as the issue of circular debt is concerned, the government is now working on the reduction of the E&Ps circular debt by declaring large dividends which is very different from the previous proposals. The proposal means that the government will not incur any fiscal cost, E&Ps would not get any liquidity injection, and would in fact use their cash balances to pay dividends to private-sector shareholders. If this plan works out, then we will definitely witness a long-awaited surge in the sector. Furthermore, as mentioned earlier, a rally is overdue in banks as well which is likely to get triggered as soon as the overall sentiment gets positive. As Banks and Exploration alone constitute around 34% of the KSE 100 index, the rally in these two sectors would play a major role in achieving the target of our index in CY22.

During CY22, some foreign inflows in equities are also expected amid the recovery of PKR and Pakistan's increased weight of 1.9% in the MSCI FM index as compared to 0.02% in the MSCI EM index. **Considering political stability, resumption of the IMF program and all the factors mentioned earlier, we expect the benchmark KSE 100 index to cross the level of 53,000 in CY22.** The target of the index is determined by using technical and earnings growth methods.

We have an Overweight stance on Commercial Banks, Oil & Gas Exploration, Fertilizer, and Textile sectors. Whereas, we have a Market Weight Stance on Cement, Engineering, and Pharmaceutical sectors.





FIPI / LIPI SECTOR WISE BREAK UP

(USD' mn) (CY21)

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	**Banks / DFI**	18.82	5.07	-7.97	-4.23	15.32	7.35	-33.17	-0.89	-1.48	0.21	-0.98
	Broker Proprietary Trading	3.15	-1.34	-5.57	-3.12	9.20	4.36	1.41	-9.08	-1.09	-32.83	-34.91
	Companies	-1.98	82.67	-36.40	-8.52	17.52	1.31	-22.31	-5.76	-0.07	81.14	107.59
	Individuals	-3.66	49.42	102.76	7.63	47.07	15.90	51.24	-45.90	-4.11	16.75	237.11
	Insurance Companies	-28.94	-31.71	2.96	17.04	-39.43	-13.36	-11.91	21.43	2.75	59.50	-21.68
	Mutual Funds	26.06	6.19	-9.46	-7.07	-1.95	1.95	1.99	-3.87	8.81	-31.97	-9.32
	NBFC	-0.08	2.80	0.83	0.44	0.17	0.06	0.14	-0.01	-0.04	-0.01	4.30
	Other Organization	-4.65	53.94	7.75	5.38	12.26	-9.37	11.92	5.99	0.88	-7.16	76.93
	LIPI Total	**8.71**	**167.03**	**54.90**	**7.55**	**60.16**	**8.20**	**-0.69**	**-38.11**	**5.64**	**85.64**	**359.03**

(USD' mn) (CY21)

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	**Foreign Corporates**	-24.23	-187.05	-58.06	-9.31	-66.06	-7.98	-18.93	37.40	-2.62	-95.92	-432.75
	Foreign Individual	0.18	3.54	-0.09	0.15	-0.06	-0.17	0.10	0.89	0.01	-0.42	4.12
	Overseas Pakistani	15.34	16.48	3.25	1.61	5.96	-0.05	19.52	-0.18	-3.03	10.70	69.60
	FIPI Total	**-8.71**	**-167.03**	**-54.90**	**-7.55**	**-60.16**	**-8.20**	**19.23**	**38.11**	**-5.64**	**-85.64**	**-359.03**

SECTORS OUTLOOK

Commercial Banks

In order to counter the inflationary pressures and ensure that the CAD remains under control, the SBP decided to increase the policy rate by 100 bps to 9.75% in its recent MPC meeting, accumulating to an increase of 250 bps in a period of one month. Considering the inflation forecast of around 11% (SBP estimate) in FY22, the MPC feels that the end goal of mildly positive real interest rates on a forward-looking basis is now close to being achieved and monetary policy settings are expected to remain broadly unchanged in the near term.

Going forward, we expect the interest rate to be in double digits from Mar-22. However, the raise wouldn't be more than 100 bps in our view assuming that the inflation would start tapering off by the start of the next fiscal year. In such scenario, commercial banks are one of the most lucrative investment avenues in our view right now. Our covered scrips in the sector include:

BAHL, BAFL, MCB, BOP

Commercial Banks

BAHL

Dec-22 TP: 110

Upside: 59%

Div. Yield: 8%

BAFL

Dec-22 TP: 50

Upside: 45%

Div. Yield: 14%

MCB

Dec-22 TP: 200

Upside: 37%

Div. Yield: 14%

BOP

Dec-22 TP: 12

Upside: 30%

Div. Yield: 12%

BAHL - Bank AL Habib Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a Justified PE based Dec-22 target price of Rs 110 which provides an upside potential of 59%. Furthermore, it also offers an attractive dividend yield of 8% which makes the total return of 67%.

Strong Growth in Deposits Likely to Continue: The deposit base of BAHL is expected to grow by an impressive growth rate of 17% YoY to Rs1.29tn in CY21 as compared to Rs1.1tn in CY20. The robust growth in deposits has been made possible by the network of more than 900 branches which have been grown at a 5-year CAGR of 9%. Going forward, we expect the deposit base to grow at a 5-year CAGR of 15% to Rs2.59tn by CY26 on account of strong brand equity, and the government’s efforts to document the economy.

Low Proportion of Government Deposits: BAHL has almost the lowest proportion of government deposits in its deposit base. By the end of CY20, the bank had only 4% of government deposits which makes it one of the least affected banks in case of the formation of treasury single account (TSA).

High Advances to Deposit Ratio: The ADR of BAHL stood at around 53% in 9MCY21 as compared to the industry average of 47% due to which it stands out amongst its peers. High ADR would enable the bank to expand its NIM by earning high yields on corporate loans.

Valuation: BAHL is currently trading at CY22E PE of 3.55x. Furthermore, the scrip is trading at a CY22E P/B of 0.68x which offers a discount of 39% relative to its historical 2-year average of 1.11x.

Key Risks: Delay in expected rise in interest rate, higher than expected NPLs.

Symbol	BAHL
TP (Dec-22)	110.00
CY20 Closing Price	69.01
Upside (%)	59
Free Float ('mn)	722
Market Cap. (Rs.'mn)	76,699

BUY HOLD SELL

52-Week Range

69.01

61.00 **82.00**

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Net Interest Income	Rs.'bn	41.19	57.62	57.17	64.69	74.44
Total Interest Expense	Rs.'bn	9.48	10.27	12.93	13.99	15.17
Operating Expenses	Rs.'bn	27.72	34.04	38.38	43.08	49.06
(Provisions) / Reversals	Rs.'bn	(3.39)	(4.54)	(1.51)	(1.61)	(1.85)
Profit After Tax	Rs.'bn	11.17	17.81	18.46	21.63	24.62

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	10.05	16.03	16.61	19.46	22.15
DPS	Rs.	3.50	4.50	4.50	5.50	6.00
D.Y	%	5.07	6.52	6.52	7.97	8.69
NIM	%	3.33	4.00	3.40	3.34	3.33
ROE	%	18.16	22.30	19.45	19.28	18.64
CASA	%	74.55	76.56	76.56	76.56	76.56
BVPS	Rs.	55.34	71.85	85.43	100.91	118.80
PE	x	6.87	4.31	4.15	3.55	3.12
PB	x	1.25	0.96	0.81	0.68	0.58

BAFL - Bank Alfalah Limited

We have a BUY stance on the scrip with a Justified PB based Dec-22 target price of Rs 50 which provides an upside potential of 45%. Furthermore, it also offers an attractive dividend yield of 14% which makes the total return of 59%.

Strong Growth in Deposits Likely to Continue: The deposit base of BAFL is expected to grow by an enormous growth rate of 11% YoY to Rs1.06tn in CY21 as compared to Rs882bn in CY20. The growth in deposits has been made possible by the network of more than 700 branches which have been grown at a 5-year CAGR of 3%. Going forward, we expect the deposit base to grow at a 5-year CAGR of 16% to Rs2.2tn by CY26 on account of strong brand equity, and the government's efforts to document the economy.

Low Proportion of Government Deposits: BAFL has a very low proportion of government deposits in its deposit base. By the end of CY20, the bank had only 7% of government deposits which makes it one of the least affected banks in case of the formation of treasury single account (TSA) in the future.

High Advances to Deposit Ratio: The ADR of BAFL stood at around 65% in 9MCY21 as compared to the industry average of 47% due to which it stands out amongst its peers. High ADR would enable the bank to expand its NIM by earning high yields on corporate loans.

Valuation: BAFL is currently trading at CY22E PE of 4.33x. Furthermore, the scrip is trading at a CY22E P/B of 0.57x which offers a discount of 17% relative to its historical 2-year average of 0.69x.

Key Risks: Delay in expected rise in interest rate, higher than expected NPLs.

Symbol	BAFL
TP (Dec-22)	50.00
CY20 Closing Price	34.60
Upside (%)	45
Free Float ('mn)	711
Market Cap. (Rs.'mn)	61,490

BUY HOLD SELL

52-Week Range

34.6

28.50 **38.50**

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Net Interest Income	Rs.'bn	44.86	44.70	42.54	49.47	57.32
Total Interest Expense	Rs.'bn	10.40	12.79	14.14	15.87	17.69
Operating Expenses	Rs.'bn	29.07	31.44	34.57	39.86	45.76
(Provisions) / Reversals	Rs.'bn	(3.03)	(7.59)	(2.26)	(3.03)	(2.24)
Profit After Tax	Rs.'bn	12.70	10.47	12.57	14.21	17.12

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	7.14	5.89	7.07	7.99	9.63
DPS	Rs.	4.00	4.00	4.00	5.00	6.00
D.Y	%	11.56	11.56	11.56	14.45	17.34
NIM	%	4.28	3.24	2.60	2.55	2.59
ROE	%	14.42	11.51	12.65	13.28	14.82
CASA	%	71.94	74.53	74.53	74.53	74.53
BVPS	Rs.	49.53	51.21	55.92	60.19	64.97
PE	x	4.84	5.87	4.89	4.33	3.59
PB	x	0.70	0.68	0.62	0.57	0.53

Source: Company Financials, ACPL Research, SBP

MCB – MCB Bank Limited

We have a BUY stance on the scrip with a Justified PB based Dec-22 target price of Rs 200 which provides an upside potential of 37%. Furthermore, it also offers an attractive dividend yield of 14% which makes the total return of 51%.

Strong Growth in Deposits Likely to Continue: The deposit base of MCB is expected to grow by 15% YoY to Rs1.5tn in CY21 as compared to Rs1.3tn in CY20. The growth in deposits has been made possible by the network of more than 1,400 branches which have been grown at a 5-year CAGR of 3%. Going forward, we expect the deposit base to grow at a 5-year CAGR of 10% to Rs2.4tn by CY26 on account of strong brand equity, and the government's efforts to document the economy.

Low Proportion of Government Deposits: MCB has almost the lowest proportion of government deposits in its deposit base. By the end of CY20, the bank had only 4% of government deposits which makes it one of the least affected banks in case of the formation of treasury single account (TSA).

High CASA to Reduce Interest Expense: CASA ratio of MCB has improved to 92%, in 9MCY21 as compared to 89% during SPLY. The low-cost deposit base would help the bank to enhance its return on equity.

Valuation: MCB is currently trading at CY22E PE of 5.62x. Furthermore, the scrip is trading at a CY22E P/B of 0.88x which offers a discount of 14% relative to its historical 2-year average of 1.02x.

Key Risks: Delay in expected rise in interest rate, higher than expected NPLs.

Symbol	MCB
TP (Dec-22)	200.00
CY20 Closing Price	153.35
Upside (%)	37
Free Float ('mn)	415
Market Cap. (Rs.'mn)	181,729

BUY HOLD SELL

52-Week Range

153.35

146.00 — 202.40

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Net Interest Income	Rs.'bn	59.62	71.33	65.12	70.41	75.21
Total Interest Expense	Rs.'bn	16.68	18.14	17.70	19.17	20.80
Operating Expenses	Rs.'bn	32.67	32.65	34.69	37.53	40.22
(Provisions) / Reversals	Rs.'bn	(2.48)	(7.31)	(0.43)	(1.02)	(2.05)
Profit After Tax	Rs.'bn	23.98	29.04	29.31	32.32	33.98

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	20.23	24.50	24.73	27.28	28.67
DPS	Rs.	17.00	20.00	20.00	22.00	23.00
D.Y	%	11.09	13.04	13.04	14.35	15.00
NIM	%	3.87	4.12	3.06	3.08	3.06
ROE	%	14.19	15.27	14.80	15.61	15.67
CASA	%	86.13	88.89	88.89	88.89	88.89
BVPS	Rs.	142.5	160.4	167.1	174.7	183.0
PE	x	7.58	6.26	6.20	5.62	5.35
PB	x	1.08	0.96	0.92	0.88	0.84

Source: Company Financials, ACPL Research, SBP

BOP – The Bank of Punjab

We have a BUY stance on the scrip with a Justified PB-based Dec-22 target price of Rs 12 which provides an upside potential of 30%. Furthermore, it also offers an attractive dividend yield of 12% which makes the total return of 42%.

Strong Growth in Deposits Likely to Continue Despite Government Withdrawals: The deposit base of BOP is expected to grow by 8% YoY to Rs902bn in CY21 as compared to Rs835bn in CY20. The expected growth in deposits is lower than the 5-year average of 17.5% as the federal government is withdrawing its deposits due to the formation of a treasury single account. However, we don't expect any significant reduction in banks' deposits on account of strong brand equity, and a historical trend of strong deposit growth.

High Advances to Deposit Ratio: The ADR of BOP stood at around 56% in 9MCY21 as compared to the industry average of 47% due to which it stands out amongst its peers. High ADR would enable the bank to expand its NIM by earning high yields on corporate loans.

Valuation: BOP is currently trading at CY22E PE of 1.92x. Furthermore, the scrip is trading at a CY22E P/B of 0.31x which offers a discount of 33% relative to its historical 2-year average of 0.46x.

Key Risks: A higher proportion of provincial government in deposits, delay in expected rise in interest rate, higher than expected NPLs.

