



# ACPL DIGEST

(Apr-23)

Abbasi and Company (Pvt.) Limited (ACPL) is amongst the notable financial brokerage firms in Pakistan. The company is a TREC holder of Pakistan Stock Exchange Limited (PSX) and is a universal member of Pakistan Mercantile Exchange Limited (PMEX). Pakistan Credit Rating Agency (PACRA) has assigned the initial broker rating of “BMR 2” and “BFR 2” with “Stable” outlook to Abbasi and Company (Pvt.) Limited.

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

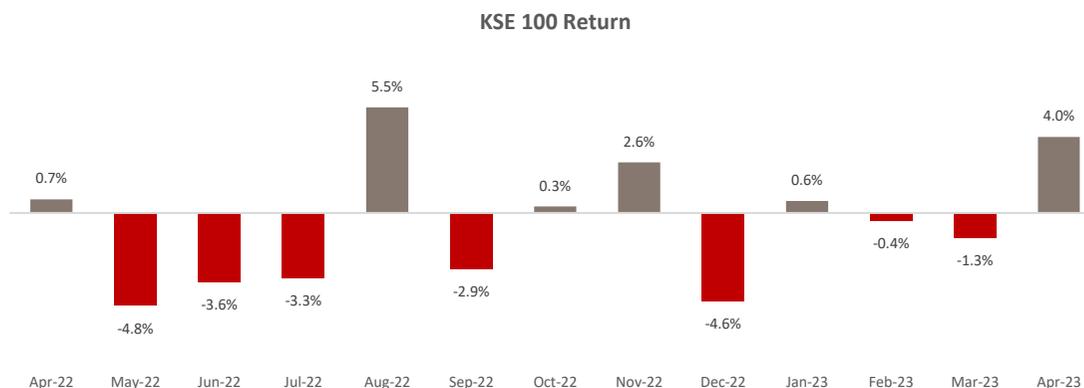


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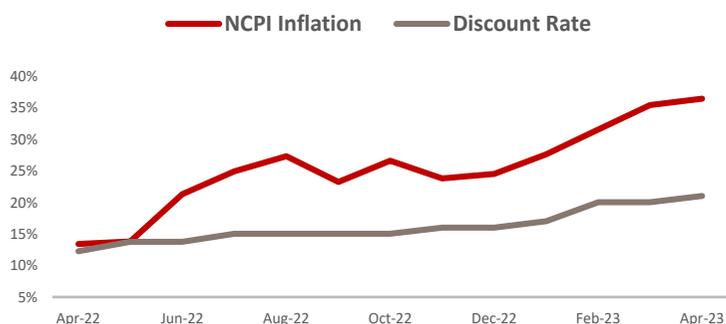


Remittances			Exports			Imports			Current Account	
9MFY23	9MFY22	Change	9MFY23	9MFY22	Change	9MFY23	9MFY22	Change	9MFY23	9MFY22
\$20.5 bn	\$23.0 bn	▼ -10.8%	\$21.1 bn	\$23.7 bn	▼ -11.1%	\$41.5 bn	\$52.8 bn	▼ -21.3%	-\$3.4 bn	-\$13.0 bn

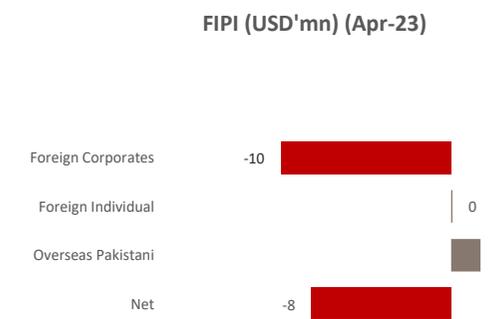
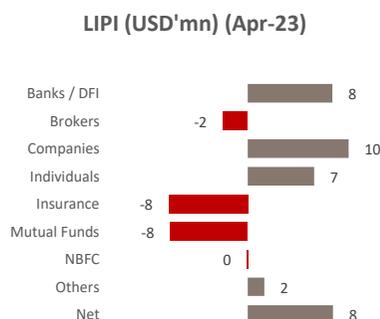
The KSE-100 remained bullish for almost the entire month of April, despite the intense political instability surrounding the Punjab and KPK elections. The month ended with a 4% gain as Pakistan moved closer to the IMF program's resumption after Saudi Arabia committed a \$2 billion loan. In addition, China has rolled over a \$2 billion loan to Pakistan as the country is struggling with external liquidity. Despite extreme foreign exchange crises, PKR remained almost flat and closed at 283.84 in the month of April as the country reported a massive current account surplus of \$654mn in March on account of the strict import ban. Moreover, there are also restrictions on making foreign payments and companies are unable to repatriate their profits as well. The Monthly Consumer Price Index (CPI) recorded a historical high of 36.4% YoY in April, marking the highest rate in six decades. Going forward, we expect the government to keep following the contractionary policies to manage the current account



