REP-110

HABIBMETRO
Financial Services

# WEEKLY REPORT

# A VOLATILE ASCEND

**SCRIP IN FOCUS:**

Security Papers Limited (SEPL)

**DATE:**

Friday, February 21, 2025

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# Upcoming Week: Scrip in Focus - SEPL

**Security Papers Limited: A Strategic Investment in Pakistan's Printing Industry**

| Security Papers Limited | |
|---|---|
| Symbol | SEPL |
| Bloomberg Code | SEPL PA |
| Mkt Cap (PKR Mn) | 9,963.00 |
| Mkt Cap (USD Mn) | 35.79 |
| No Of Shares (In Mn) | 59.26 |
| 52 Weeks High | 190.59 |
| 52 Weeks Low | 124.02 |
| Avg Volume (52 Weeks) | 78,667.31 |
| Avg Value | 11,297,233.70 |

**Source: PSX, HMFS Research**

Security Papers Limited (PSX: SEPL) has played a pivotal role in Pakistan's financial and administrative infrastructure since its inception in 1965. Initially established as a private limited company, it transitioned into a public limited company in 1967 with a vision to become the country's foremost producer of security paper. As the sole manufacturer of banknote and security-grade paper in Pakistan, SEPL holds a strategic position, catering to government institutions and financial entities. Its product portfolio includes bank-notes, prize bonds, defense savings certificates, non-judicial stamp papers, passport papers, cheque books, educational certificates, university degrees, and ballot papers. Given its irreplaceable role in national security and financial documentation, SEPL remains an indispensable entity within Paki-stan's economic framework.

From a valuation perspective, SEPL is currently trading at a price-to-earnings (P/E) multiple of 6.6x, well below the industry aver-age of 8.9x. Given its forward-looking EPS estimate of ~PKR 27 for FY25, our P/E-based valuation suggests a fair value of ~PKR 240 per share, implying a capital upside of 43% from current levels. The company also remains a consistent dividend-paying entity, reinforcing investor confidence. Given its stable profitability and strong cash flows, the company is expected to declare a final dividend of ~PKR 10 per share, in addition to the interim dividend of PKR 2.5 per share announced in its half-year results. This translates into a dividend yield of 7% on the current market price, exceeding the industry average of 6.3%. With its strategic market position, ongoing capacity enhancements, and stable financial metrics, SEPL is well-positioned for sustained long-term growth, making it a compelling investment opportunity.

**Monopolistic Advantage and Long-Term Gains**

The State Bank of Pakistan is set to introduce new currency notes by mid-2025, SEPL stands to benefit as the sole supplier of currency paper. However, the company's plant upgrade—essential for producing the new high-security banknotes—is expected to be completed by June 2026, delaying the start of production. While this timeline contrasts with the central bank's rollout plans, SEPL's monopolistic position ensures that it remains the exclusive provider, securing long-term revenue certainty.

Once operational, the upgraded facility will not only meet the enhanced security requirements but also drive efficiency gains, strengthening SEPL's profitability. The phased replacement of old banknotes will extend over multiple years, allowing the com-pany to capitalize on steady, long-term order inflows. Despite the delayed readiness of its upgraded plant, SEPL's monopoly guarantees it will fully capture the demand, positioning it for sustained financial growth in the years ahead.

**Financial Strength and Capacity-Driven Growth**

SEPL posted its highest-ever sales revenue of PKR 7,312mn and a record profit after tax of PKR 1,489mn in FY24, translating into a robust net profit margin of 20%. This strong financial performance was primarily driven by the company's capacity expansion from 2,500 tons to 4,500 tons, enabling it to meet rising demand across diversified security paper offerings beyond banknotes. Additionally, improved pricing strategies and enhanced operational efficiencies played a crucial role in boosting profitability. Looking ahead, SEPL plans to further increase its production capacity to 5,000 tons per annum in FY25, positioning itself to cap-ture additional market demand. This expansion is anticipated to improve the earnings by ~PKR 2 per share, further strengthen-ing the company's financial outlook.

The company's healthy financial position is further reinforced by its debt-free balance sheet, with a long-term debt-to-equity ratio of 0:1. This financial stability not only eliminates the burden of interest expenses but also enhances SEPL's appeal to Sha-riah-compliant investors seeking low-leverage investment opportunities.

# Upcoming Week: Scrip in Focus - SEPL

**Favourable Raw Material Outlook Supporting Profitability**

Cotton comber, a byproduct of the cotton spinning process used to produce high-quality security paper, experienced price fluctuations over the past year, leading to cost pressures. However, with Pakistan being one of Asia's leading cotton producers and local production expected to rise, SEPL is likely to benefit from lower raw material costs. Given the significant role of cotton in the company's cost structure, a favourable price outlook is expected to support margin stability, ultimately enhancing profitability and ensuring sustained earnings growth in the years ahead.

**Sustainability Initiatives Driving Cost Efficiency**

The paper industry is highly dependent on pure water for its production processes, requiring large volumes of high-purity water to maintain quality standards. Recognizing this necessity, SEPL has made significant strides in environmental sustainability and cost efficiency by enhancing its wastewater treatment and RO plant capacity. The company's investment in a second wastewater treatment plant is a strategic move, enabling up to 70% water reuse and significantly reducing reliance on fresh water. This initiative not only optimizes production costs but also enhances sustainability. Furthermore, modern RO membranes consume 15-25% less energy, leading to notable reductions in electricity costs. These efficiency gains are expected to improve SEPL's profitability by lowering operating expenses, ultimately contributing to higher earnings in the coming years.