Symbol	BOP
TP (Dec-22)	12.00
CY20 Closing Price	8.47
Upside (%)	30
Free Float ('mn)	1,116
Market Cap. (Rs.'mn)	22,392

BUY HOLD SELL

52-Week Range

8.47

7.61 **10.00**

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Net Interest Income	Rs.'bn	26.76	23.33	28.35	26.96	28.12
Total Interest Expense	Rs.'bn	3.94	13.05	8.01	8.65	9.34
Operating Expenses	Rs.'bn	14.45	16.88	20.00	19.58	20.60
(Provisions) / Reversals	Rs.'bn	(1.78)	(6.86)	2.31	1.15	0.74
Profit After Tax	Rs.'bn	8.25	6.94	12.72	11.67	11.96

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	3.12	2.63	4.81	4.41	4.52
DPS	Rs.	0.75	1.00	1.00	1.00	1.50
D.Y	%	8.85	11.81	11.81	11.81	17.71
NIM	%	3.05	2.00	1.61	1.43	1.43
ROE	%	17.67	13.29	20.28	16.16	14.82
CASA	%	66.95	64.62	64.62	64.62	64.62
BVPS	Rs.	17.7	19.8	23.7	27.3	30.5
PE	x	2.71	3.22	1.76	1.92	1.87
PB	x	0.48	0.43	0.36	0.31	0.28

Cement

Last year, PM Imran Khan announced a massive relief package for the construction industry with incentives such as mark-up subsidies, tax waivers for builders, and other similar incentives to kickstart construction amid the Covid-19 crisis. This resulted in the phenomenal growth of 20% YoY in cement dispatches during FY21 as compared to the 5-year average of 6%.

The recently triggered extraordinary rally in coal prices amid supply chain disruptions adversely impacted the cement sector as imported coal cost constitutes around 50% of the total cost of cement production. However, the reversal in coal prices has provided a sigh of relief to the sector amid improved supplies which are likely to improve further in the coming months.

Lastly, in order to cater to the rising demand coming from hydropower projects and housing schemes, the industry is going to enter another expansion phase through which the existing annual capacity of 70mn tons would be increased to around 100mn tons by FY25. Our covered scrips in the sector include:

MLCF, FCCL, ACPL, CHCC

Cement

MLCF
Dec-22 TP: 50
Upside: 39%
Div. Yield: 3%

FCCL
Dec-22 TP: 27
Upside: 47%
Div. Yield: 3%

ACPL
Dec-22 TP: 175
Upside: 26%
Div. Yield: 2%

CHCC
Dec-22 TP: 190
Upside: 28%
Div. Yield: 3%

MLCF – Maple Leaf Cement Factory Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 50 which provides an upside potential of 39%.

Strong Growth in Topline Likely to Continue: The topline of the company increased by 32% YoY in 1QFY22 followed by the growth of 22% YoY in FY21 mainly due to the improvement in selling prices in the local market and the reopening of export avenues as Covid-19 restrictions eased globally. Going, forward, we expect the company's revenues to grow at a 5-year CAGR of 14% amid increased allocation of PSDP in the recent budget with special emphasis on regional connectivity, investment in building large dams, and water conservation systems.

Reliant on Own Power Generation Sources: The company is able to avoid the adverse impact on its profitability due to hikes in electricity tariff by NEPRA as the company is relying on its own power generation sources to meet its needs which mainly come from a 40MW coal-fired power plant (CFPP) and a 16MW Waste Heat Recovery Plant which is the cheapest source of electricity for the Company.

On-Going Expansions to Enhance the Bottom Line: The company is expanding its current WHR plant and also establishing a new one which is expected to increase the capacity from 16MW to 33MW. Furthermore, the company is also going for a brown-field expansion of 7,000 tpd which will enhance the clinker capacity from 5.6mn tons p.a to 7.7mn tons p.a by August 2022.

Valuation: MLCF is currently trading at FY22E PE of 9.20x. Furthermore, the scrip is trading at a FY22E P/B of 0.96x which offers a discount of 20% relative to its historical 2-year average of 1.16x.

Key Risks: Delay in expansion, more than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	MLCF
TP Dec-22)	50.00
CY21 Closing Price	35.95
Upside (%)	39
Free Float ('mn)	494
Market Cap. (Rs.'mn)	39,486

BUY | HOLD | SELL

52-Week Range

35.95

30.10 … **50.90**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	29.12	35.64	53.12	56.94	60.96
Gross Profit	Rs.'bn	(0.73)	7.50	10.65	11.72	13.40
SG&A Expenses	Rs.'bn	1.60	2.09	2.73	2.92	3.13
Finance Cost	Rs.'bn	2.98	1.49	1.82	1.50	1.24
Profit After Tax	Rs.'bn	(4.84)	6.25	4.29	5.16	6.41

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	(4.41)	5.69	3.91	4.69	5.84
DPS	Rs.	-	-	1.00	1.00	1.50
D.Y	%	-	-	2.78	2.78	4.17
GM	%	(2.50)	21.06	20.06	20.59	21.98
E.Tax	%	8.08	14.21	27.14	27.11	27.01
NM	%	(16.63)	17.55	8.08	9.05	10.52
DE	x	0.70	0.43	0.33	0.24	0.18
PE	x	-	6.31	9.20	7.66	6.16
PB	x	1.26	1.05	0.96	0.87	0.78

Source: Company Financials, ACPL Research

FCCL – Fauji Cement Company Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 27 which provides an upside potential of 47%. Furthermore, it also provides a dividend yield of 3% which makes a total return of 50%.

Merger With Askari Cement Might be a Gamechanger: FCCL is set to become the second-biggest cement player in the North after the amalgamation of Askari cement with and into FCCL with the equity swap ratio of 5:1. Post-amalgamation, FCCL's annual capacity would be increased from 3.56mn tons to 6.36mn tons. Moreover, both FCCL and Askari plan to further enhance their capacities by 2.05mn tons each, taking their overall production capacities to 10.46mn tons by FY24. This deal will be beneficial for both ACL and FCCL as the company's cumulative market share will aid its augmented presence in the north. The company's market share in the North would increase from the current 6.7% to 13.2% which would be second-highest after BWCL market share of 19.2% in the north region.

Reliance on Internal Power Generation: The company relies on its internal power generation which gives it a competitive edge. The company meets around 70% of its energy requirement from captive power plants which makes it resilient from the adverse impact of the hike in grid tariff.

Valuation: FCCL is currently trading at FY22E PE of 5.10x. Furthermore, the scrip is trading at a FY22E P/B of 1.23x which offers a discount of 11% relative to its historical 2-year average of 1.36x.

Key Risks: Delay in expansion, more than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	FCCL
TP Dec-22)	27.00
CY21 Closing Price	18.37
Upside (%)	47
Free Float ('mn)	759
Market Cap. (Rs.'mn)	25,347

BUY | HOLD | SELL

52-Week Range

18.37

15.99 — 27.61

Income Statement		FY20	FY21A	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	17.23	24.27	58.84	65.56	73.04
Gross Profit	Rs.'bn	0.65	6.06	13.88	15.82	16.40
SG&A Expenses	Rs.'bn	0.67	0.71	1.70	1.89	2.11
Finance Cost	Rs.'bn	0.23	(0.05)	0.30	0.22	0.19
Profit After Tax	Rs.'bn	(0.06)	3.47	7.85	9.40	9.63

Key Statistics		FY20	FY21A	FY22E	FY23E	FY24E
EPS	Rs.	(0.03)	1.59	3.60	4.31	4.42
DPS	Rs.	-	-	0.50	1.00	1.00
D.Y	%	-	-	2.72	5.44	5.44
GM	%	3.77	24.99	23.59	24.13	22.46
E.Tax	%	65.73	32.04	27.28	27.43	27.57
NM	%	(0.34)	14.30	13.34	14.33	13.18
DE	x	0.09	0.08	0.09	0.08	0.07
PE	x	-	11.54	5.10	4.26	4.16
PB	x	1.44	1.28	1.23	1.23	1.23

Source: Company Financials, ACPL Research

ACPL – Attock Cement Pakistan Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 175 which provides an upside potential of 26%.

Strong Growth in Topline Likely to Continue: The topline of the company has grown at a 5-year CAGR of 9% in FY21 mainly due to higher volumetric sales in the local market and the reopening of export avenues as Covid-19 restrictions eased globally. Although the sales have reduced by 15% YoY in 1QFY22 yet the growth outlook for the company's dispatches is bright as the massive investments allocation for the power and construction infrastructure clearly shows that the demand pattern of cement consumption may continue in the next couple of years which would prove very healthy on the cement sector as a whole.

20 MW Solar Power Plant to Reduce Power Cost: The company is in the process of installing a 20 MW solar power plant at its production facility. Currently, the trial operation of the solar plant has been commenced and the results are very encouraging. According to the management, the project would be completed by 2QFY22 which would contribute significantly towards the reduction in the power cost. As per our estimate, the EPS would be increased by Rs.1.78 in FY23 due to the reduction in power cost.

On-Going Expansion to Enhance the Bottom Line: The company has announced a Brownfield expansion at its existing line in Hub, Balochistan with an estimated cost of Rs15 billion. The company expects the 1.3mn tons p.a. plant to come online by the 1QFY23 which would further enhance the bottom line of the company.

Valuation: ACPL is currently trading at FY22E PE of 19.92x. Furthermore, the scrip is trading at a FY22E P/B of 1.08x which offers a discount of 5% relative to its historical 2-year average of 1.13x.

Key Risks: Delay in expansion, more than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	ACPL
TP Dec-22)	175.00
CY21 Closing Price	138.96
Upside (%)	26
Free Float ('mn)	27
Market Cap. (Rs.'mn)	19,097

BUY HOLD SELL

52-Week Range

138.96

▲

118.13 194.01

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	18.50	21.24	24.79	26.40	29.13
Gross Profit	Rs.'bn	4.25	4.64	4.83	5.69	6.77
SG&A Expenses	Rs.'bn	2.34	2.77	2.23	2.38	2.62
Finance Cost	Rs.'bn	0.53	0.36	1.33	1.17	0.91
Profit After Tax	Rs.'bn	1.11	1.11	0.96	1.55	2.33

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	8.06	8.06	6.97	10.51	15.13
DPS	Rs.	3.50	3.50	3.00	4.50	6.50
D.Y	%	2.52	2.52	2.16	3.24	4.68
GM	%	22.97	21.85	19.48	21.57	23.23
E.Tax	%	27.73	28.09	30.00	30.00	30.00
NM	%	5.99	5.21	3.87	5.47	7.14
DE	x	0.31	0.40	1.00	0.84	0.74
PE	x	17.24	17.25	19.92	13.22	9.19
PB	x	1.15	1.11	1.08	1.02	0.95

CHCC – Cherat Cement Company Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 190 which provides an upside potential of 28%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 37% YoY in 1QFY22 followed by the growth of 47% YoY in FY21 mainly due to higher volumetric sales and an increase in cement prices. Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 15% as the massive investments allocation for the power and construction infrastructure clearly shows that the demand pattern of cement consumption may continue in the next couple of years which would prove very healthy on the cement sector as a whole.

On-Going Expansions to Enhance the Bottom Line: The company has announced a Greenfield cement manufacturing plant of 3.5mn tons p.a. which would be complete in three years with an expected Cost of Rs34bn. After the commencement of the announced capacity, the total capacity will be increased to 8.0mn TPA. Furthermore, BMR of Cement Line 1, installation of a new crusher, and 13 MW solar panels will not only enable the Company to improve its operational efficiencies but will also reduce costs.

Valuation: CHCC is currently trading at FY22E PE of 5.66x. Furthermore, the scrip is trading at a FY22E P/B of 1.61x which offers a discount of 55% relative to its historical 2-year average of 2.50x.

Key Risks: Delay in expansion, more than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	CHCC
TP (Dec-22)	190.00
CY21 Closing Price	148.31
Upside (%)	28
Free Float ('mn)	107
Market Cap. (Rs.'mn)	28,816

BUY HOLD SELL

52-Week Range

148.31

▲

116.00 **195.50**

Income Statement		FY20	FY21A	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	17.09	25.21	39.38	42.05	44.88
Gross Profit	Rs.'bn	0.39	6.73	10.41	10.08	9.97
SG&A Expenses	Rs.'bn	0.63	0.72	1.06	1.14	1.21
Finance Cost	Rs.'bn	2.53	1.52	2.70	2.14	1.57
Profit After Tax	Rs.'bn	(1.89)	3.21	5.09	5.42	5.72

Key Statistics		FY20	FY21A	FY22E	FY23E	FY24E
EPS	Rs.	(9.74)	16.50	26.22	27.88	29.44
DPS	Rs.	-	2.25	3.50	4.00	4.00
D.Y	%	-	1.52	2.36	2.70	2.70
GM	%	2.26	26.69	26.44	23.98	22.22
E.Tax	%	30.47	26.10	25.64	25.75	25.86
NM	%	(11.08)	12.72	12.93	12.88	12.75
DE	x	1.99	1.25	1.20	0.70	0.38
PE	x	-	8.99	5.66	5.32	5.04
PB	x	2.87	2.12	1.61	1.27	1.04

Source: Company Financials, ACPL Research

Engineering

The long-rolled steel industry witnessed an increase in activity during last year which was driven by various factors such as the government's focus on uplifting the construction activity in the country and related incentives provided to the construction industry, increase in house financing, overall demographics, and performance of agriculture sector. Accordingly, despite significant increases in international scrap prices and resultantly increase in local steel re-bar and girder sale prices, the overall sales volumes witnessed growth.

The flat steel demand also rebounded as soon as the economy started to recover from the Covid-19 economic shock. The major areas of growth included automobiles, general fabrication, construction, and appliances.

Going forward, political stability supported by the IMF program would help in the continuation of the macro-economic reform agenda in the country. The encouraging numbers of the LSM, construction, and exports sectors indicate that the medium-term economic future of the country looks bright and the GDP growth projection of 5% next year looks achievable. Our covered scrips in the sector include:

MUGHAL, ASTL, AGHA, ISL, ASL

Engineering

MUGHAL
Dec-22 TP: 140
Upside: 34%
Div. Yield: 4%

FY21 Bonus: 15%

ASTL
Dec-22 TP: 70
Upside: 56%
Div. Yield: 5%

AGHA
Dec-22 TP: 35
Upside: 32%
Div. Yield: 0%

FY21 Bonus: 5%

ISL
Dec-22 TP: 120
Upside: 80%
Div. Yield: 14%

ASL
Dec-22 TP: 25
Upside: 66%
Div. Yield: 4%

MUGHAL – Mughal Iron & Steel Industries Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 140 which provides an upside potential of 34%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 81% YoY in 1QFY22 followed by the growth of 65% YoY in FY21. The increase in topline is associated with increase in sale prices as well as volumes both in ferrous and non-ferrous segments. Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 9% amid consistent demand and accommodative policy measures by the government of Pakistan. Furthermore, the recommencement of the IMF program would further improve the market conditions going forward.