Source: PSX



Source: PBS, SBP



Source: NCCPL

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in the near future as the IMF program is not likely to be resumed anywhere before the elections. Furthermore, because of the negotiations between PTI and PDM, general elections, including those for the federal and all provincial assemblies, are expected to be held on the same day anytime around October. As for the political unrest, we anticipate it to end after those elections. **Therefore, we suggest our investors to consider the dips as buying opportunity and accumulate the scrips from the banking sector as the elevated interest rates will improve net interest earnings. Furthermore, having noncyclical and high dividend-yielding stocks in the portfolio would also provide a constant stream of income during depressed times. We recommend building positions in MLCF, KOHC, ISL, EFERT, SYS, HUBC, MEBL, and FABL as they can yield good returns in the mid-term.** Please refer to the fourth page for further scrips.

		(USD' mn) (Apr-23)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
<b>LIPI Portfolio</b>	Banks / DFI	0.65	1.76	1.67	0.05	0.28	0.46	0.28	0.99	0.43	0.90	7.47
	Broker Proprietary Trading	-0.64	-0.48	-0.17	0.12	-0.68	-0.08	-0.17	-0.11	-0.00	-0.06	-2.25
	Companies	-1.20	1.10	-1.17	0.20	-0.17	-0.29	2.04	-2.14	-0.66	13.21	10.92
	Individuals	0.15	1.11	1.11	0.35	0.66	-0.12	-1.94	1.47	0.70	3.02	6.51
	Insurance Companies	-0.11	-2.08	-1.19	-0.67	-2.52	0.21	-0.23	0.06	-0.35	-0.75	-7.62
	Mutual Funds	-0.45	-3.48	0.13	0.18	-1.42	-0.06	-0.45	-0.51	-0.31	-0.06	-6.43
	NBFC	0.00	-0.02	-0.01	0.00	-0.02	0.00	0.00	-0.01	-0.00	-0.02	-0.07
	Other Organization	0.19	0.15	-0.30	0.10	-0.19	-0.07	0.12	-0.14	0.00	-0.01	-0.15
<b>LIPI Total</b>		<b>-1.40</b>	<b>-1.93</b>	<b>0.08</b>	<b>0.33</b>	<b>-4.06</b>	<b>0.06</b>	<b>-0.35</b>	<b>-0.39</b>	<b>-0.19</b>	<b>16.24</b>	<b>8.39</b>
<b>FIPI Portfolio</b>	Foreign Corporates	1.38	1.64	-0.14	-0.46	4.04	-0.03	0.11	0.50	0.00	-17.27	-10.23
	Foreign Individual	0.00	0.00	0.00	0.04	0.00	0.00	0.02	0.06	0.00	-0.04	0.08
	Overseas Pakistani	0.03	0.29	0.06	0.09	0.02	-0.03	0.22	-0.16	0.19	1.06	1.77
	<b>Total</b>	<b>1.40</b>	<b>1.93</b>	<b>-0.08</b>	<b>-0.33</b>	<b>4.06</b>	<b>-0.06</b>	<b>0.10</b>	<b>0.39</b>	<b>0.19</b>	<b>-16.24</b>	<b>-8.39</b>