**Sustained Passport Demand Strengthening Revenue Visibility**

The Pakistan Security Printing Corporation (PSPC), a subsidiary of the State Bank of Pakistan, is responsible for printing banknotes, passports, prize bonds, and other security documents for the government. As the sole producer of security paper for these products, SEPL benefits from a stable revenue stream driven by PSPC's consistent demand. In FY24, passport issuance remained strong, with 45,000 to 50,000 new applications processed daily. To accommodate this demand, the government has doubled its passport printing capacity through round-the-clock operations, indicating higher procurement from SEPL. With the continued rise in passport and security document requirements, fuelled by increased migration in recent years, the revenue outlook for SEPL in FY25 remains optimistic.

**Risks to Valuation**

- Raw Material Price Volatility: Fluctuations in cotton comber prices could impact production costs and margins.
- Regulatory and Policy Risks: Changes in government procurement policies or increased foreign competition may affect revenue visibility.
- Macroeconomic Uncertainties: Inflation, exchange rate volatility, and lower demand for financial instruments could pressure growth.
- Technological Advancements: Increased adoption of digital transactions may reduce demand for security paper products.
- Operational Risks: Delays in capacity expansion, supply chain disruptions, or inefficiencies could impact profitability.
- Political and Security Risks: Policy shifts or instability affecting government contracts may pose risks to business continuity.

| Financial Performance | | | |
|---|---|---|---|
| Amount in PKR 'Mn' | 1HFY25 | 1HFY24 | % Change |
| Sales | 4,168 | 3,487 | 20% |
| Cost of Sales | (3,001) | (2,511) | 20% |
| Gross Profit | 1,167 | 976 | 20% |
| Administrative Expenses | (245) | (228) | 8% |
| Other Income | 508 | 524 | -3% |
| Other Expenses | (101) | (88) | 15% |
| Finance Costs | (1) | (3) | -65% |
| Profit Before Tax | 1,328 | 1,181 | 12% |
| Taxation | (526) | (435) | 21% |
| Profit After Tax | 802 | 746 | 8% |
| EPS | 13.54 | 12.59 | |

Source: Company Financials, HMFS Research

# Major Events

During the week, the stock market was impacted by a combination of news and events that had a considerable effect on its direction. Key events that shaped the market's trend included:

**IMF Delegation to Discuss Climate Financing & Structural Reforms in Pakistan**

An International Monetary Fund (IMF) delegation is set to visit Pakistan on February 24, with discussions primarily focused on securing USD 1-1.5bn in climate financing, Finance Minister Muhammad Aurangzeb confirmed. This visit comes as part of broader economic support measures aimed at addressing Pakistan's fiscal and structural reform challenges. The delegation's discussions will center on climate resilience funding and the associated policy framework, marking an essential step toward securing financial assistance under global climate financing initiatives. Additionally, structural reforms—a key concern for the IMF—will be a focal point of the engagement, ensuring the country remains on track with its economic stabilization efforts. Meanwhile, the IMF's formal biannual review mission for the loan program is scheduled for March, where Pakistan's fiscal discipline, revenue generation, and external financing strategies will undergo a comprehensive assessment. This sequence of engagements underscores the IMF's continued oversight of Pakistan's economic trajectory, balancing climate-linked funding with broader macroeconomic reforms.

**Surpluses Vanish, Pressures Mount – Can Pakistan Maintain Stability?**

Pakistan's economic data for January 2025 presents a mixed outlook, highlighting both progress and persisting vulnerabilities. The return of a USD 420mn current account deficit in January after months of surplus raises concerns over external stability, further pressured by a 3.45% increase in the petroleum import bill, which eroded some relief from fuel price cuts. Meanwhile, foreign direct investment surged to USD 194.41mn, led by China's USD 98.1mn inflows, reflecting improved investor confidence. However, large-scale manufacturing shrank by 1.87% in 1HFY25, with contractions in key industries signaling weak industrial momentum. The services trade deficit widened to USD 315mn in January 2025, while profit repatriation surged 90% in 7MFY25, reflecting a freer flow of foreign earnings alongside higher capital outflows. The rupee's REER appreciation to 104.05 signals improved purchasing power; however, it may impact export competitiveness. Meanwhile, bank deposit returns declined to 6.12%, which could discourage savings while supporting consumption. External financing in January dropped 28% to USD 669.92mn, indicating reduced reliance on debt but also raising concerns over liquidity constraints. While foreign investment and currency stability are positive, persistent deficits, weak industrial activity, and rising outflows pose challenges, requiring structural reforms and prudent economic management to sustain growth.

**Revving Up: Auto Financing Boom & the Rise of EVs in Pakistan:**

Pakistan's automotive sector is undergoing a significant transformation, driven by rising auto financing, increasing vehicle sales, and a shift towards electric mobility. Auto financing surged to PKR 241.6bn in January 2025, fueled by declining interest rates that encouraged consumer borrowing, leading to a 73% month-on-month increase in car sales to 17,010 units in January 2025. The first-ever commercial shipment of BYD electric vehicles at Karachi Port Trust signals growing momentum for EV adoption, reinforced by Pakistan State Oil's partnership with Hubco Green to develop a nationwide EV charging infrastructure. The Sindh government and Dewan Group's initiative to introduce 500 electric taxis, along with ongoing discussions to deploy the Honri-VE EV in Sindh and Punjab, highlights a proactive approach towards sustainable transport – the final decision is yet to be finalized. Meanwhile, United Motors' launch of Jetour SUVs, with plans for local assembly, adds to the industry's expansion. This surge in automotive activity boosts allied industries, job creation, and industrial growth while reducing fuel import dependency. However, challenges include the need for EV infrastructure, policy support, and a stronger domestic supply chain. While lower interest rates have spurred demand, policy shifts could create volatility. Pakistan's auto sector is poised for a boom, presenting both opportunities and risks.