On-Going BMR to Enhance the Bottom Line: The company has successfully commenced the operations of its bar re-rolling mill with annual capacity of 430,000 tons per annum. Furthermore, the company has also approved the BMR of its girder mill and successfully raised money through the issuance of 16% right shares for retiring the debt obtained for temporary bridged financing arrangement for the BMR of bar re-rolling mill. The BMR would help the company to bring operational efficiencies which would eventually enhance the bottom line of the company.

Valuation: MUGHAL is currently trading at FY22E PE of 5.64x. Furthermore, the scrip is trading at a FY22E P/B of 1.68x which offers a discount of 90% relative to its historical 2-year average of 3.2x.

Key Risks: More than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	MUGHAL
TP (Dec-22)	140.00
CY21 Closing Price	104.11
Upside (%)	34
Free Float ('mn)	84
Market Cap. (Rs.'mn)	29,626

BUY | HOLD | SELL

52-Week Range

104.11

70.80 — 124.60

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	27.30	44.97	58.06	60.96	64.01
Gross Profit	Rs.'bn	2.62	6.69	9.75	9.67	9.58
SG&A Expenses	Rs.'bn	0.55	0.79	0.93	0.98	1.02
Finance Cost	Rs.'bn	1.51	1.37	2.60	2.67	2.74
Profit After Tax	Rs.'bn	0.59	3.43	6.20	5.96	5.71

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	1.77	10.22	18.47	17.76	17.01
DPS	Rs.	-	3.00	5.50	5.00	5.00
D.Y	%	-	2.10	3.85	3.50	3.50
GM	%	-	3.41	3.36	3.55	3.40
E.Tax	%	7.07	(17.60)	7.07	7.07	7.07
NM	%	2.17	7.63	10.68	9.78	8.92
DE	x	1.84	1.26	1.20	1.03	0.92
PE	x	58.94	10.19	5.64	5.86	6.12
PB	x	4.28	2.12	1.68	1.39	1.20

ASTL – Amreli Steels Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 70 which provides an upside potential of 56%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 50% YoY in 1QFY22 followed by the growth of 48% YoY in FY21. The increase in topline is associated with better retention prices and volumetric growth. Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 19% amid consistent demand and accommodative policy measures by the government of Pakistan. Furthermore, the recommencement of the IMF program would further improve the market conditions going forward.

On-Going BMR to Enhance the Bottom Line: The company is currently undergoing a BMR to improve efficiency (induction installation will require more power, increase yield while the company won't need gas at all – hence saving costs on a net basis), installing a hood to improve protection at furnaces, plus installing a 4.8MW solar power plant (total savings of PKR 300mn per annum). The BMR would help the company to bring operational efficiencies which would eventually enhance the bottom line of the company.

Valuation: ASTL is currently trading at FY22E PE of 4.98x. Furthermore, the scrip is trading at a FY22E P/B of 0.85x which offers a discount of 27% relative to its historical 2-year average of 1.08x.

Key Risks: More than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	ASTL
TP (Dec-22)	70.00
CY21 Closing Price	44.76
Upside (%)	56
Free Float ('mn)	74
Market Cap. (Rs.'mn)	13,294

BUY | HOLD | SELL

52-Week Range

44.76

35.65 — **52.89**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	26.53	39.22	57.74	65.29	73.45
Gross Profit	Rs.'bn	1.81	4.54	6.04	7.07	8.38
SG&A Expenses	Rs.'bn	1.19	1.50	1.64	1.85	2.09
Finance Cost	Rs.'bn	2.30	1.65	1.09	1.10	1.11
Profit After Tax	Rs.'bn	(1.24)	1.37	2.67	3.33	4.20

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	(4.18)	4.61	8.99	11.20	14.13
DPS	Rs.	-	-	3.50	4.50	5.50
D.Y	%	-	-	4.99	6.42	7.85
GM	%	6.83	11.58	10.46	10.82	11.40
E.Tax	%	36.08	1.13	18.13	18.13	18.13
NM	%	(4.68)	3.49	4.63	5.09	5.71
DE	x	1.66	1.11	0.62	0.56	0.50
PE	x	-	9.72	4.98	4.00	3.17
PB	x	1.21	0.95	0.85	0.76	0.66

AGHA – Agha Steel Ind. Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 35 which provides an upside potential of 32%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 22% YoY in 1QFY22 followed by the growth of 48% YoY in FY21. The increase in topline is associated with better retention prices and volumetric growth. Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 15% amid consistent demand and accommodative policy measures by the government of Pakistan. Furthermore, the recommencement of the IMF program would further improve the market conditions going forward.

On-Going Expansion to Enhance the Bottom Line: The company is currently undergoing an expansion including the installation of a state of the art and first in Pakistan Mi.Da. Rolling Mill. Mi.Da. rolling mill would bring cost & time efficiencies for the company as the uninterrupted production cycle from raw material to finished product, and the extreme compactness of the technological area will allow the company to be one of the most cost-efficient plants in Pakistan. The total project cost of PKR 7.04 Billion shall be financed at the D/E ratio of 49:51.

Valuation: AGHA is currently trading at FY22E PE of 7.79x. Furthermore, the scrip is trading at a FY22E P/B of 1.00x which offers a discount of 55% relative to its historical 2-year average of 1.55x.

Key Risks: More than expected depreciation of PKR, more than expected rise in interest rate, delay in expansion.

Symbol	AGHA
TP (Dec-22)	35.00
CY21 Closing Price	26.17
Upside (%)	32
Free Float ('mn)	144
Market Cap. (Rs.'mn)	15,830

BUY | HOLD | SELL

52-Week Range

26.17

21.50 – **42.39**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	13.43	19.86	25.69	30.51	33.45
Gross Profit	Rs.'bn	3.40	4.50	5.94	6.82	6.66
SG&A Expenses	Rs.'bn	0.48	0.58	0.73	0.87	0.95
Finance Cost	Rs.'bn	1.70	1.41	2.18	1.98	1.52
Profit After Tax	Rs.'bn	1.24	2.04	2.03	2.68	2.82

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	2.04	3.37	3.36	4.43	4.66
DPS	Rs.	-	-	-	-	-
D.Y	%	-	-	-	-	-
GM	%	25.30	22.67	23.13	22.36	19.91
E.Tax	%	11.08	20.26	29.00	29.00	29.00
NM	%	9.20	10.25	7.90	8.78	8.43
DE	x	2.16	1.39	0.74	0.67	0.61
PE	x	12.81	7.77	7.79	5.91	5.61
PB	x	1.94	1.15	1.00	0.85	0.74

ISL – International Steels Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 120 which provides an upside potential of 80%. Furthermore, it also provides a dividend yield of 14% which makes a total return of 94%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 56% YoY in 1QFY22 followed by the growth of 45% YoY in FY21 mainly due to the strong demand in both local and foreign markets. Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 19% amid consistent demand and accommodative policy measures by the government of Pakistan. Furthermore, the recommencement of the IMF program would further improve the market conditions going forward.

On-Going Expansions to Enhance the Bottom Line: The company is expanding its CRC production capacity by 120,000 tons p.a. This will make the total CRC capacity to 1,120k tons, whereas HDGC capacity stands at 462k tons. The project is expected to be completed in August 2022. Further, the management has completed the feasibility analysis for the in-house production of HRC. The estimated cost for this project is USD350mn. If this project is carried out successfully, it will significantly reduce the raw material cost.

Valuation: ISL is currently trading at FY22E PE of 3.48x. Furthermore, the scrip is trading at a FY22E P/B of 1.25x which offers a discount of 51% relative to its historical 2-year average of 1.89x.

Key Risks: Delay in expansion, more than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	ISL
TP (Dec-22)	120.00
CY21 Closing Price	66.12
Upside (%)	80
Free Float ('mn)	152
Market Cap. (Rs.'mn)	28,762

BUY | HOLD | SELL

52-Week Range

66.12

58.00 – **103.25**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	48.08	69.80	115.37	141.75	148.83
Gross Profit	Rs.'bn	4.21	13.49	14.13	17.48	18.12
SG&A Expenses	Rs.'bn	1.16	1.42	1.21	1.49	1.56
Finance Cost	Rs.'bn	2.31	0.81	0.99	0.91	0.90
Profit After Tax	Rs.'bn	0.49	7.47	8.26	10.51	10.94

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	1.14	17.16	19.00	24.17	25.15
DPS	Rs.	-	10.00	9.50	12.00	12.50
D.Y	%	-	15.12	14.37	18.15	18.91
GM	%	8.76	19.33	12.25	12.33	12.17
E.Tax	%	(11.91)	27.47	24.61	24.33	24.05
NM	%	5.73	15.91	10.36	10.44	10.28
DE	x	1.42	0.63	0.51	0.42	0.34
PE	x	58.12	3.85	3.48	2.74	2.63
PB	x	2.26	1.52	1.25	1.02	0.85

ASL – Aisha Steel Mills Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 25 which provides an upside potential of 66%. Furthermore, it also provides a dividend yield of 4% which makes a total return of 70%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 17% YoY in 1QFY22 followed by the growth of 85% YoY in FY21 mainly due to the strong demand in both local and foreign markets. Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 14% amid consistent demand and accommodative policy measures by the government of Pakistan. Furthermore, the recommencement of the IMF program would further improve the market conditions going forward.

Recent Expansion to Boost up the Profitability: To fulfill the rising demand, the company has recently expanded its Rolling and Galvanization capacity from 226k tons and 71k tons to 700k tons and 250k tons respectively. Going forward, we expect the strong growth in the two and three-wheelers segment and pick-up in construction activity would help the company to improve its utilization levels.

Valuation: ASL is currently trading at FY22E PE of 3.01x. Furthermore, the scrip is trading at a FY22E P/B of 0.22x which offers a discount of 77% relative to its historical 2-year average of 0.39x.

Key Risks: More than expected depreciation of PKR, more than expected rise in interest rate.

Symbol	ASL
TP (Dec-22)	25.00
CY21 Closing Price	15.06
Upside (%)	66
Free Float ('mn)	347
Market Cap. (Rs.'mn)	11,529

BUY | HOLD | SELL

52-Week Range

15.06

12.55 — 28.26

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	29.78	55.12	80.18	84.19	89.87
Gross Profit	Rs.'bn	2.37	11.19	9.66	10.43	11.33
SG&A Expenses	Rs.'bn	0.36	0.60	1.20	1.39	0.97
Finance Cost	Rs.'bn	3.39	1.52	3.00	3.13	3.00
Profit After Tax	Rs.'bn	(0.62)	6.37	3.84	4.07	5.13

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	(0.81)	8.32	5.01	5.32	6.70
DPS	Rs.	-	2.00	1.00	1.00	1.50
D.Y	%	-	8.19	4.09	4.09	6.14
GM	%	7.95	20.29	12.04	12.39	12.61
E.Tax	%	54.10	25.84	25.84	25.84	25.84
NM	%	(2.07)	11.55	4.78	4.84	5.71
DE	x	2.38	1.00	1.35	1.06	0.82
PE	x	-	1.81	3.01	2.83	2.25
PB	x	0.50	0.28	0.22	0.18	0.15

Fertilizer

The agricultural sector in Pakistan is expected to maintain its growth trajectory owing to continued government support, improved farm economics, and availability of urea at significantly discounted prices compared to global levels. The government has also announced to set up the National Agricultural Commission of Pakistan for the promotion of agricultural education and research.

Furthermore, CPEC Phase 2 comprises several projects related to the agriculture sector including the establishment of various agriculture laboratories in Pakistan, awarding scholarships to Pakistani students who will be studying agriculture in China. This will equip them with the latest skills and techniques related to the handling of crops.

Lastly, Pakistan has a huge export potential as China is one of the largest agriculture importers in the world currently fulfilling its demand by importing from the USA and Brazil. Hence, by improving the quality of agricultural products, Pakistan can easily tap into this neighboring market. Our covered scrips in the sector include:

EFERT, FFC, FFBL, FATIMA

Fertilizer

EFERT	FFC	FFBL	FATIMA
Dec-22 TP: 90	Dec-22 TP: 120	Dec-22 TP: 35	Dec-22 TP: 50
Upside: 18%	Upside: 20%	Upside: 37%	Upside: 39%
Div. Yield: 16%	Div. Yield: 12%	Div. Yield: 0%	Div. Yield: 7%

EFERT – Engro Fertilizers Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 90 which provides an upside potential of 18%. Furthermore, it also provides a dividend yield of 16% which makes a total return of 34%.

Attractive Dividend Yield at Discounted Prices: One of the simplest ways for companies to communicate financial well-being and shareholder value is to say, "the dividend check is in the mail." EFERT had announced the annual dividend of Rs13 (96% payout ratio) in CY20 which makes a dividend yield of around 18%. Hence, during the period of uncertainty and high volatility in the stock market, EFERT is one of the best options to secure a regular stream of income in the form of a high expected dividend yield of around 18% in CY21.

South Korea to Import Fertilizer from Pakistan: South Korea has shown interest in importing urea from Pakistan. In this regard, a delegation of EFERT was called by the South Korean Embassy to discuss the possible prospect of exporting urea to South Korea. If the company manages to secure the order from South Korea, it will significantly enhance the bottom line of the company as the prices are significantly high in the international market.

Valuation: EFERT is currently trading at CY22E PE of 5.47x. Furthermore, the scrip is trading at a CY22E P/B of 2.01x which offers a discount of 12% relative to its historical 2-year average of 2.26x.

Key Risks: Decline in international urea prices, increase in gas prices, more than expected depreciation of PKR.