Source: NCCPL

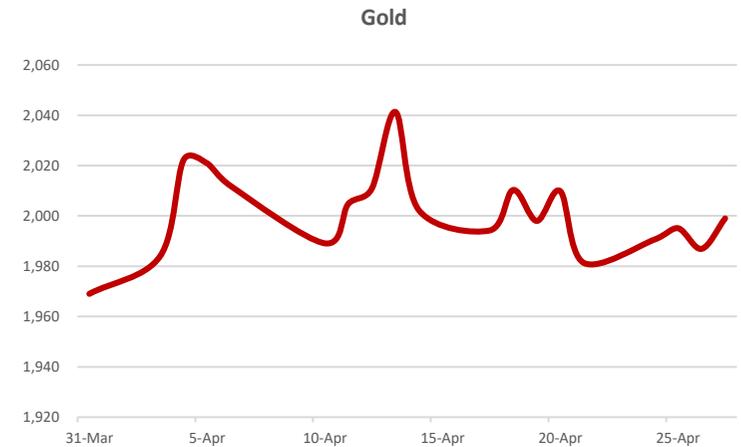
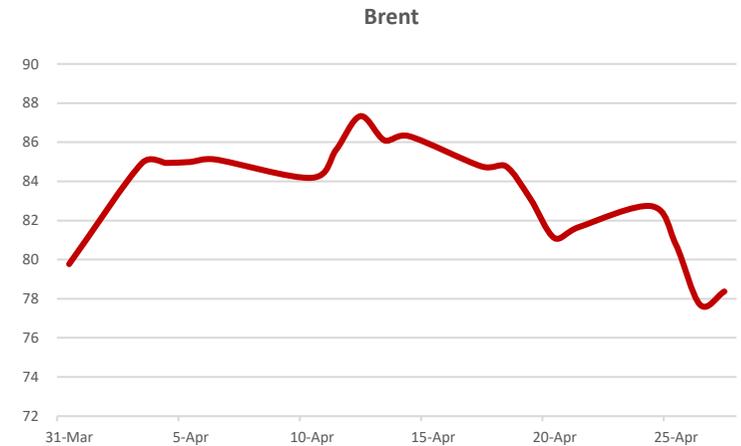
# COMMODITIES OVERVIEW

## Crude Oil

In April 2023, Brent oil surged by around 9% in the first half of the month as Saudi Arabia and other OPEC+ oil producers announced further oil output cuts of around 1.16 million barrels per day, in a surprise move. However, it lost the impetus and reversed all of its intra-month gains while concluded the month with a slight decline of 0.3% at \$79.54, owing to worries about a U.S. bond default, weak economic data from China and expectations the U.S. and Europe will raise interest rates again this week, which could slow economic growth and dent energy demand. The U.S. Federal Reserve is expected to increase interest rates by another 25 basis points on Wednesday. The European Central Bank is also expected to raise rates at its regular policy meeting on Thursday which will further put the crude oil prices under pressure in our view.

## Gold

During the month of April 2023, the price of gold futures remained in a tight range around the key \$2000 level as month-end book squaring took place into Fed week. The gold futures increased by 1.5% and ended the month at a value of \$1999. Going forward, we expect renewed banking fears and the re-emergence of debt ceiling crises would keep the Gold elevated with the FOMC meeting to conclude today, the Federal Reserve will most likely announce a 25 bps rate hike and attention has shifted away from the Fed as market participants focus on other potential calamities within the financial markets.



## SCRIP RECOMMENDATIONS

### Textile Composite

	Buying Area	Target Price	Upside (%)	LDPC	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
NCL	21.0	Dec 23 25	19.0 ▲	21.14	99.2	0.2	FY23E -	0.0	9MFY23 (6.03)	FY23E (4.82)	0.0	240	108
ILP	48.0	Dec 23 60	25.0 ▲	48.50	37.4	1.3	FY23E 4.00	8.2	9MFY23 15.17	FY23E 20.21	2.4	898	135
GATM	20.0	Dec 23 24	20.0 ▲	19.98	58.6	0.3	FY23E -	0.0	9MFY23 4.27	FY23E 5.70	3.5	617	154

### Oil & Gas Exploration Companies

	Buying Area	Target Price	Upside (%)	LDPC	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
OGDC	82.0	Dec 23 110	34.1 ▲	85.97	216.0	0.4	FY23E 11.50	13.4	9MFY23 37.12	FY23E 49.50	1.7	4,301	645
PPL	64.0	Dec 23 85	32.8 ▲	66.58	169.8	0.4	FY23E 4.00	6.0	9MFY23 30.08	FY23E 39.94	1.7	2,721	667
POL	400.0	Dec 23 480	20.0 ▲	409.23	159.5	2.6	FY23E 110.00	26.9	9MFY23 107.76	FY23E 143.71	2.8	284	130
MARI	1560.0	Dec 23 2,000	28.2 ▲	1589.86	1016.6	1.6	FY23E 201.00	12.6	9MFY23 302.03	FY23E 402.10	4.0	133	27