# Other News

**Rate of return for NPCs revised downward:** The federal government has revised the rate of return downward for Conventional Naya Pakistan Certificates (NPCs), primarily due to a sharp decline in the key policy rate over the past six months. This marks the first reduction in NPC returns since the State Bank of Pakistan (SBP) adopted a monetary easing stance in June 2024.

**Crackdown on unregulated sectors to intensify:** Aurangzeb: Finance Minister Muhammad Aurangzeb Thursday said the enforcement will be done in a big way against informal sectors and those undocumented sectors contributing nothing to the national exchequer.

**Pakistan's power generation decreases in January as demand dips:** Power generation in Pakistan clocked in at 8,152 GWh (10,957 MW) in January 2025, a decrease of 2% YoY compared to the same period of the previous year, amid a decline in the overall demand. Back in January 2024, power generation stood at 8,314 GWh (11,175 MW). On a monthly basis, power generation improved by 4.5% as compared to 7,801 GWh in December.

**Overseas investors repatriate $1.3 billion in 7MFY25:** Foreign investors ' repatriation of profit and dividends rose 89.76% YoY in 7MFY25 to $1.32 billion compared to $694.28m worth of repatriation in the same period last year, the latest data issued by the central bank revealed.

**Current account changes track, posts $420m deficit in Jan:** The current account posted a deficit of $420 million last month, almost the same as in Jan 2024, but the deficit slashed a rising surplus accumulated during the current fiscal year (FY25). According to data issued by the State Bank on Tuesday, the deficit stood at $420m last month — a marginal rise over $404m in January last year.

**SOEs post 14pc decrease in losses YoY:** The loss-making State-Owned Enterprises (SOEs) reported aggregate losses of Rs851 billion, a 14.03 percent decrease, year-on-year (YoY) basis for the 12 months ending June 2024. According to the Aggregate Annual Report on SOEs, Federal State Owned Enterprises (July 2023 to June 2024) issued by the Finance Division on Wednesday, the SOEs contributed Rs372 billion in taxes.

**China leads FDI in Pakistan with net inflow of $98.1m in January:** China emerged as the largest investor in Pakistan in January 2025, with a net direct investment of $98.1m, followed by the Hongkong and United Kingdom which invested $20.39m and $18.11m respectively, according to the data issued by the State Bank of Pakistan (SBP).

**Pakistan's business confidence soars in Q4 2024, Gallup survey reports:** Pakistan's businessmen are gaining confidence about the prospects of their businesses, with 55% of them believing their businesses are performing well, according to the latest Gallup Pakistan Business Confidence Index Q4 2024 survey. The survey reveals a 10% increase in business confidence compared to the previous survey conducted in Q2 2024.

**Petroleum import bill rises by 3.45% in Jan 2025:** The import bill of the petroleum group increased by 3.45% to $1.37 billion in January 2025, compared to $1.32bn recorded in January 2024, data released by the Pakistan Bureau of Statistics (PBS) showed. The share of petroleum products in the total import bill stood at 26.02% during the month.

**Consensus eludes revival of real estate sector:** Prime Minister Shehbaz Sharif has deferred a decision on a tax incentive package to revive the real estate sector, as the issues of giving subsidy to boost construction activities and an amnesty on disclosing source of income remain undecided.

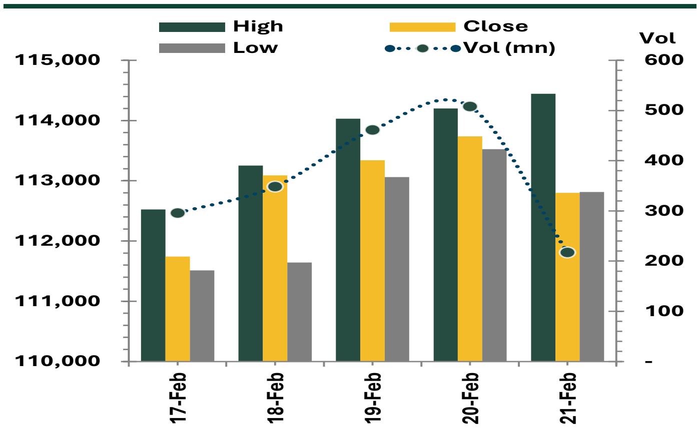
**Pakistan, Azerbaijan agree on renewable energy cooperation:** Pakistan and Azerbaijan have agreed to collaborate on renewable energy production, transmission, and trade, along with green technologies for environmental sustainability. This partnership was discussed during a high-level meeting between the Ambassador of Azerbaijan to Pakistan, and the Coordinator to the Prime Minister for Climate Change.

# Equity Market Review

## Summary

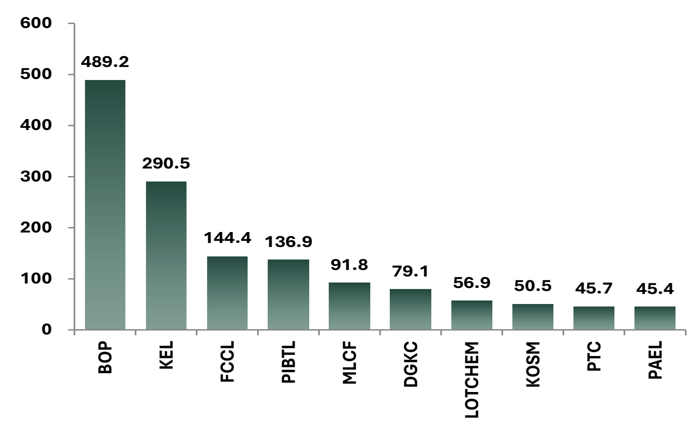
The KSE-100 index witnessed a volatile trading week, with sentiment swinging between optimism and caution. The market began on a weak note, facing selling pressure in the E&P sector, driven by global oil price concerns pushing the index lower. Subsequently, the market rebounded strongly, supported by renewed buying in heavyweight sectors, particularly cement, bank, and fertilizer, as investor confidence strengthened on the expectations of strong corporate earnings and improving economic indicators. This fuelled sustained gains across multiple sessions. However, toward the end of the week, selling pressure resurfaced, as concerns over Pakistan's fiscal challenges and the IMF's stance on the country's financial burden dampened sentiment, leading the index to erase some of its earlier gains. Investors adopted a cautious stance ahead of the upcoming IMF review. Despite the late-week downturn, the KSE-100 index closed at 112,800.93 level, posting a weekly gain of 715.64 points (0.64%) compared to the previous week. Trading activity remained strong, with the average daily traded volume on the KSE-100 index at 366.03mn shares, while the broader market saw an average of 592.60mn shares exchanged per session.