Symbol	EFERT
TP (Dec-22)	90.00
CY21 Closing Price	76.09
Upside (%)	18
Free Float ('mn)	600
Market Cap. (Rs.'mn)	101,603

BUY | HOLD | SELL

52-Week Range

76.09

▲

61.81 **79.11**

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	121.35	105.85	136.57	141.08	145.79
Gross Profit	Rs.'bn	39.54	34.25	41.15	39.81	40.31
SG&A Expenses	Rs.'bn	9.98	10.36	11.24	11.61	11.99
Finance Cost	Rs.'bn	3.89	3.24	2.01	1.21	0.73
Profit After Tax	Rs.'bn	16.87	18.13	19.25	18.59	18.99

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	12.63	13.58	14.42	13.92	14.22
DPS	Rs.	13.00	13.00	13.00	12.50	13.00
D.Y	%	17.09	17.09	17.09	16.43	17.09
GM	%	32.58	32.36	30.13	28.22	27.65
E.Tax	%	38.42	30.97	29.00	29.00	29.00
NM	%	13.90	17.13	14.10	13.18	13.03
DE	x	0.76	0.51	0.41	0.25	0.11
PE	x	6.02	5.60	5.28	5.47	5.35
PB	x	2.35	2.17	2.09	2.01	1.95

Source: Company Financials, ACPL Research

FFC – Fauji Fertilizer Company Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 120 which provides an upside potential of 20%. Furthermore, it also provides a dividend yield of 12% which makes a total return of 32%.

Standing Tall Despite Distressed Economy: Fauji Fertilizer Company is a mature organization. It has stable selling volumes of Urea owing to a loyal customer base and stagnant Urea demand in the country. As it can be seen historically, its selling volumes of Urea are approximately around 2.5 million KT's every year, depicting no fluctuations in relation to the economic cycle. It has installed a production capacity of 2,048,000 KT's of Urea and has been operating between the capacity utilization rate of 121% to 123% to meet the demand.

Diversified Investment Portfolio: FFC holds a diversified investment portfolio. It has investments in the fertilizer, food, energy, cement, banking, and chemical sectors. Other than this, FFC also holds positions in financial instruments i.e., Pakistan Investment Bonds and mutual funds. It has a total investment of around Rs.116 billion, out of which Rs.35 billion are long-term and Rs.82 billion are short-term. Income from these investments is a significant part of the company's bottom line. In CY20, the other income constituted 35% of the profit before taxation.

Valuation: FFC is currently trading at CY22E PE of 5.83x. Furthermore, the scrip is trading at a CY22E P/B of 2.30x which offers a discount of 45% relative to its historical 2-year average of 3.30x.

Key Risks: Decline in international urea prices, increase in gas prices, more than expected depreciation of PKR.

Symbol	FFC
TP (Dec-22)	120.00
CY21 Closing Price	100.26
Upside (%)	20
Free Float ('mn)	699
Market Cap. (Rs.'mn)	127,555

BUY HOLD SELL

52-Week Range

100.26

95.40 ▲ **115.00**

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	105.78	97.65	101.13	103.13	105.17
Gross Profit	Rs.'bn	30.74	31.58	36.67	38.11	39.07
SG&A Expenses	Rs.'bn	8.29	7.85	8.13	8.29	8.45
Finance Cost	Rs.'bn	2.48	1.87	1.97	1.47	1.01
Profit After Tax	Rs.'bn	17.11	20.82	20.26	21.89	22.90

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	13.45	16.36	15.93	17.20	18.00
DPS	Rs.	10.80	11.20	11.00	12.00	12.50
D.Y	%	10.77	11.17	10.97	11.97	12.47
GM	%	29.06	32.34	36.26	36.95	37.15
E.Tax	%	27.97	29.64	29.00	29.00	29.00
NM	%	16.18	21.32	20.04	21.22	21.77
DE	x	0.93	0.95	0.67	0.45	0.34
PE	x	7.45	6.13	6.29	5.83	5.57
PB	x	3.59	3.00	2.61	2.30	2.04

Source: Company Financials, ACPL Research

FFBL – Fauji Fertilizer Bin Qasim Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 35 which provides an upside potential of 37%.

DAP Prices Continue to Surge: Due to supply chain disruptions led by COVID-19 and surge in demand amid the revival of the economies from lockdown, the international DAP prices have increased dramatically and are currently clocked at above US550/MT. Currently, importers are reluctant to import DAP at such high prices, and FFBL as being the sole domestic producer of DAP puts it in a good position to benefit from the current situation.

Diversified Investment Portfolio: FFBL holds a diversified investment portfolio. It has investments in the food, energy, and banking sectors. The company holds its investments in Askari Bank, Pak Maroc Phosphore and Foundation, Fauji Meat Limited, and Fauji Foods Limited. These investments will support the bottom line via dividends and will add to the valuation.

Earnings Tend to be Stable: Given the FFBL's dominant position in the DAP market, current high international and domestic DAP prices, and strong demand for DAP, FFBL is likely to show reasonable earnings growth with an expected EPS of Rs. 5.3 in CY21.

Valuation: FFBL is currently trading at CY22E PE of 3.27x. Furthermore, the scrip is trading at a CY22E P/B of 1.25x which offers a discount of 179% relative to its historical 2-year average of 3.49x.

Key Risks: Decline in international DAP prices, increase in gas and phosphoric acid prices, more than expected depreciation of PKR.

Symbol	FFBL
TP (Dec-22)	35.00
CY20 Closing Price	26.00
Upside (%)	37
Free Float ('mn)	452
Market Cap. (Rs.'mn)	1,291

BUY HOLD SELL

52-Week Range

24.78

20.00 — 29.35

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	66.84	83.23	100.74	105.99	111.27
Gross Profit	Rs.'bn	5.88	12.58	19.41	21.58	19.30
SG&A Expenses	Rs.'bn	5.35	5.52	5.54	5.83	6.12
Finance Cost	Rs.'bn	5.20	4.44	2.72	1.95	1.40
Profit After Tax	Rs.'bn	(2.98)	4.79	7.57	10.58	9.14

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	(4.59)	1.70	5.30	7.57	6.76
DPS	Rs.	-	-	-	-	-
D.Y	%	-	-	-	-	-
GM	%	8.80	15.11	19.27	20.36	17.94
E.Tax	%	(53.03)	55.19	29.00	29.00	29.00
NM	%	(8.86)	2.63	6.79	9.23	7.85
DE	x	6.82	2.73	2.21	1.10	0.65
PE	x	-	14.59	4.68	3.27	3.67
PB	x	4.68	2.29	2.01	1.25	0.93

FATIMA – Fatima Fertilizer Company Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 50 which provides an upside potential of 39%. Furthermore, it also provides a dividend yield of 7% which makes a total return of 46%.

Market Leader in CAN & NP: Urea and CAN can be substituted by each other and due to the said reason, prices of CAN have a strong correlation with Urea prices. After acquiring Pakarab fertilizers, Fatima fertilizer is the sole domestic producer of the CAN in the entire industry and can play a very important role in setting the price. On the other side, DAP and NP can be used as a substitute for each other and their prices are also strongly correlated. Therefore, the increase in Urea or DAP prices will allow Fatima fertilizer to increase the prices of its products which would eventually improve the earnings of the company.

Reduction in Leverage to Support the Bottom Line: Fatima Fertilizer is currently in the process of repaying its long-term debt. The company's debt to equity ratio in CY19 and CY20 was 0.37x and 0.23x respectively. Going forward, we expect the company's debt to equity ratio to decline to 0.12x by the end of CY22 which will reduce the burden of finance cost from the bottom line of the company.

Valuation: FATIMA is currently trading at CY22E PE of 3.94x. Furthermore, the scrip is trading at a CY22E P/B of 0.69x which offers a discount of 33% relative to its historical 2-year average of 0.92x.

Key Risks: Decline in international UREA/DAP prices, increase in gas tariff, more than expected depreciation of PKR.

Symbol	FATIMA
TP (Dec-22)	50.00
CY21 Closing Price	35.99
Upside (%)	39
Free Float ('mn)	315
Market Cap. (Rs.'mn)	75,579

BUY | HOLD | SELL

52-Week Range

25.90 — 35.99 — 37.00

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	74.96	83.23	98.00	98.41	103.21
Gross Profit	Rs.'bn	27.90	12.58	19.69	18.23	17.90
SG&A Expenses	Rs.'bn	6.58	5.52	6.50	6.52	6.84
Finance Cost	Rs.'bn	3.76	4.44	2.29	1.57	1.15
Profit After Tax	Rs.'bn	12.07	4.79	9.35	8.81	8.67

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	5.75	6.32	8.56	9.14	9.58
DPS	Rs.	2.00	2.50	3.50	3.50	4.00
D.Y	%	3.95	4.94	6.92	6.92	7.91
GM	%	37.22	40.40	39.43	36.36	36.21
E.Tax	%	29.80	29.00	29.00	29.00	29.00
NM	%	16.10	18.63	17.40	16.70	16.69
DE	x	0.37	0.23	0.15	0.10	0.09
PE	x	6.26	5.69	4.20	3.94	3.76
PB	x	0.97	0.87	0.77	0.69	0.62

Source: Company Financials, ACPL Research

Pharmaceuticals

COVID-19 pandemic has triggered one of the most severe recession in nearly a century and is causing enormous damage to people's health and well-being. That's why, the healthcare spending trend of the consumers is on the upward trajectory as the government has subsidized the healthcare facilities for deserving people on a massive scale through Sehat Insaf Card.

In such scenario, pharmaceutical sector is all set to reap the benefits from changing consumer perspectives. Our covered scrips in the sector include:

SEARL, HINOON, AGP, CPHL

Pharmaceuticals

SEARL

Dec-22 TP: 180
Upside: 25%
Div. Yield: 2%

FY21 Bonus: 30%

HINOON

Dec-22 TP: 800
Upside: 27%
Div. Yield: 3%

CY20 Bonus: 10%

AGP

Dec-22 TP: 120
Upside: 24%
Div. Yield: 3%

CPHL

Dec-22 TP: 45
Upside: 26%
Div. Yield: 0%

FY21 Bonus: 10%

SEARL – The Searle Company Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 180 which provides an upside potential of 25%. Furthermore, the company is also expected to announce a bonus during the year as it has a history of capitalizing its earnings by issuing stock dividends (bonus shares).

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 38% YoY in 1QFY22 followed by the growth of 28% YoY in FY21. This growth in revenue is on the back of consistent growth in volumes and a diversified product range along with the positive impact of DRAP pricing policy, which is now linked with the annual Consumer Price Index (CPI). Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 23% amid the acquisition of OBS Pakistan (Private) Limited (now Searle Pakistan Limited) which will facilitate Searle in leveraging its doctors' coverage and expertise in handling a diversified portfolio of products.

Over 200 Medicines are in Pipeline for Regulatory Approval: The company is focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. According to the management, the Searle Group has an organic pipeline of over 200 products in different stages of the regulatory approval process.

Valuation: SEARL is currently trading at FY22E PE of 12.99x. Furthermore, the scrip is trading at a FY22E P/B of 1.57x which offers a discount of 66% relative to its historical 3-year average of 2.61x.

Key Risks: Devaluation of rupee, change in regulatory policy with respect to price.

Symbol	SEARL
TP (Dec-22)	180.00
CY21 Closing Price	143.72
Upside (%)	25
Free Float ('mn)	108
Market Cap. (Rs.'mn)	44,848

BUY HOLD SELL

52-Week Range

143.72

128.00 289.99

Income Statement		FY19	FY20	FY21E	FY22E	FY23E
Nets Sales	Rs.'bn	18.06	20.47	26.22	31.46	37.76
Gross Profit	Rs.'bn	8.60	9.71	12.19	14.63	17.56
SG&A Expenses	Rs.'bn	5.39	5.61	6.73	8.08	10.07
Finance Cost	Rs.'bn	0.44	0.68	1.45	1.70	1.59
Profit After Tax	Rs.'bn	2.27	2.55	3.75	3.52	4.28

Key Statistics		FY19	FY20	FY21	FY22E	FY23E
EPS	Rs.	7.18	8.01	11.79	11.06	13.48
DPS	Rs.	2.50	2.50	2.00	3.50	4.00
D.Y	%	1.74	1.74	1.39	2.44	2.78
GM	%	47.61	47.40	46.50	46.50	46.50
E.Tax	%	20.02	30.36	25.59	26.35	26.21
NM	%	12.54	12.44	14.29	11.18	11.35
DE	x	0.29	0.33	0.67	0.53	0.44
PE	x	20.01	17.94	12.19	12.99	10.66
PB	x	3.32	2.81	1.72	1.57	1.42

HINOON – Highnoon Laboratories Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 800 which provides an upside potential of 27%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 21% YoY in 9MCY21 followed by the growth of 18% YoY in CY20. This growth in revenue is on the back of consistent growth in volumes and a diversified product range along with positive impact of DRAP pricing policy, which is now linked with annual Consumer Price Index (CPI). Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 17% amid constantly expanding product portfolio.

Respiratory Portfolio to Remain a Major Revenue Driver During Covid-19: Several respiratory diseases have been aggravated during the time of Covid-19 crisis. In such scenario, the respiratory portfolio of the company remains a major component of their momentum. The respiratory product Combivair became the first brand of the company to cross the Rs. 1 billion mark. Combivair with a sizeable market share of 70% continues to be the leading Dry Power Inhaler (DPI) of Pakistan. Kestine, the third largest brand of Highnoon grew by 22% and is a Rs. 700 million brand. Tiovair, the other leading brand is worth Rs. 375 million having CAGR of 20%.

Valuation: HINOON is currently trading at CY22E PE of 13.21x. Furthermore, the scrip is trading at a CY22E P/B of 3.64x which offers a discount of 69% relative to its historical 2-year average of 6.14x.

Key Risks: Devaluation of rupee, change in regulatory policy with respect to price.