### Oil & Gas Marketing Companies

	Buying Area	Target Price	Upside (%)	LDPC	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
PSO	115.0	Dec 23 145	26.1 ▲	115.01	489.0	0.2	FY23E 4.00	3.5	9MFY23 21.91	FY23E 30.35	3.8	469	211
APL	300.0	Dec 23 350	16.7 ▲	300.70	310.4	1.0	FY23E 32.00	10.6	9MFY23 79.06	FY23E 105.90	2.8	100	25

### Pharmaceuticals

	Buying Area	Target Price	Upside (%)	LDPC	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
HINOON	430.0	Dec 23 520	20.9 ▲	438.15	145.5	3.0	CY23E 21.00	4.8	1QCY23 14.93	CY23E 60.48	7.2	42	19
SEARL	53.8	Dec 23 65	20.8 ▲	54.45	79.4	0.7	FY23E 1.00	1.8	9MFY23 2.41	FY23E 2.93	18.6	390	176
AGP	56.0	Dec 23 70	25.0 ▲	55.46	34.1	1.6	CY23E 2.50	4.5	1QCY23 1.16	CY23E 4.62	12.0	280	84
CPHL	25.5	Dec 23 34	33.3 ▲	26.86	20.2	1.3	FY23E -	0.0	9MFY23 2.33	FY23E 3.11	8.6	228	80

### Technology & Communication

	Buying Area	Target Price	Upside (%)	LDPC	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
SYS	440.0	Dec 23 600	36.4 ▲	454.92	45.4	10.0	CY23E 8.00	1.8	1QCY23 12.53	CY23E 35.01	13.0	276	166
AIRLINK	18.5	Dec 23 24	29.7 ▲	18.99	29.1	0.7	FY23E -	0.0	9MFY23 1.96	FY23E 2.70	7.0	395	119
OCTOPUS	51.3	Dec 23 62	20.9 ▲	52.43	13.8	3.8	CY23E -	0.0	CY22 2.96	CY23E 3.47	15.1	137	27

# SCRIP RECOMMENDATIONS

## Food & Personal Care Products

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
MFL	28.0	Dec 23	35	25.0 ▲	29.27	55.8	0.5	FY23E	-	0.0	9MFY23	3.36	FY23E	4.35	6.7	122	31
TOMCL	22.0	Dec 23	28	27.3 ▲	22.59	24.2	0.9	FY23E	-	0.0	9MFY23	4.88	FY23E	5.80	3.9	135	60
UNITY	13.0	Dec 23	15	15.4 ▲	13.05	13.8	0.9	FY23E	-	0.0	9MFY23	(0.69)	FY23E	0.16	81.6	1,194	478

## Real Estate Investment Trust

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
DCR	13.6	Dec 23	15	10.3 ▲	13.71	26.6	0.5	FY23E	1.65	12.0	9MFY23	1.32	FY23E	1.75	7.8	2,224	556

## Commercial Banks

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
MCB	120.0	Dec 23	160	33.3 ▲	120.05	142.6	0.8	CY23E	25.00	20.8	1QCY23	11.02	CY23E	33.96	3.5	1,185	415
BAHL	46.0	Dec 23	60	30.4 ▲	46.26	82.5	0.6	CY23E	8.50	18.4	1QCY23	9.48	CY23E	23.40	2.0	1,111	722
BAFL	29.0	Dec 23	37	27.6 ▲	29.19	58.1	0.5	CY23E	4.00	13.7	1QCY23	6.81	CY23E	18.03	1.6	1,777	622
BOP	3.8	Dec 23	5	31.6 ▲	3.87	21.7	0.2	CY23E	1.00	25.8	1QCY23	0.40	CY23E	1.40	2.8	2,974	1,256
HBL	77.0	Dec 23	100	29.9 ▲	72.51	172.3	0.4	CY23E	8.25	11.4	1QCY23	10.43	CY23E	33.13	2.2	1,467	733
UBL	124.0	Dec 23	155	25.0 ▲	122.72	164.9	0.7	CY23E	28.00	22.8	1QCY23	26.19	CY23E	41.79	2.9	1,224	490
FABL	22.8	Dec 23	29	27.2 ▲	22.99	46.0	0.5	CY23E	5.00	21.7	1QCY23	2.12	CY23E	8.14	2.8	1,518	379
MEBL	98.0	Dec 23	125	27.6 ▲	99.31	58.0	1.7	CY23E	11.50	11.6	1QCY23	8.62	CY23E	34.29	2.9	1,627	407