### Daily Market Performance



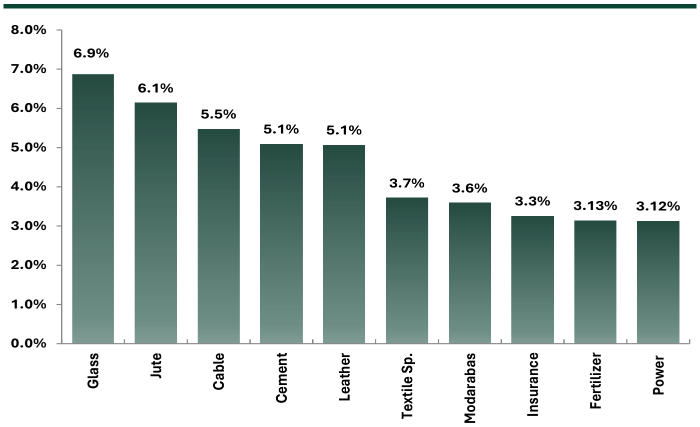

**Source:** PSX & HMFS Research

### Top 10 Volume leaders (volumes in mn)



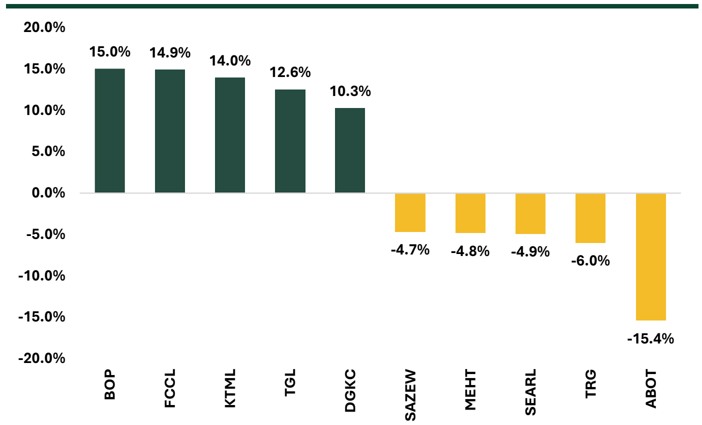

**Source:** PSX & HMFS Research

### Sector Performance




**Source:** PSX & HMFS Research

### Gainers & Losers (KSE-100 Index)



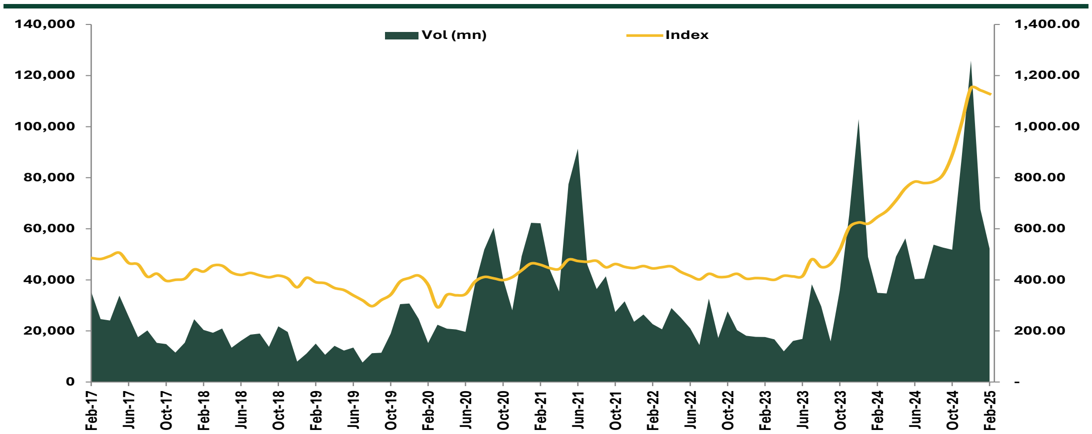

**Source:** PSX & HMFS Research

# Equity Market Review

## Outlook

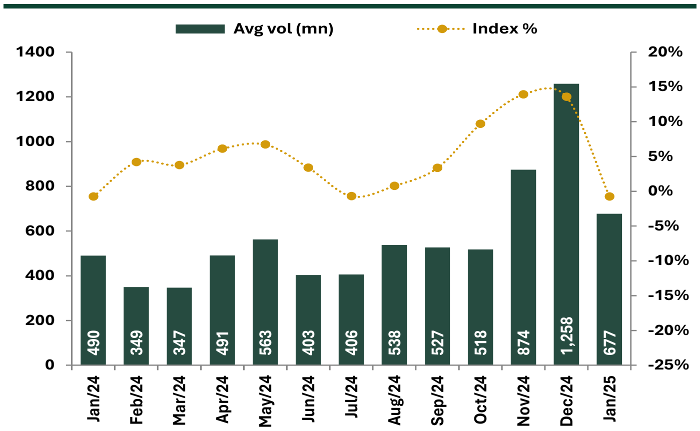
Looking ahead, market sentiment will be shaped by developments in the upcoming IMF mission (February 24-28), as Pakistan seeks USD 1bn in climate financing. Investor caution may persist given fiscal constraints, revenue shortfalls, and debt sustainability concerns highlighted by the IMF. Any signs of stricter conditions or delays in disbursement could weigh on market confidence. With the corporate results season at its tail end, market participants are expected to shift their focus to macroeconomic risks, monetary policy expectations, and fiscal developments. While attractive valuations may encourage selective buying, prevailing economic headwinds—including, external account vulnerabilities, could limit aggressive upside moves. A cautious investment strategy, focusing on defensive plays and fundamentally strong stocks, remains advisable in the near term.

### Index Performance



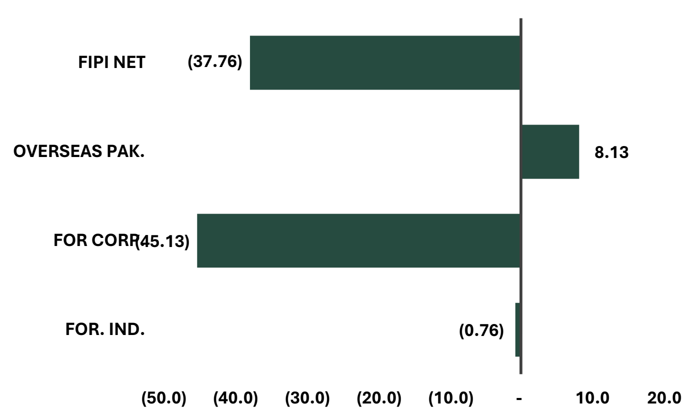