Symbol	HINOON
TP (Dec-22)	800.00
CY21 Closing Price	627.85
Upside (%)	27
Free Float ('mn)	15
Market Cap. (Rs.'mn)	23,906

BUY | HOLD | SELL

52-Week Range

627.85

▲

560.01 **700.00**

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	9.05	10.70	13.56	14.92	16.41
Gross Profit	Rs.'bn	4.16	5.12	6.49	7.04	7.75
SG&A Expenses	Rs.'bn	2.76	3.09	4.06	4.47	4.92
Finance Cost	Rs.'bn	0.02	0.02	0.02	0.02	0.02
Profit After Tax	Rs.'bn	0.97	1.42	1.67	1.81	2.00

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	25.50	37.31	43.92	47.51	52.44
DPS	Rs.	13.00	15.00	17.50	19.00	21.00
D.Y	%	2.07	2.39	2.79	3.03	3.34
GM	%	46.00	47.87	47.87	47.16	47.20
E.Tax	%	27.60	26.07	27.76	27.76	27.76
NM	%	10.73	13.28	12.33	12.13	12.17
DE	x	0.02	0.11	0.06	0.05	0.04
PE	x	24.62	16.83	14.30	13.21	11.97
PB	x	6.95	5.33	4.37	3.64	3.08

Source: Company Financials, ACPL Research

AGP – AGP Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 120 which provides an upside potential of 24%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 19% YoY in 9MCY21 followed by the growth of 11% YoY in CY20. This growth in revenue is on the back of consistent growth in volumes and a diversified product range along with positive impact of DRAP pricing policy, which is now linked with annual Consumer Price Index (CPI). Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 17% amid strong portfolio, new product launches and value addition derived from OBS AGP. The company continues to focus on increasing the market share of its products and capitalizing on organic and inorganic growth opportunities.

Foreign Affiliations are the Key Strength: AGP is amongst the very few groups of companies in Pakistan, which specialize in developing strategic alliances with reputed international firms. AGP has affiliations with leading pharmaceutical companies such as Dr. Kade (Germany), GlaxoSmithKline (United Kingdom), Vifor / OM Pharma (Switzerland), Mylan (USA), etc. In 2015, AGPL formed a strategic alliance with Mylan USA to promote their complete portfolio in Pakistan.

Valuation: AGP is currently trading at CY22E PE of 14.13x. Furthermore, the scrip is trading at a CY22E P/B of 2.49x which offers a discount of 40% relative to its historical 2-year average of 3.48x.

Key Risks: Devaluation of rupee, change in regulatory policy with respect to price.

Symbol	AGP
TP (Dec-22)	120.00
CY21 Closing Price	96.99
Upside (%)	24
Free Float ('mn)	84
Market Cap. (Rs.'mn)	27,157

BUY | HOLD | SELL

52-Week Range

96.99

82.00 — 158.99

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	6.25	6.95	8.45	9.75	11.27
Gross Profit	Rs.'bn	3.66	3.86	4.54	5.25	6.06
SG&A Expenses	Rs.'bn	1.45	1.63	2.18	2.58	2.98
Finance Cost	Rs.'bn	0.23	0.15	0.10	0.19	0.22
Profit After Tax	Rs.'bn	1.45	1.59	1.83	1.92	2.22

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	5.17	5.67	6.54	6.87	7.92
DPS	Rs.	3.25	2.00	2.25	2.50	2.75
D.Y	%	3.35	2.06	2.32	2.58	2.84
GM	%	58.52	55.58	53.80	53.80	53.80
E.Tax	%	20.74	17.61	18.30	18.30	18.30
NM	%	23.13	22.85	21.69	19.71	19.69
DE	x	19.29	12.97	8.95	4.50	0.43
PE	x	18.78	17.11	14.83	14.13	12.25
PB	x	3.64	3.31	2.81	2.49	2.20

Source: Company Financials, ACPL Research

CPHL – Citi Pharma Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 45 which provides an upside potential of 26%.

Consistent Financial Performance Likely to Continue: CPL has a promising track record of financial performance with consistent growth in revenues and profitability. The company has successfully been able to grow its revenues at a 5-year CAGR of 42% in FY21. As far as the bottom line is concerned, the profitability of the company grew at a 5-year CAGR of 45% in FY21 which depicts the financial stability of the company. Going forward, we expect the revenues and earnings of the company to grow at a 5-year CAGR of 25% and 30% respectively on account of the planned expansion.

Ongoing Expansions to Enhance the Bottom Line: In the wake of the COVID-19 pandemic, demand for Paracetamol witnessed a surge. Moreover, health awareness and health spending have also risen. Hence, CPHL is expanding its existing capacity of 3,600 tons per annum of Paracetamol to 6,000 tons per annum. Furthermore, the company is also building of a 50-bed, state-of-the-art healthcare facility at main Gulberg III, Lahore. Moreover, the Company also intends to build three manufacturing facilities having a total capacity of 200,000 vials per day, dry powder/suspension 60,000 bottles per day, capsules 4,200,000 per day, and tablets 4,500,000 per day.

Valuation: CPHL is currently trading at FY22E PE of 20.22x. Furthermore, the scrip is trading at a FY22E P/B of 1.64x which offers a discount of 149% relative to its peer average of 4.08x.

Key Risks: Devaluation of rupee, change in regulatory policy with respect to price, delay in expansion

Symbol	CPHL
TP (Dec-22)	45.00
CY21 Closing Price	35.76
Upside (%)	26
Free Float ('mn)	73
Market Cap. (Rs.'mn)	8,170

BUY | HOLD | SELL

52-Week Range

35.76

▲

29.00 | 55.06

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	3.53	5.80	7.77	10.57	12.66
Gross Profit	Rs.'bn	0.44	0.78	1.23	1.83	2.18
SG&A Expenses	Rs.'bn	0.18	0.21	0.74	0.92	1.09
Finance Cost	Rs.'bn	0.04	0.04	0.02	0.01	0.01
Profit After Tax	Rs.'bn	0.15	0.35	0.40	0.75	0.91

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	0.64	1.54	1.77	3.27	4.00
DPS	Rs.	-	-	-	-	-
D.Y	%	-	-	-	-	-
GM	%	12.46	13.47	15.86	17.28	17.23
E.Tax	%	29.61	29.61	30.67	28.00	27.00
NM	%	4.13	6.07	5.20	7.07	7.23
DE	x	0.37	0.12	0.03	0.01	0.01
PE	x	56.10	23.22	20.22	10.92	8.93
PB	x	9.14	1.87	1.64	1.42	1.23

Source: Company Financials, ACPL Research

Textile Composite

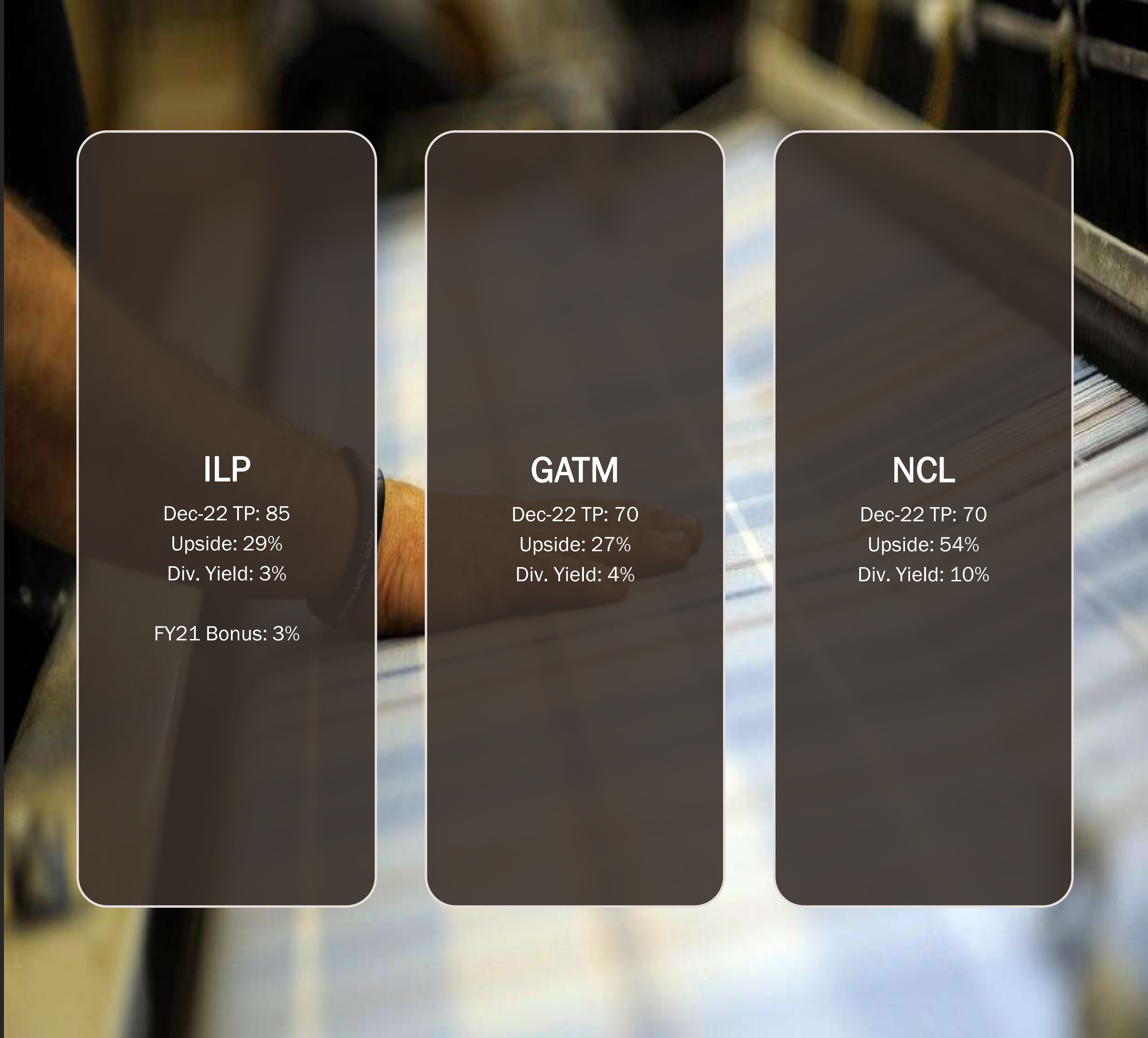
With the ongoing $3.5 billion expansion plan for the textile industry, Pakistan's textile exports are likely to increase by $6bn and cross the $20bn target projected for the fiscal year 2021-22. The continuous depreciation of PKR would also help the sector's exports to grow faster.

Furthermore, most of the companies in this sector are enjoying loans on concessionary rates, which the government has provided to export-oriented companies.

In such a scenario, the textile composite sector is one of the most lucrative investment avenues in our view right now. Our covered scrips in the sector include:

ILP, GATM, NCL

Textile Composites



ILP

Dec-22 TP: 85
Upside: 29%
Div. Yield: 3%

FY21 Bonus: 3%

GATM

Dec-22 TP: 70
Upside: 27%
Div. Yield: 4%

NCL

Dec-22 TP: 70
Upside: 54%
Div. Yield: 10%

ILP – Interloop Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 85 which provides an upside potential of 29%.

Promising Financial Performance Amid Strong Customer Base: Despite a challenging business environment fraught with potentially adverse implications of the Covid-19 pandemic on the economy, the company posted revenue of Rs19bn in 1QFY22 against Rs13bn in SPLY, recording a growth of 50% YoY. Furthermore, higher gross margin of 28.6% (24.1% in 1QFY21) caused the bottom line to expand by 95% YoY amid sharp recovery post-Covid-19 lockdowns on account of large buying orders from well-established customers like Puma & Nike etc.

On-Going BMR and Expansions to Enhance the Bottom Line: Interloop Limited has outlined its Vision 2025 which reads as "TO BECOME A FULL FAMILY CLOTHING PARTNER OF CHOICE" with the targeted revenue of $700mn with total planned investment of $302.27mn. The company is planning to expand its operations to achieve the set targets by addition of Hosiery Plant and Denim Fabric Mill. Further planning to increase the capacity of manufacturing in all segments focusing from infant to adult customer.

Valuation: ILP is currently trading at FY22E PE of 6.11x. Furthermore, the scrip is trading at a FY22E P/B of 2.23x which offers a discount of 51% relative to its historical 2-year average of 3.38x.

Key Risks: Appreciation of rupee, closure of borders amid the Covid-19, delay in expansions.

Symbol	ILP
TP (Dec-22)	85.00
CY21 Closing Price	72.69
Upside (%)	29
Free Float ('mn)	130
Market Cap. (Rs.'mn)	57,050

BUY | HOLD | SELL

52-Week Range

72.69

60.00 – 77.50

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	36.30	54.96	77.75	83.99	90.97
Gross Profit	Rs.'bn	7.86	14.21	22.72	24.29	25.97
SG&A Expenses	Rs.'bn	4.21	5.44	7.06	7.59	8.17
Finance Cost	Rs.'bn	1.14	1.15	1.25	1.22	1.19
Profit After Tax	Rs.'bn	1.80	6.29	10.69	11.46	12.25

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	2.07	7.21	11.90	12.75	13.64
DPS	Rs.	2.00	2.50	2.00	2.50	2.50
D.Y	%	2.75	3.44	2.75	3.44	3.44
GM	%	21.66	25.86	29.22	28.92	28.55
E.Tax	%	15.10	8.46	9.84	9.91	10.02
NM	%	4.95	11.45	13.75	13.64	13.46
DE	x	1.25	1.48	0.90	0.67	0.54
PE	x	35.18	10.08	6.11	5.70	5.33
PB	x	3.66	3.09	2.23	1.69	1.34

Source: Company Financials, ACPL Research

GATM – Gul Ahmed Textile Mills Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 70 which provides an upside potential of 27%.

Promising Financial Performance Amid Strong Customer Base: Despite a challenging business environment fraught with potentially adverse implications of the Covid-19 pandemic on the economy, the company posted revenue of Rs24bn in 1QFY22 against Rs20bn in SPLY, recording a growth of 24% YoY. Furthermore, higher gross margin of 20.0% (17.9% in 1QFY21) and lower effective taxation of 27.4% caused the bottom line to expand by 85% YoY amid sharp recovery post-Covid-19 lockdowns on account of large buying orders from well-established customers.

BMR and Expansions to Enhance the Bottom Line: The profitability of the company will continue to impress vis-à-vis the industry as it undertook a timely decision to invest heavily in plant and machinery. The company recently inaugurated its new knitwear and Spinning plants. Inauguration of the plants will add more value in the company's profitability and open more avenues for the company. Furthermore, The company is also planning to launch a new e-commerce website or launch an application which will facilitate the customers and will further augment e-commerce sales of the company.

Valuation: GATM is currently trading at FY22E PE of 3.63x. Furthermore, the scrip is trading at a FY22E P/B of 0.80x which offers a discount of 89% relative to its historical 2-year average of 1.51x.

Key Risks: Appreciation of rupee, closure of borders amid the Covid-19.