## Cement

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
FCCL	12.0	Dec 23	15	25.0 ▲	12.05	24.5	0.5	FY23E	-	0.0	9MFY23	2.84	FY23E	3.74	3.2	2,180	759
ACPL	68.0	Dec 23	80	17.6 ▲	64.49	128.1	0.5	FY23E	4.00	6.2	9MFY23	7.69	FY23E	10.24	6.3	137	27
MLCF	27.5	Dec 23	33	20.0 ▲	27.70	38.9	0.7	FY23E	-	0.0	9MFY23	4.71	FY23E	6.45	4.3	1,073	483
CHCC	112.5	Dec 23	145	28.9 ▲	115.94	96.6	1.2	FY23E	4.00	3.5	9MFY23	22.19	FY23E	28.98	4.0	194	117
DGKC	45.0	Dec 23	52	15.6 ▲	44.96	159.2	0.3	FY23E	1.00	2.2	9MFY23	4.82	FY23E	6.44	7.0	438	219
LUCK	435.0	Dec 23	525	20.7 ▲	401.17	646.5	0.6	FY23E	-	0.0	9MFY23	35.53	FY23E	46.31	8.7	323	113

# SCRIP RECOMMENDATIONS

## Engineering

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
MUGHAL	52.0	Dec 23	65	25.0 ▲	51.34	62.1	0.8	FY23E	1.00	1.9	9MFY23	7.89	FY23E	11.07	4.6	336	84
ASTL	18.2	Dec 23	22	20.9 ▲	18.28	51.4	0.4	FY23E	-	0.0	9MFY23	0.98	FY23E	1.33	13.7	297	74
AGHA	11.3	Dec 23	14	23.9 ▲	11.69	25.9	0.5	FY23E	-	0.0	9MFY23	1.17	FY23E	1.57	7.4	605	151
ISL	43.0	Dec 23	50	16.3 ▲	42.43	46.2	0.9	FY23E	-	0.0	9MFY23	3.62	FY23E	4.85	8.7	435	152
ASL	6.3	Dec 23	7	11.1 ▲	6.34	14.5	0.4	FY23E	-	0.0	9MFY23	(2.32)	FY23E	(3.09)	0.0	925	324

## Automobile Parts & Accessories

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
PTL	19.5	Dec 23	25	28.2 ▲	19.96	39.3	0.5	FY23E	-	0.0	9MFY23	0.60	FY23E	1.55	12.9	168	50

## Fertilizer

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
FFC	102.0	Dec 23	120	17.6 ▲	102.87	87.8	1.2	CY23E	18.50	18.0	1QCY23	6.08	CY23E	24.30	4.2	1,272	700
EFERT	83.5	Dec 23	95	13.8 ▲	83.98	30.9	2.7	CY23E	12.84	15.3	1QCY23	3.30	CY23E	12.84	6.5	1,335	601
FFBL	12.2	Dec 23	14	14.8 ▲	12.45	28.8	0.4	CY23E	-	0.0	1QCY23	(4.20)	CY23E	(6.19)	0.0	1,291	452
FATIMA	28.0	Dec 23	34	21.4 ▲	28.50	47.0	0.6	CY23E	3.50	12.3	1QCY23	2.06	CY23E	8.24	3.5	2,100	315

## Glass & Ceramics

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
TGL	67.8	Dec 23	85	25.4 ▲	68.73	78.1	0.9	FY23E	3.00	4.4	9MFY23	12.73	FY23E	16.91	4.1	172	69

## Miscellaneous

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
PABC	46.0	Dec 23	65	41.3 ▲	50.69	15.9	3.2	CY23E	-	0.0	1QCY23	3.72	CY23E	14.67	3.5	361	108

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- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

## DEFINITION OF TERMS

<b>TP</b>	Target Price	<b>DDM</b>	Dividend Discount Model	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DCF</b>	Discounted Cash Flows
<b>PE</b>	Price to Earnings Ratio	<b>PB</b>	Price to Book Ratio	<b>BVPS</b>	Book Value Per Share
<b>EPS</b>	Earnings Per Share	<b>DPS</b>	Dividend Per Share	<b>ROE</b>	Return of Equity
<b>ROA</b>	Return on Assets	<b>SOTP</b>	Sum of the Parts	<b>JPB</b>	Justified Price to Book

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

## VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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