**Source:** PSX & HMFS Research

### MoM Index gain vs Average Volume




**Source:** PSX & HMFS Research

### FIPI (CYTD in USD mn)




**Source:** NCCPL & HMFS Research

# Money Market Review

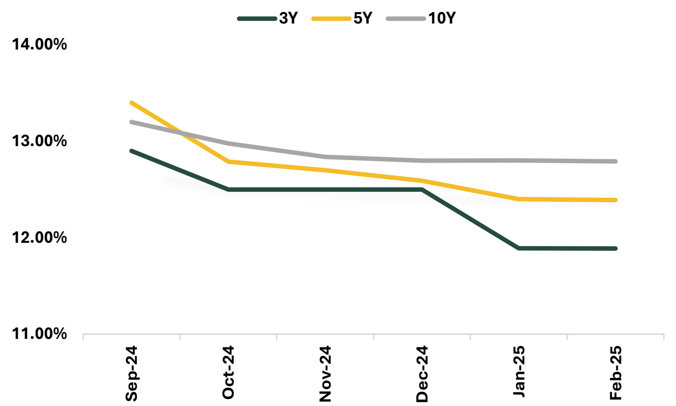
## Summary

During the week, the State Bank of Pakistan (SBP) conducted an auction for Market Treasury Bills (MTBs) raising PKR 203.385bn. The cut-off yields were set at 11.82% for the 03-month, 11.67% for 06-month, and 11.65% for 12-month bills. No auctions for Pakistan Investment Bonds (PIBs) were held this week. Additionally, SBP injected PKR 1.45tn through a reverse repo Open Market Operation (OMO) to ensure market liquidity. Looking ahead, the next MTB auction is scheduled for March 05, 2025, with a target of PKR 600bn, while the PIB auction is set for March 12, 2025, targeting PKR 350bn.

## Outlook

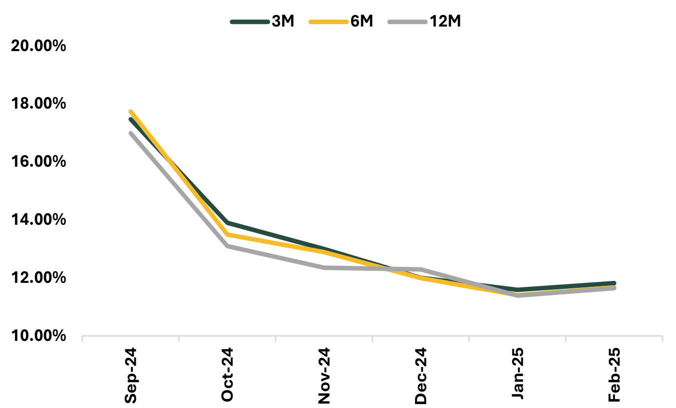
The latest MTB auction reflected an increase in yields, with 3-month, 6-month, and 12-month papers rising by 03 bps, 17 bps, and 06 bps, respectively. This upward movement suggests cautious sentiment regarding the monetary policy outlook ahead of the upcoming Monetary Policy Committee (MPC) meeting. The SBP is expected to maintain a stable policy stance, keeping interest rates unchanged as it assesses market conditions. Meanwhile, addressing external financing needs remains crucial, requiring structural reforms and fiscal consolidation to meet commitments to the IMF and other lenders. Given these factors, a pause in the rate-cut cycle appears likely in the upcoming MPC meeting.