Symbol	GATM
TP (Dec-22)	70.00
CY21 Closing Price	47.06
Upside (%)	27
Free Float ('mn)	128
Market Cap. (Rs.'mn)	20,132

BUY | HOLD | SELL

52-Week Range

47.06

36.15 ▲ **61.60**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	53.94	86.42	97.66	110.36	124.70
Gross Profit	Rs.'bn	9.07	16.88	19.53	22.07	24.94
SG&A Expenses	Rs.'bn	7.24	8.73	9.52	10.76	12.16
Finance Cost	Rs.'bn	2.01	2.34	2.39	2.27	2.11
Profit After Tax	Rs.'bn	(0.48)	5.13	5.49	6.66	7.87

Key Statistics		FY19	FY20	FY21E	FY22E	FY23E
EPS	Rs.	(0.93)	10.00	10.70	12.98	15.33
DPS	Rs.	-	-	1.50	2.00	2.50
D.Y	%	-	-	3.19	4.25	5.31
GM	%	16.81	19.53	20.00	20.00	20.00
E.Tax	%	5.10	4.67	4.84	4.88	4.96
NM	%	(0.89)	5.94	5.63	6.04	6.31
DE	x	2.82	2.69	2.03	1.53	1.15
PE	x	N/A	4.71	4.40	3.63	3.07
PB	x	1.73	1.29	0.99	0.80	0.65

NCL – Nishat Chunian Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 70 which provides an upside potential of 54%. Furthermore, it also provides a dividend yield of 10% which makes a total return of 64%.

Promising Financial Performance Amid Strong Customer Base: Despite a challenging business environment fraught with potentially adverse implications of the Covid-19 pandemic on the economy, the company posted revenue of Rs15bn in 1QFY22 against Rs12bn in SPLY, recording a growth of 24% YoY. Furthermore, higher gross margin of 22.4% (10.7% in 1QFY21) and lower effective taxation of 7% caused the bottom line to expand by 362% YoY amid sharp recovery post-Covid-19 lockdowns on account of large buying orders from well-established customers.

BMR and Expansions to Enhance the Bottom Line: The company plans to revamp ring frames and auto cone machines with the CapEx of Rs5bn along with the installation of new Auto-Coro machines. Art jacquard looms are also being installed to cater niche customers. Furthermore, the company will be replacing 6,000-7,000 spindles to increase competitiveness and margins. New stitching units will also be established for home textile. The BMR and expansions would help the company to bring operational efficiencies which would eventually enhance the bottom line of the company.

Valuation: NCL is currently trading at FY22E PE of 2.17x. Furthermore, the scrip is trading at a FY22E P/B of 0.48x which offers a discount of 44% relative to its historical 2-year average of 0.69x.

Key Risks: Appreciation of rupee, closure of borders amid the Covid-19.

Symbol	NCL
TP (Dec-22)	70.00
CY21 Closing Price	45.55
Upside (%)	54
Free Float ('mn)	108
Market Cap. (Rs.'mn)	10,937

BUY HOLD SELL

52-Week Range

45.55

▲

38.50 **56.09**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	35.67	49.28	59.46	62.08	64.81
Gross Profit	Rs.'bn	4.20	8.97	9.21	9.59	9.98
SG&A Expenses	Rs.'bn	1.19	1.47	1.58	1.64	1.71
Finance Cost	Rs.'bn	2.66	1.75	1.67	1.53	1.42
Profit After Tax	Rs.'bn	3.83	8.32	8.31	8.57	8.86

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	1.11	23.32	20.96	22.54	24.71
DPS	Rs.	1.00	5.00	4.50	5.00	5.50
D.Y	%	2.20	10.98	9.88	10.98	12.07
GM	%	11.79	18.20	15.49	15.45	15.41
E.Tax	%	62.58	10.75	10.75	10.75	10.75
NM	%	0.74	11.36	8.46	8.72	9.16
DE	x	2.13	1.48	0.71	0.54	0.42
PE	x	41.22	1.95	2.17	2.02	1.84
PB	x	0.80	0.58	0.48	0.40	0.34

Oil & Gas Exploration

Over the past half century, the petroleum industry has played a significant role in national development by making large indigenous oil and gas discoveries. With looming energy crises and the ongoing growing demand for oil and gas in Pakistan, the exploration and production of oil & gas, or upstream has garnered considerable interest from investors (both local and foreign).

However, the stocks of these companies didn’t perform as per the expectations in the recent times owing to the liquidity crunch amid circular debt crisis. Going forward, we expect the government’s efforts to resolve the issue of circular debt will revive the investors’ sentiments. Furthermore, rising international crude oil prices, dollar denominated revenue and debt free capital structure has made the valuations of the sector much more attractive. Our covered scrips in the sector include:

OGDC, PPL, POL, MARI

Oil & Gas Exploration

OGDC
Dec-22 TP: 150
Upside: 74%
Div. Yield: 12%

PPL
Dec-22 TP: 135
Upside: 71%
Div. Yield: 6%

POL
Dec-22 TP: 450
Upside: 26%
Div. Yield: 18%

MARI
Dec-22 TP: 2,200
Upside: 33%
Div. Yield: 11%

OGDC – Oil & Gas Development Company Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 150 which provides an upside potential of 74%. Furthermore, it also provides a dividend yield of 12% which makes a total return of 86%.

Improved Financial Performance Amid Rising Crude Oil Prices: The company has posted a revenue of Rs72bn in 1QFY22 against Rs59.5bn in SPLY, recording a growth of 20% YoY. Higher sales are attributable to an increase in the prices of crude oil. Furthermore, the company's profitability during the period was positively impacted by the increase in finance and other income and decline in operating, exploration & prospecting expenditure. The company posted a profit after tax of Rs33.63bn (EPS: Rs7.82) as compared to profit after tax of Rs23.4bn (EPS: Rs5.45) in the same period last year, up by 43.5% YoY. Going forward, we expect the revenue and earnings to continue their upward trajectory amid strong demand and high international crude oil prices.

3 New Discoveries in 1QFY22: The company's exploratory efforts to locate reserves yielded three (3) oil and gas discoveries during 1QFY22, having expected cumulative daily production potential of 37 MMcf of gas and 2,850 barrels of oil. This was followed by six (6) oil and gas discoveries in FY21 and five (5) discoveries in FY20. Going forward, we expect the aggressive exploration and development strategy to yield more discoveries which will eventually enhance the reserves of the company.

Valuation: OGDC is currently trading at FY22E PE of 2.67x. Furthermore, the scrip is trading at a FY22E P/B of 0.48x which offers a discount of 18% relative to its historical 2-year average of 0.57x.

Key Risks: Appreciation of rupee, drop in crude oil prices.

Symbol	OGDC
TP (Dec-22)	150.00
CY21 Closing Price	86.20
Upside (%)	74
Free Float ('mn)	645
Market Cap. (Rs.'mn)	370,740

BUY | HOLD | SELL

52-Week Range

86.2

78.60 — 118.00

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	244.86	239.10	297.26	293.24	285.06
Gross Profit	Rs.'bn	149.08	139.75	195.71	189.23	182.09
SG&A Expenses	Rs.'bn	5.07	4.67	4.46	4.40	4.28
Finance Cost	Rs.'bn	3.01	2.20	2.04	2.10	2.16
Profit After Tax	Rs.'bn	100.08	91.53	138.83	134.56	129.97

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	23.27	21.28	32.28	31.29	30.22
DPS	Rs.	6.75	6.90	10.50	10.00	10.00
D.Y	%	7.83	8.00	12.18	11.60	11.60
GM	%	60.88	58.45	65.84	64.53	63.88
E.Tax	%	30.04	29.04	29.04	29.04	29.04
NM	%	45.28	40.87	38.28	46.70	45.89
DE	x	-	-	-	-	-
PE	x	3.70	4.05	2.67	2.76	2.85
PB	x	0.59	0.54	0.48	0.45	0.40

Source: Company Financials, ACPL Research

PPL – Pakistan Petroleum Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 135 which provides an upside potential of 71%. Furthermore, it also provides a dividend yield of 6% which makes a total return of 77%.

Improved Financial Performance Amid Rising Crude Oil Prices: The company has posted a revenue of Rs43bn in 1QFY22 against Rs39bn in SPLY, recording a growth of 10% YoY. Higher sales are attributable to an increase in the prices of crude oil. Furthermore, the company's profitability during the period was positively impacted by an increase in other income. The company posted a profit after tax of Rs16.9bn (EPS: Rs6.24) as compared to profit after tax of Rs14.4bn (EPS: Rs5.27) in the same period last year, up by 18.4% YoY. Going forward, we expect the revenue and earnings to continue their upward trajectory amid strong demand and high international crude oil prices.

1 New Discovery in 1QFY22: The company's exploratory efforts to locate reserves yielded one (1) gas discovery during 1QFY22, having an expected cumulative daily production potential of 16 MMcf of gas. This was followed by one (1) oil and gas discovery in FY21 and two (2) discoveries in FY20. Going forward, we expect the aggressive exploration and development strategy to yield more discoveries which will eventually enhance the reserves of the company.

Valuation: PPL is currently trading at FY22E PE of 2.87x. Furthermore, the scrip is trading at a FY22E P/B of 0.50x which offers a discount of 17% relative to its historical 2-year average of 0.59x.

Key Risks: Appreciation of rupee, drop in crude oil prices.

Symbol	PPL
TP (Dec-22)	135.00
CY21 Closing Price	79.04
Upside (%)	71
Free Float ('mn)	666
Market Cap. (Rs.'mn)	215,065

BUY | HOLD | SELL

52-Week Range

79.04

69.05 — 104.30

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	157.59	148.43	191.18	188.99	196.03
Gross Profit	Rs.'bn	91.03	86.29	116.62	115.28	119.58
SG&A Expenses	Rs.'bn	3.07	3.74	3.86	3.81	3.96
Finance Cost	Rs.'bn	1.07	1.11	1.08	1.14	1.21
Profit After Tax	Rs.'bn	70.48	68.58	98.14	93.13	96.53

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	18.47	19.27	27.58	26.17	27.12
DPS	Rs.	1.00	3.50	5.00	5.00	5.00
D.Y	%	1.27	4.43	6.33	6.33	6.33
GM	%	57.77	58.14	61.00	61.00	61.00
E.Tax	%	28.70	23.55	23.55	23.55	23.55
NM	%	31.89	35.32	39.25	37.67	37.64
DE	x	-	-	-	-	-
PE	x	4.28	4.10	2.87	3.02	2.91
PB	x	0.62	0.55	0.50	0.43	0.39

Source: Company Financials, ACPL Research

POL – Pakistan Oilfields Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 450 which provides an upside potential of 26%. Furthermore, it also provides a dividend yield of 18% which makes a total return of 44%.

Improved Financial Performance Amid Rising Crude Oil Prices: The company has posted a revenue of Rs11bn in 1QFY22 against Rs9bn in SPLY, recording a growth of 19% YoY. Higher sales are attributable to an increase in the prices of crude oil. Furthermore, the company's profitability during the period was positively impacted by an increase in other income and a decrease in operating costs. The company posted a profit after tax of Rs5.3bn (EPS: Rs18.52) as compared to profit after tax of Rs3.6bn (EPS: Rs12.78) in the same period last year, up by 44.9% YoY. Going forward, we expect the revenue and earnings to continue their upward trajectory amid strong demand and high international crude oil prices.

Attractive Dividend Yield at Discounted Prices: One of the simplest ways for companies to communicate financial well-being and shareholder value is to say, "the dividend check is in the mail." POL had announced the annual dividend of Rs50 (106% payout ratio) in FY21 which makes a dividend yield of around 14%. Hence, during the period of uncertainty and high volatility in the stock market, POL is one of the best options to secure a regular stream of income in the form of a high expected dividend yield of around 18% in FY22.

Valuation: POL is currently trading at FY22E PE of 4.81x. Furthermore, the scrip is trading at a FY22E P/B of 2.63x which is at a premium of 3% relative to its historical 2-year average of 2.55x.

Key Risks: Appreciation of rupee, drop in crude oil prices.

Symbol	POL
TP (Dec-22)	450.00
CY21 Closing Price	357.62
Upside (%)	26
Free Float ('mn)	130
Market Cap. (Rs.'mn)	101,512

BUY | HOLD | SELL

52-Week Range

357.62

328.00 — 435.00

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	38.47	36.31	49.47	46.99	36.58
Gross Profit	Rs.'bn	22.37	21.63	32.95	30.89	21.73
SG&A Expenses	Rs.'bn	0.19	0.19	0.32	0.31	0.24
Finance Cost	Rs.'bn	2.21	0.26	4.13	4.13	4.13
Profit After Tax	Rs.'bn	16.38	13.38	21.12	20.03	14.50

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	57.69	47.14	74.39	70.57	51.09
DPS	Rs.	50.00	50.00	65.00	65.00	45.00
D.Y	%	13.98	13.98	18.18	18.18	12.58
GM	%	58.14	59.57	66.60	65.73	59.39
E.Tax	%	24.65	35.54	35.54	35.54	35.54
NM	%	42.56	36.85	42.68	42.63	39.64
DE	x	-	-	-	-	-
PE	x	6.20	7.59	4.81	5.07	7.00
PB	x	2.52	2.58	2.63	2.50	2.38

Source: Company Financials, ACPL Research

MARI – Mari Petroleum Company Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 2,200 which provides an upside potential of 33%. Furthermore, it also provides a dividend yield of 11% which makes a total return of 44%.

Improved Financial Performance Despite Less Offtake by Power & Fertilizers Plants: The company has been able to achieve slightly better results in 1QFY22 as compared to the SPLY even with the less offtake by the power sector and the fertilizer plants due to annual turnarounds. The company posted revenue of Rs20.7bn in 1QFY22 against Rs20.4bn in SPLY, recording a growth of 1.7% YoY. Furthermore, the company posted a profit after tax of Rs9.09bn (EPS: Rs68.21) as compared to profit after tax of Rs9.06bn (EPS: Rs67.96) in the same period last year, up by 0.4% YoY. Going forward, we expect the revenue and earnings to continue their upward trajectory amid strong demand and high international crude oil prices.

Attractive Dividend Yield at Discounted Prices: One of the simplest ways for companies to communicate financial well-being and shareholder value is to say, "the dividend check is in the mail." MARI had announced the annual dividend of Rs141 (50% payout ratio) in FY21 which makes a dividend yield of around 9%. Hence, during the period of uncertainty and high volatility in the stock market, MARI is one of the best options to secure a regular stream of income in the form of a high expected dividend yield of around 11% in FY22.

Valuation: MARI is currently trading at FY22E PE of 5.58x. Furthermore, the scrip is trading at a FY22E P/B of 1.57x which offers a discount of 36% relative to its historical 2-year average of 2.14x.

Key Risks: Appreciation of rupee, drop in crude oil prices.

Symbol	MARI
TP (Dec-22)	2,200.00
CY21 Closing Price	1,654.23
Upside (%)	33
Free Float ('mn)	27
Market Cap. (Rs.'mn)	220,678

BUY | HOLD | SELL

52-Week Range

1654.23

▲

1,318.50 **1,807.46**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	126.85	82.69	107.32	110.12	113.41
Gross Profit	Rs.'bn	72.01	73.02	94.76	97.24	100.14
SG&A Expenses	Rs.'bn	13.30	15.04	19.52	20.03	20.63
Finance Cost	Rs.'bn	0.99	1.31	0.90	0.90	1.31
Profit After Tax	Rs.'bn	30.31	31.44	39.71	40.77	41.72

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	227.23	235.71	297.70	304.21	311.27
DPS	Rs.	6.10	141.00	178.00	182.00	186.00
D.Y	%	0.37	8.52	10.80	11.00	11.24
GM	%	56.77	88.30	88.30	88.30	88.30
E.Tax	%	29.91	29.91	29.91	29.91	29.91
NM	%	23.90	38.03	37.00	37.02	36.78
DE	x	-	-	-	-	-
PE	x	7.28	7.02	5.58	5.44	5.31
PB	x	2.37	1.91	1.57	1.28	1.08

Source: Company Financials, ACPL Research

Technology & Communication

Pakistan, which has about 60% of its 200 million population in the 15 to 29 age group, represents an enormous human and knowledge capital. It has more than 2,000 IT companies & call centers and the number is growing every year. The country has more than 300,000 English-speaking IT professionals with expertise in current and emerging IT products and technologies and 13 Software technology parks. More than 20,000 IT graduates and engineers are being produced each year in Pakistan in addition to a rising startup culture.

Due to the Covid-19 pandemic, the global economy has been affected adversely especially due to lockdown measures. However, being a less contact-intensive industry, the technology sector remained the least affected from the Covid-19. Our covered scrips in the sector include:

SYS, AIRLINK, OCTOPUS

Technology & Communication

SYS

Dec-22 TP: 835
Upside: 10%
Div. Yield: 1%

AIRLINK

Dec-22 TP: 80
Upside: 38%
Div. Yield: 5%

FY21 Bonus: 7.5%

OCTOPUS

Dec-22 TP: 100
Upside: 29%
Div. Yield: 0%

SYS – Systems Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a HOLD stance on the scrip with a DCF based Dec-22 target price of Rs 835 which provides an upside potential of 10%.

Strong Growth in Revenues and Profitability Likely to Continue: The company has been able to grow its revenue and earnings by 118% YoY in 9MCY21 as compared to the SPLY followed by a growth of 40% YoY and 61% YoY respectively in CY20. North American region contributed significantly to the growth since the beginning of this year, and we expect this growth momentum to continue on the back of relevance of the various service domains and technology stack the company is targeting. Furthermore, the Pakistan Government is expected to be resolutely focused on digitizing the economy in the two years leading up to the general elections, which will present potential opportunities for the company in the public sector.

Diversification to Remain a Key Positive: SYS has a diverse geographic presence with nearly 80% of revenue generated from exports to North America, Middle East and Europe. Since the company is well diversified in terms of service offerings and locations, the company is seeing growth in all the three international regions. In the post-covid world, with the acceptability of remote working, offshoring has become more acceptable, and the customers are now open to consider Pakistan as an outsourcing destination. This has increased an overall demand in the IT industry and the company is all set to reap the benefits of the changed global working dynamics.

Valuation: SYS is currently trading at CY22E PE of 24.53x. Furthermore, the scrip is trading at a CY22E P/B of 7.98x which offers a discount of 117% relative to its historical 2-year average of 17.29x.

Key Risks: Appreciation of rupee, slowdown in global IT spending.

Symbol	SYS
TP (Dec-22)	835.00
CY21 Closing Price	759.84
Upside (%)	10
Free Float ('mn)	83
Market Cap. (Rs.'mn)	104,917

BUY | **HOLD** | SELL

52-Week Range

759.84

329.99 — 835.00

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	5.35	7.51	10.62	14.53	18.84
Gross Profit	Rs.'bn	1.78	2.80	4.00	5.53	7.17
SG&A Expenses	Rs.'bn	0.55	0.62	1.03	1.40	1.82
Finance Cost	Rs.'bn	0.04	0.05	0.08	0.07	0.06
Profit After Tax	Rs.'bn	1.36	2.19	3.17	4.28	5.58

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	9.88	15.89	22.95	30.98	40.43
DPS	Rs.	2.25	3.50	5.00	6.75	9.00
D.Y	%	0.30	0.46	0.66	0.89	1.18
GM	%	33.21	37.24	37.65	38.03	38.08
E.Tax	%	2.05	3.24	3.13	3.29	3.24
NM	%	25.50	29.20	29.82	29.43	29.63
DE	x	13.32	18.26	16.60	9.70	5.78
PE	x	76.89	47.81	33.11	24.53	18.79
PB	x	20.11	14.46	11.06	7.98	5.86

Source: Company Financials, ACPL Research

AIRLINK – Air Link Communication Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 80 which provides an upside potential of 38%.

Strong Growth in Revenues Likely to Continue: AIRLINK has a promising track record of financial performance with consistent growth in revenues and profitability. The business revenues grew exponentially from PKR 5,897 million in FY15 to PKR 47,373 million in FY21, depicting a remarkable 5-Year CAGR of 42%. Going forward, we expect the revenues and earnings of the company to grow at a 5-year CAGR of 25% and 47% respectively as the company has increased its outreach by injecting more working capital to expand its distribution and retail network in more cities of Pakistan. Furthermore, reduced debt levels and the establishment of a mobile phone assembling plant would further contribute to the upsurge of the bottom line.

Growing Demand of Smartphones: There is a huge demand for smartphones in Pakistan owing to the growing population. The conversion rate from feature phones to smart phones is quite high where the introduction of ride hailing services like Careem and Uber has further surged the demand of smart phones in the country. PTA has significantly enhanced the demand for documented imported phones by blocking all grey market phones, which are estimated to be around 30-35% of the overall mobile phone market. The growing e-commerce industry will further enhance the demand of smart phones.

Valuation: AIRLINK is currently trading at FY22E PE of 6.00x. Furthermore, the scrip is trading at a FY22E P/B of 1.67x which offers a discount of 55% relative to its peer average of 2.59x.

Key Risks: Depreciation of rupee, delay in the establishment of mobile assembly.

Symbol	AIRLINK
TP (Dec-22)	80.00
CY21 Closing Price	58.06
Upside (%)	38
Free Float ('mn)	110
Market Cap. (Rs.'mn)	22,949

BUY | HOLD | SELL

52-Week Range

58.06

51.35 — 80.00

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	43.01	47.37	65.40	79.71	95.99
Gross Profit	Rs.'bn	4.77	4.80	8.19	11.18	13.21
SG&A Expenses	Rs.'bn	1.00	1.31	2.99	3.66	4.56
Finance Cost	Rs.'bn	1.40	1.10	0.41	0.29	0.26
Profit After Tax	Rs.'bn	1.46	1.51	3.45	5.20	6.02

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	5.16	5.02	9.72	13.90	16.10
DPS	Rs.	-	-	3.40	5.56	8.05
D.Y	%	-	-	5.17	9.47	13.78
GM	%	11.09	10.14	12.52	14.02	13.76
E.Tax	%	42.44	37.40	29.00	29.00	29.00
NM	%	3.40	3.18	5.28	6.52	6.27
DE	x	2.04	0.98	0.14	0.11	0.09
PE	x	14.82	14.42	6..00	4.18	3.61
PB	x	4.72	3.35	1.67	1.35	1.14

Source: Company Financials, ACPL Research

OCTOPUS – Octopus Digital Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 100 which provides an upside potential of 29%.

Microsoft Cloud to Remain a Key Competitive Edge: The major portion of revenues of OCTOPUS is coming from clients based in the Middle East. There are some international players operating in this segment in the Middle East, that is, Honeywell Automation, ABB, CISCO, and Rockwell automation. OCTOPUS has procured cloud services from Microsoft and delivers AMS services using Microsoft's cloud. This gives an edge to Octopus over these international players which do not possess Microsoft's cloud.

Huge Growth Potential in Both Local & International Markets: The company's business model is based on recurring earnings based on term-based multi-year monthly subscription service instead of fixed cost or time & material-based projects thereby reducing the risk of volatile earnings as this is prevalent in other conventional businesses in Pakistan. Furthermore, 24/7 support and guaranteed response time allowing the company to stay ahead of its competitors. Considering the competencies of the company and huge growth potential in local and international markets, the management of Octopus Digital Limited expects the revenues and earnings of the company to grow at a 6-year CAGR of 65% and 60% respectively going forward.

Valuation: OCTOPUS is currently trading at CY22E PE of 14.42x. Furthermore, the scrip is trading at a CY22E P/B of 0.80x which offers a discount of 224% relative to its peer average of 2.59x.

Key Risks: Appreciation of rupee, failing in the renewal of contracts.

Symbol	OCTOPUS
TP (Dec-22)	100.00
CY21 Closing Price	77.76
Upside (%)	29
Free Float ('mn)	27
Market Cap. (Rs.'mn)	10,634

BUY HOLD SELL

52-Week Range

77.76

40.60 **83.20**

Income Statement		CY20	CY21E	CY22E	CY23E	CY24E
Nets Sales	Rs.'bn	0.55	1.05	1.91	3.18	5.02
Gross Profit	Rs.'bn	0.36	0.61	1.13	1.94	3.18
SG&A Expenses	Rs.'bn	0.06	0.18	0.31	0.49	0.73
Finance Cost	Rs.'bn	0.01	0.01	0.01	0.03	0.04
Profit After Tax	Rs.'bn	0.28	0.40	0.74	1.26	2.07

Key Statistics		CY20	CY21E	CY22E	CY23E	CY24E
EPS	Rs.	2.06	2.96	5.39	9.19	15.11
DPS	Rs.	-	-	-	4.23	7.24
D.Y	%	-	-	-	5.44	9.31
GM	%	65.63	58.04	59.29	61.13	63.29
E.Tax	%	5.00	5.00	5.00	5.00	5.00
NM	%	54.05	40.44	40.69	41.66	43.34
DE	x	0.02	0.04	0.05	0.06	0.06
PE	x	37.71	26.26	14.42	8.46	5.15
PB	x	6.10	1.17	0.80	0.63	0.47

Source: Company Financials, ACPL Research

Food & Personal Care Products

Positivity in the overall business environment could be seen after the financial turmoil which occurred due to COVID 19 in the last financial year. The world has witnessed unprecedented economic recession which has profoundly impacted the financial health of every sector of the economy. However, later on, with the development of COVID–19 vaccines, and the implementation of SOPs by the Government to reduce the impact of this pandemic, the economy has started restoring to normal which would eventually benefit the FMCG sector of the country. Our covered scrips in the sector include:

MFL, UNITY, TOMCL

Food & Personal Care Products

MFL

Dec-22 TP: 35

Upside: 23%

Div. Yield: 0%

UNITY

Dec-22 TP: 35

Upside: 32%

Div. Yield: 0%

TOMCL

Dec-22 TP: 35

Upside: 13%

Div. Yield: 0%

FY21 Bonus: 10%

MFL – Matco Foods Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 35 which provides an upside potential of 23%.

Recent Losses are Attributed to High Freight Cost: The company has incurred a net loss of Rs30mn in 1QFY22 followed by a loss of Rs61mn in FY21. The company has lost the revenue around Rs1bn due to increased freight rates across the world. The customers are delaying their orders and waiting for the issue of freight rates to resolve. The ready orders are pending with the company which is increasing the storage cost and borrowings of the company as well. According to the management, the supply chain crisis could last into 2023 unless governments boost spending in ports, railways, and warehouses. In the meanwhile, Matco is trying to move exports towards middle-east countries or far east countries where Freight / containers issues are on normal.

PKR Devaluation and Diversification in Corn Starch Project are the Positives: As around 90% sales of the company are export based, the continuous devaluation of PKR has made the product of the company much more competitive around the world. Furthermore, the commencement of the corn starch project by next financial year will also have a significant impact on the bottom line of the company in our view.

Valuation: MFL is currently trading at FY22E PE of 68x. Furthermore, the scrip is trading at a FY22E P/B of 0.55x which offers a discount of 1% relative to its historical 2-year average of 0.56x.

Key Risks: Appreciation of rupee, delay in corn starch project.

Symbol	MFL
TP (Dec-22)	35.00
CY21 Closing Price	30.20
Upside (%)	16
Free Float ('mn)	31
Market Cap. (Rs.'mn)	3,697

BUY | HOLD | SELL

52-Week Range

30.2

21.00 — **48.75**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	11.29	10.56	7.16	8.22	8.72
Gross Profit	Rs.'bn	1.02	0.65	0.77	0.92	0.97
SG&A Expenses	Rs.'bn	0.48	0.50	0.38	0.43	0.46
Finance Cost	Rs.'bn	0.35	0.27	0.43	0.35	0.29
Profit After Tax	Rs.'bn	0.15	(0.06)	0.05	0.19	0.25

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	1.24	(0.50)	0.45	1.51	2.06
DPS	Rs.	0.45	-	-	-	-
D.Y	%	1.49	-	-	-	-
GM	%	9.00	6.13	10.72	11.18	11.13
E.Tax	%	36.30	411.28	30.00	30.00	30.00
NM	%	1.35	(0.58)	0.76	2.25	2.89
DE	x	0.84	0.95	0.68	0.55	0.44
PE	x	24.33	-	67.10	19.95	14.69
PB	x	0.55	0.56	0.55	0.54	0.52

UNITY – Unity Foods Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 35 which provides an upside potential of 32%.

Exponential Revenue Growth Depicts Prudent Marketing Strategy: Even in these testing times, the company was able to increase its topline by 371% to a record level of Rs66bn in FY21 as compared to Rs14bn in FY19. The continuous and robust growth in revenues depicts the acceptance of the company's brands by consumers. Going forward, we expect the company's revenues to grow at a 5-year CAGR of 12% to Rs116bn by FY26 as the growth in flour segment and an expected entry into the rice, sugar & soap business would increase the top line of the company significantly.