### PIB Yields



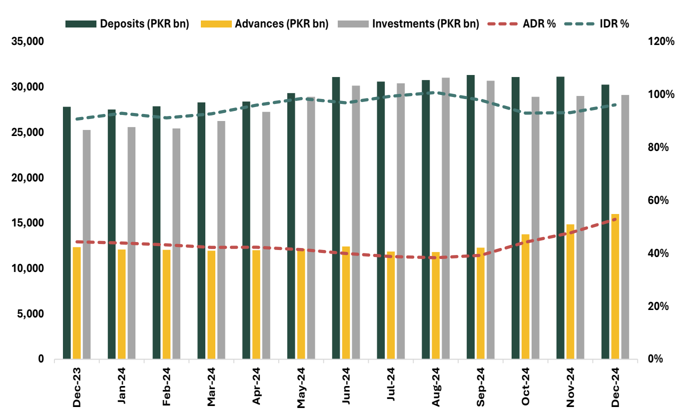

**Source:** SBP & HMFS Research

### T-Bill Yields




**Source:** SBP & HMFS Research

### Bank's ADR & IDR




**Source:** SBP & HMFS Research

# Forex Market Review

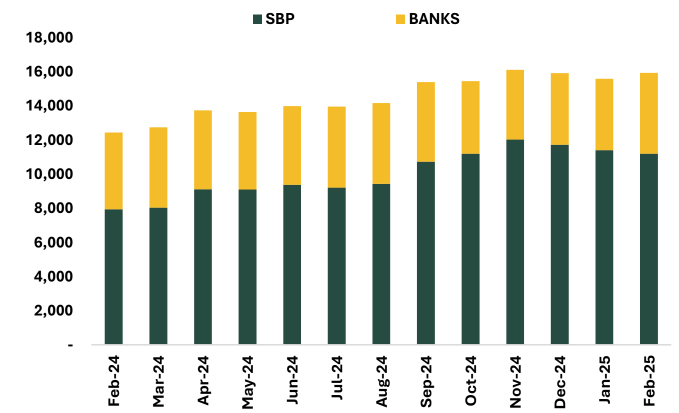
## Summary

As of February 14, 2025, the State Bank of Pakistan's foreign exchange reserves increased by USD 34.90mn (↑0.31% w/w) to USD 11.20bn. Simultaneously, commercial banks' reserves rose by USD 50.40mn (↑1.07% w/w) to USD 4.75bn. As a result, Pakistan's total liquid FX reserves surge by USD 85.30mn (↑0.54% w/w) to USD 15.95bn. Meanwhile, the PKR remained stable against the USD, closing at an interbank rate of PKR 279.57/USD as of February 21, 2025.

## Outlook

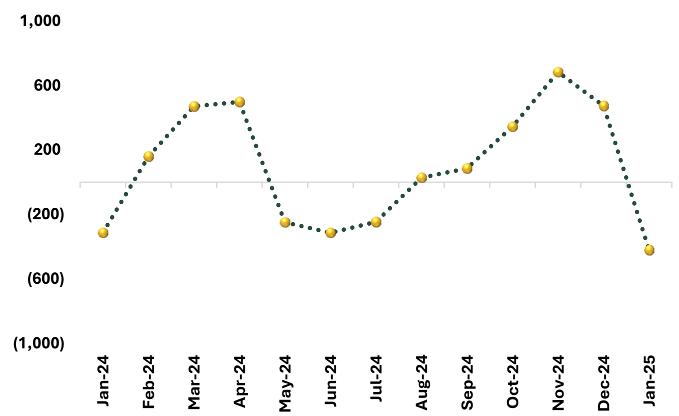
Pakistan's FX reserves remain vulnerable despite a modest increase, as external debt repayments and a widening trade deficit continue to exert pressure. The current account posted a USD 420mn deficit in Jan, reversing the surplus trend seen earlier in FY25, while the REER index rising to 104.05 suggests a decline in export competitiveness. Although higher remittances and stable interbank PKR rates provide some relief, the central bank's interventions and dollar purchases may not be enough to counterbalance external financing needs. Meanwhile, oil price volatility amid geopolitical tensions could adversely impact the import bill. Sustained fiscal discipline and external inflows remain key to stabilizing reserves and exchange rate dynamics.

**Foreign Exchange Reserves (USD bn)**



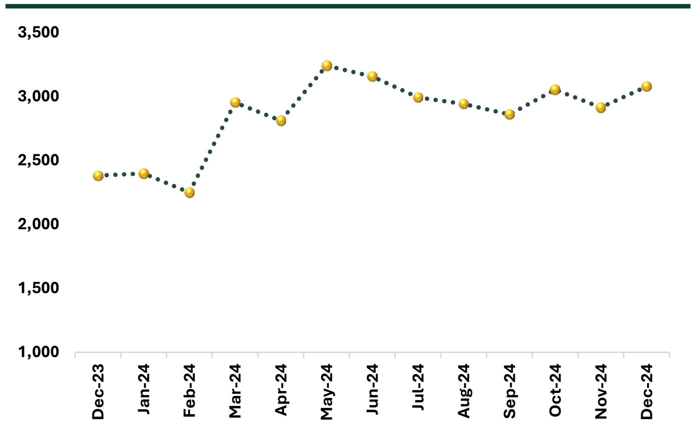

**Source:** SBP & HMFS Research

**Current Account Balance (USD mn)**




**Source:** SBP & HMFS Research

**Remittances (USD mn)**




**Source:** SBP & HMFS Research

# Key Economic Indicators

| Item | Units | Jan-25 | Dec-24 | Nov-24 | Oct-24 | Sep-24 | Aug-24 | %M/M | CY24 | CY23 | %Y/Y |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Banking Indicators** | | | | | | | | | | | |
| Return on Outstanding Loans | % | 12.59% | 13.24% | 14.04% | 14.90% | 16.80% | 17.35% | -0.65% | 17.07% | 17.48% | -0.41% |
| Return on Deposits | % | 6.52% | 7.48% | 9.07% | 9.45% | 10.43% | 11.00% | -0.96% | 10.74% | 10.30% | 0.44% |
| **Interest rate Spread** | % | 6.07% | 5.76% | 4.97% | 5.45% | 6.37% | 6.35% | 0.31% | 6.33% | 7.18% | -0.85% |
| Deposits | (PKR bn) | - | 30,283 | 31,145 | 31,116 | 31,342 | 30,778 | -2.77% | 30,283 | 27,841 | 8.77% |
| Advances | (PKR bn) | - | 16,009 | 14,873 | 13,779 | 12,305 | 11,808 | 7.64% | 16,009 | 12,352 | 29.61% |
| Investments | (PKR bn) | - | 29,129 | 29,026 | 28,938 | 30,699 | 31,033 | 0.35% | 29,129 | 25,280 | 15.23% |
| **ADR** | % | - | 52.87% | 47.75% | 44.28% | 39.26% | 38.36% | 5.11% | 52.87% | 44.37% | 8.50% |
| **IDR** | % | - | 96.19% | 93.20% | 93.00% | 97.95% | 100.83% | 2.99% | 96.19% | 90.80% | 5.39% |
| **Kibor (Ask Side)** | | | | | | | | | | | |
| 3-Month | % | 11.88% | 12.36% | 13.67% | 15.57% | 17.37% | 18.80% | -0.47% | 18.81% | 21.48% | -2.67% |
| 6-Month | % | 11.86% | 12.33% | 13.39% | 14.50% | 16.96% | 18.60% | -0.48% | 18.58% | 21.58% | -3.00% |
| 9-Month | % | 12.09% | 12.51% | 13.42% | 14.44% | 16.80% | 18.34% | -0.42% | 18.50% | 21.84% | -3.34% |
| 1-Year | % | 12.07% | 12.48% | 13.28% | 13.94% | 16.42% | 17.82% | -0.42% | 18.21% | 21.86% | -3.65% |
| **Avg. Exchange Rates** | | | | | | | | | | | |
| USD | | 278.75 | 278.22 | 277.87 | 277.71 | 278.21 | 278.57 | 0.19% | 278.53 | 280.44 | -0.68% |
| Euro | | 288.59 | 291.44 | 295.39 | 302.90 | 308.89 | 306.86 | -0.98% | 301.36 | 303.36 | -0.66% |
| JPY | | 1.78 | 1.81 | 1.81 | 1.86 | 1.94 | 1.90 | -1.62% | 1.8410 | 1.9983 | -7.87% |
| GBP | | 344.14 | 351.90 | 354.17 | 362.72 | 367.55 | 360.48 | -2.21% | 355.94 | 348.95 | 2.00% |
| CNY | | 38.19 | 38.20 | 38.55 | 39.19 | 39.31 | 38.94 | -0.05% | 38.70 | 39.59 | -2.25% |

| Item | Units | Jan-25 | Dec-24 | Nov-24 | Oct-24 | Sep-24 | Aug-24 | %M/M | FY24 | FY23 | %Y/Y |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Inflation** | | | | | | | | | | | |
| Avg. CPI | % | 6.50% | 7.22% | 7.88% | 8.68% | 9.19% | 10.36% | -0.72% | 23.41% | 29.18% | -5.77% |
| Avg. NFNE | % | 7.80% | 8.10% | 8.90% | 8.60% | 9.30% | 10.20% | -0.30% | 12.20% | 18.50% | -6.30% |
| **Commodities** | | | | | | | | | | | |
| Arab Light (Avg.) | USD/bbl | 78.96 | 73.57 | 73.99 | 75.87 | 74.14 | 79.30 | 7.33% | 86.22 | 88.47 | -2.54% |
| **External Sector (FY USD mn)** | | | | | | | | | | | |
| Total Imports | (USD Mn) | 5,273 | 5,358 | 4,500 | 4,568 | 4,656 | 4,509 | -1.59% | 54,937 | 55,727 | -1.42% |
| Total Exports | (USD Mn) | 2,953 | 2,911 | 2,833 | 2,982 | 2,836 | 2,762 | 1.44% | 30,684 | 27,770 | 10.49% |
| Trade Balance | (USD Mn) | (2,320) | (2,447) | (1,667) | (1,586) | (1,820) | (1,747) | 5.19% | (24,253) | (27,957) | 13.25% |
| Current Account Balance | (USD Mn) | (420) | 474 | 684 | 346 | 86 | 29 | -188.61% | (313) | 504 | -162.10% |
| Remittances | (USD Mn) | - | 3,079 | 2,915 | 3,055 | 2,860 | 2,943 | 5.63% | 30,251 | 27,019 | 11.96% |
| Oil Import Bill | (USD Mn) | 1,570.91 | 1,252.87 | 870.35 | 1,224.31 | 1,302.92 | 1,408.86 | 25.38% | 15,161.83 | 17,938.52 | -15.48% |