Working Capital Management to Remain a Key Area of Concern: The company lacks a sensible cashflow management strategy from the start as the company has exhausted all of its working capital lines, and now it has expanded its paid-up capital again to get out of the liquidity crunch. The company has recently issued its fourth right to raise around Rs5.4bn which makes a cumulative amount of around Rs15.3bn in 4 years. Furthermore, the monetary tightening by the SBP would further put pressure on the bottom line as the company is highly leveraged (Debt to Equity ratio of 1.33x). Going forward, the management is in discussions with its suppliers and local banking partner to convert its FX liabilities into local currency so that the depreciation of PKR doesn't inflate the working capital requirements of the company.

Valuation: UNITY is currently trading at FY22E PE of 14.55x. Furthermore, the scrip is trading at a FY22E P/B of 2.03x which offers a discount of 91% relative to its historical 2-year average of 3.88x.

Key Risks: depreciation of rupee, increase in interest rate.

Symbol	UNITY
TP (Jun-22)	35.00
CY21 Closing Price	26.47
Upside (%)	32
Free Float ('mn)	597
Market Cap. (Rs.'mn)	31,607

BUY | HOLD | SELL

52-Week Range

26.47

▲

20.46 — 50.60

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	29.87	66.40	79.67	87.63	96.40
Gross Profit	Rs.'bn	2.03	5.19	5.98	7.01	8.19
SG&A Expenses	Rs.'bn	0.91	1.43	1.35	1.49	1.64
Finance Cost	Rs.'bn	0.54	0.88	1.66	1.69	1.72
Profit After Tax	Rs.'bn	0.21	3.11	2.17	2.91	4.30

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	0.18	2.61	1.82	2.44	3.60
DPS	Rs.	-	-	-	-	-
D.Y	%	-	-	-	-	-
GM	%	6.79	7.82	7.50	8.00	8.50
E.Tax	%	7.75	8.18	8.18	8.18	8.18
NM	%	0.70	4.69	2.73	3.33	4.46
DE	x	0.71	1.14	1.06	0.89	0.73
PE	x	150.77	10.16	14.55	10.85	7.34
PB	x	5.40	2.36	2.03	1.71	1.39

Source: Company Financials, ACPL Research

TOMCL – The Organic Meat Company Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 35 which provides an upside potential of 13%.

Strong Growth in Topline Likely to Continue: The topline of the company has increased by 17% YoY in 1QFY22 followed by the growth of 16% YoY in FY21. The increase in topline is associated with higher international prices. Going forward, we expect the revenue of the company to grow at a 5-year CAGR of 18% amid consistent demand and commencement of the expansion projects mentioned below.

PKR Devaluation, Backward Integration & Offal Procession Project are the Positives: As majority of the company's sales are export based, the continuous devaluation of PKR has made the products of the company much more competitive around the world. Furthermore, the backward integration through the animal fattening farm is expected to yield stable supply of animals with better product costing, thereby stabilizing margins which fluctuate due to abrupt movements in animal markets throughout the country. Moreover, the offal processing facility in will help meet the rising demand for red and white offals in far eastern markets. The facility would enhance the production capacity by up to 300 tons a month and will help the company to serve much anticipated Chinese market.

Valuation: TOMCL is currently trading at FY22E PE of 11.10x. Furthermore, the scrip is trading at a FY22E P/B of 0.90x which offers a discount of 36% relative to its historical 2-year average of 1.22x.

Key Risks: Appreciation of rupee, delay expansion projects.

Symbol	TOMCL
TP (Dec-22)	35.00
CY21 Closing Price	31.73
Upside (%)	13%
Free Float ('mn)	50
Market Cap. (Rs.'mn)	3,903

BUY HOLD SELL

52-Week Range

31.73

26.01 **43.40**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	3.38	3.93	4.32	5.18	6.22
Gross Profit	Rs.'bn	0.63	0.65	0.71	0.86	1.03
SG&A Expenses	Rs.'bn	0.19	0.22	0.28	0.34	0.40
Finance Cost	Rs.'bn	0.09	0.09	0.07	0.06	0.05
Profit After Tax	Rs.'bn	0.27	0.30	0.35	0.43	0.53

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	2.17	2.47	2.86	3.50	4.32
DPS	Rs.	-	-	-	-	-
D.Y	%	-	-	-	-	-
GM	%	18.61	16.54	16.54	16.54	16.54
E.Tax	%	17.88	6.04	10.87	7.77	10.85
NM	%	7.87	7.73	8.14	8.30	8.55
DE	x	0.36	0.27	0.17	0.15	0.12
PE	x	14.65	12.86	11.10	9.07	7.34
PB	x	1.15	0.99	0.90	0.75	0.63

Real Estate Investment Trust

A Real Estate Investment Trust (REIT) is a company that owns or finances income-producing real estate. A REIT combines a pool of money from individuals and institutions to buy real estate projects. The Unitholders of a REIT Scheme earn a share of the income produced through renting or selling the real estate property without actually having to bear the hassle of buying or managing the property on their own. Our covered scrips in the sector include:

DCR

Real Estate Investment Trust

DCR – Dolmen City REIT

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 13 which provides an upside potential of 7%. Furthermore, it also provides a dividend yield of 10% which makes a total return of 17%.

High Dividend Yield to Provide Constant Stream of Income: One of the simplest ways for companies to communicate financial well-being and shareholder value is to say, "the dividend check is in the mail." REITs have to distribute at least 90% of its profits as dividends to the unitholders to avail tax-exempt status. DCR had announced the annual dividend of Rs1.24 (102.5% payout ratio) in FY21 which makes a dividend yield of around 10%. Hence, during the period of uncertainty and high volatility in the stock market, DCR is one of the best options to secure a regular stream of income in the form of high expected dividend yield.

Consistent Level of Occupancy to Remain Intact: DCR has been enjoying the consistent level of occupancy since its inception in 2015. In FY21, the occupancy level of the malls was 94.71% which depicts the affection of tenants towards its malls due to their attractive locations and a healthy footfall. The company maintains the interest of its visitors by customer-centric marketing and branding activities at the mall such as Dolmen Shopping Festival etc. Going forward, we expect the occupancy level to remain near 100% as a number of potential tenancies are in the pipeline according to company sources.

Valuation: DCR is currently trading at FY22E PE of 3.41x. Furthermore, the scrip is trading at a FY22E P/B of 0.43x which offers a discount of 13% relative to its historical 3-year average of 0.49x.

Key Risks: Reduction in the occupancy level due to the economic slowdown.

Symbol	DCR
TP (Dec-22)	13.00
CY20 Closing Price	12.16
Upside (%)	7
Free Float ('mn)	556
Market Cap. (Rs.'mn)	27,040

BUY | HOLD | SELL

52-Week Range

12.16

9.24 **12.37**

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	2.96	3.09	3.24	3.56	3.92
Operating Profit	Rs.'bn	2.57	2.66	2.79	3.07	3.38
SG&A Expenses	Rs.'bn	0.40	0.42	0.45	0.49	0.54
Other Income	Rs.'bn	0.19	0.13	0.12	0.13	0.15
Profit After Tax	Rs.'bn	8.12	8.61	7.92	9.23	10.15

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPU	Rs.	3.65	3.87	3.56	4.15	4.57
DPS	Rs.	1.25	1.24	1.25	1.50	1.50
D.Y	%	10.28	10.20	10.28	12.34	12.34
OM	%	86.63	86.34	86.20	86.20	86.20
ROE	%	15.83	14.99	12.66	13.48	13.49
Distributable EPU	Rs.	1.20	1.21	1.26	1.39	1.53
Un-Distributable EPU	Rs.	2.45	2.66	2.30	2.76	3.04
PE	x	3.33	3.14	3.41	2.93	2.66
PB	x	0.53	0.47	0.43	0.39	0.36

Automobile Parts & Accessories

Demand for tyres and other automobile parts is largely driven by growth in registered vehicles and automobiles manufactured. During 5MFY22, car sales have massively grown by 62% YoY. Furthermore, auto financing has also reached Rs346 billion as of October 2021, showing a jump of 44% YoY.

Going forward, we expect the penetration of the new players in the auto industry and the launching of the new variants of cars to benefit the auto parts industry. Our covered scrips in the sector include:

PTL

Automobile Parts & Accessories

PTL

Dec-22 TP: 50
Upside: 20%
Div. Yield: 2%

FY21 Bonus: 20%

PTL – Panther Tyres Limited

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 50 which provides an upside potential of 20%.

Strong Growth in Revenues Likely to Continue: The company continued its momentum of growth and managed to pocket 40% increase in its top line by closing the year at Rs.16,202 million. This growth is in line with company's performance for the last five years where it has showcased top line growth at a CAGR of 22%. All business segments from OEM and replacement market have contributed equally to this growth. Going forward, we expect the company's sales to grow at a 5-year CAGR of 20% as the addition of new products in company's portfolio would help the company to maintain its growth spree in the years to come as well.

On-Going Expansion to Enhance the Bottom Line: During the year the Company has undertaken major expansion plan wherein capacities of almost all segments of productions are being increased especially relating to tractor, TBB and OTR segments. The first phase of the expansion will be completed by September 30, 2021 which will support the Company's sales plan for the year 2021-22. Second phase of expansion is expected to be completed by March 31, 2022 whereas the third phase which is related to infrastructure development and back-end process enhancement is expected to be online by June 30, 2022.

Valuation: PTL is currently trading at FY22E PE of 16.91x. Furthermore, the scrip is trading at a FY22E P/B of 1.34x which offers a discount of 11% relative to its peer average of 1.51x.

Key Risks: Depreciation of rupee, delay expansion projects.

Symbol	PTL
TP (Dec-22)	50.00
CY21 Closing Price	41.76
Upside (%)	20
Free Float ('mn)	42
Market Cap. (Rs.'mn)	7,016

BUY | HOLD | SELL

52-Week Range

41.76

34.60 — 80.48

Income Statement		FY20	FY21	FY22E	FY23E	FY24E
Nets Sales	Rs.'bn	11.58	16.20	19.44	23.33	28.00
Gross Profit	Rs.'bn	1.68	2.47	1.94	2.45	3.08
SG&A Expenses	Rs.'bn	0.68	0.88	0.97	1.17	1.40
Finance Cost	Rs.'bn	0.60	0.33	0.41	0.43	0.40
Profit After Tax	Rs.'bn	0.25	0.85	0.41	0.63	0.93

Key Statistics		FY20	FY21	FY22E	FY23E	FY24E
EPS	Rs.	1.50	5.07	2.47	3.72	5.55
DPS	Rs.	-	2.00	1.00	1.50	2.00
D.Y	%	-	4.79	2.39	3.59	4.79
GM	%	14.48	15.25	10.00	10.50	11.00
E.Tax	%	33.70	30.24	29.00	29.00	29.00
NM	%	2.17	5.25	2.13	2.68	3.33
DE	x	1.14	0.93	1.01	0.91	0.80
PE	x	27.86	8.24	16.91	11.22	7.52
PB	x	1.94	1.07	1.34	1.25	1.13

Miscellaneous

Our covered scrips in the sector include:

PABC

Miscellaneous

PABC

Dec-22 TP: 45

Upside: 34%

Div. Yield: 0%

PABC – Pakistan Aluminium Beverage Cans Limited

ABBASI AND COMPANY (Pvt) Ltd.

We have a BUY stance on the scrip with a DCF based Dec-22 target price of Rs 45 which provides an upside potential of 34%.

On-Going Expansion to Enhance the Bottom Line: The company's plant can produce 700 Million cans per annum if it had to produce only one size of the can. The company is in the process of adding capacity which is estimated to have a total cost of USD 6.92 Mn. After this expansion, the rated capacity of the company will increase to 950 million cans per annum as opposed to the current rated capacity of 700 million cans per annum. The expansion is expected to come online by June – 2022 which would enhance the bottom line of the company. Furthermore, the entire expansion will be financed through LTFF and internal cash.

Increasing Penetration of Cans in Beverage Packaging: Amid increased environmental concerns and the rising issue of plastic waste, there is a global trend of shifting towards packaging which can be effectively recycled. This is evident from announcements by Nestle, Pepsi, Coca-Cola, and others to reduce their use of virgin plastics and use environment-friendly packaging with higher recycled content. This shift is likely to accelerate in Pakistan with indigenous production in the country due to reduced costs. PABC, being the sole manufacturer of aluminum beverage cans in the country, is expected to continue to capitalize on the resultant growing demand for aluminum beverage cans in the country.

Valuation: PABC is currently trading at CY22E PE of 8.98x. Furthermore, the scrip is trading at a CY22E P/B of 2.74x which is at a premium of 45% relative to its peer average of 1.5x.

Key Risks: Depreciation of rupee, delay expansion project.

Symbol	PABC
TP (Dec-22)	45.00
CY21 Closing Price	34.24
Upside (%)	34
Free Float ('mn)	108
Market Cap. (Rs.'mn)	12,364

BUY | HOLD | SELL

52-Week Range

34.24

▲

29.60 52.67

Income Statement		CY19	CY20	CY21E	CY22E	CY23E
Nets Sales	Rs.'bn	4.81	5.08	6.81	7.69	8.90
Gross Profit	Rs.'bn	1.07	1.54	2.20	2.51	2.93
SG&A Expenses	Rs.'bn	0.27	0.25	0.35	0.27	0.28
Finance Cost	Rs.'bn	0.58	0.42	0.24	0.23	0.20
Profit After Tax	Rs.'bn	0.15	0.61	1.38	1.77	2.26

Key Statistics		CY19	CY20	CY21E	CY22E	CY23E
EPS	Rs.	0.40	1.69	3.81	4.90	6.27
DPS	Rs.	-	-	-	-	-
D.Y	%	-	-	-	-	-
GM	%	22.29	30.32	32.32	32.57	32.93
E.Tax	%	44.74	12.48	9.23	6.86	4.51
NM	%	3.03	12.01	20.21	23.00	25.45
DE	x	2.19	1.46	0.97	0.55	0.34
PE	x	84.87	20.25	8.98	6.99	5.46
PB	x	4.88	3.93	2.74	1.97	1.45

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