**Source:** SBP, PBS, Oilprice.com, HMFS Research

**Note: %** change is of last available month *N/M: Not Meaningful

# Valuation Guide

| | Symbol | Period End | Stance | Current Price | Fair Value | FV Return | M. Cap | EPS | | | DPS | | | DY | | P/E | | P/B | | ROE | | Total Yield |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | PKR | 2023 A | 2024 A/E | 2025 F | 2023 A | 2024 A/E | 2025 F | 2024 E | 2025 F | 2024 E | 2025 F | 2024 E | 2025 F | 2024 E | 2025 F | CY-24/ FY-24 |
| | | | | | | | Trn | PKR | PKR | PKR | PKR | PKR | PKR | % | % | x | x | x | x | % | % | % |
| 1 | **FFC** | Dec | **BUY** | 396.6 | 465.0 | 17% | 564.5 | 23.3 | 45.5 | 42.2 | 15.5 | 36.5 | 42.0 | 9% | 11% | 8.7 | 9.4 | 4.3 | 3.7 | 49% | 51% | 26% |
| 2 | **EFERT** | Dec | **BUY** | 224.8 | 250.0 | 11% | 300.1 | 19.6 | 21.2 | 34.5 | 20.5 | 21.5 | 33.0 | 10% | 15% | 10.6 | 6.5 | 6.3 | 5.0 | 60% | 58% | 21% |
| 3 | **INDU*** | Jun | **HOLD** | 2120.4 | 2050.0 | -3% | 166.7 | 123.0 | 191.8 | 200.3 | 71.8 | 114.7 | 115.0 | 5% | 5% | 11.1 | 10.6 | 2.5 | 2.3 | 14% | 12% | 2% |
| 4 | **HCAR*** | Mar | **HOLD** | 292.7 | 298.0 | 2% | 41.8 | 1.8 | 16.3 | 13.4 | 0.0 | 6.5 | 8.2 | 2% | 3% | 17.9 | 21.8 | 1.8 | 1.6 | 8% | 10% | 4% |
| 5 | **HBL*** | Dec | **Sell** | 158.2 | 111.0 | -30% | 232.1 | 39.3 | 39.9 | 45.6 | 9.8 | 16.3 | 22.0 | 10% | 14% | 4.0 | 3.5 | 0.5 | 0.5 | 16% | 16% | -20% |
| 6 | **MCB** | Dec | **HOLD** | 271.1 | 220.0 | -19% | 321.3 | 50.3 | 48.6 | 58.7 | 30.0 | 36.0 | 41.0 | 13% | 15% | 5.6 | 4.6 | 1.4 | 1.3 | 37% | 35% | -6% |
| 7 | **UBL*** | Dec | **Sell** | 395.0 | 245.4 | -38% | 483.6 | 45.1 | 61.1 | 68.6 | 44.0 | 44.0 | 50.0 | 11% | 13% | 6.5 | 5.8 | 1.4 | 1.2 | 29% | 29% | -27% |
| 8 | **BAHL** | Dec | **BUY** | 138.0 | 158.0 | 15% | 153.4 | 32.3 | 37.7 | 48.0 | 14.0 | 17.0 | 16.0 | 12% | 12% | 3.7 | 2.9 | 1.0 | 0.8 | 35% | 29% | 27% |
| 9 | **ABL*** | Dec | **Sell** | 138.1 | 79.2 | -43% | 158.1 | 36.1 | 42.7 | 49.2 | 12.0 | 16.0 | 16.0 | 12% | 12% | 3.2 | 2.8 | 0.9 | 0.8 | 30% | 28% | -31% |
| 10 | **MEBL** | Dec | **HOLD** | 234.6 | 205.0 | -13% | 421.0 | 47.2 | 57.3 | 63.4 | 20.0 | 28.0 | 28.0 | 12% | 12% | 4.1 | 3.7 | 1.7 | 1.1 | 41% | 31% | -1% |
| 11 | **MUGHAL** | Jun | **BUY** | 74.8 | 122.0 | 63% | 25.1 | 10.4 | 6.0 | 13.2 | 3.2 | 0.0 | 3.5 | 0% | 5% | 12.5 | 5.7 | 1.0 | 0.8 | 15% | 16% | 63% |
| 12 | **ISL** | Jun | **BUY** | 83.5 | 98.0 | 17% | 36.3 | 8.1 | 8.4 | 14.0 | 5.5 | 5.5 | 8.5 | 7% | 10% | 9.9 | 6.0 | 1.8 | 1.6 | 6% | 20% | 24% |
| 13 | **ASTL** | Jun | **BUY** | 22.1 | 26.0 | 17% | 6.6 | -2.3 | -20.6 | -4.2 | 0.0 | 0.0 | 0.0 | 0% | 0% | N/A | N/A | 0.4 | 0.4 | 2% | 3% | 17% |
| 14 | **OGDC** | Jun | **BUY** | 202.8 | 260.0 | 28% | 872.0 | 52.2 | 48.6 | 40.0 | 8.6 | 10.1 | 12.0 | 5% | 6% | 4.2 | 5.1 | 0.7 | 0.6 | 18% | 13% | 33% |
| 15 | **PPL** | Jun | **BUY** | 172.2 | 230.0 | 34% | 468.6 | 35.7 | 42.0 | 35.0 | 2.5 | 6.0 | 7.0 | 3% | 4% | 4.1 | 4.9 | 0.7 | 0.7 | 20% | 13% | 37% |
| 16 | **POL** | Jun | **BUY** | 575.2 | 688.0 | 20% | 163.3 | 128.4 | 137.9 | 89.0 | 80.0 | 95.0 | 60.0 | 17% | 10% | 4.2 | 6.5 | 2.0 | 1.8 | 52% | 28% | 36% |
| 17 | **LUCK** | Jun | **HOLD** | 1422.5 | 1210.0 | -15% | 416.8 | 46.9 | 94.5 | 106.3 | 18.0 | 15.0 | 18.0 | 1% | 1% | 15.0 | 13.4 | 2.8 | 2.4 | 12% | 12% | -14% |
| 18 | **FCCL** | Jun | **BUY** | 42.1 | 49.0 | 16% | 103.3 | 3.2 | 3.4 | 5.3 | 0.0 | 1.0 | 1.0 | 2% | 2% | 12.6 | 8.0 | 1.4 | 1.3 | 12% | 17% | 19% |
| 19 | **MLCF** | Jun | **BUY** | 46.9 | 57.0 | 21% | 49.2 | 4.2 | 5.0 | 5.8 | 0.0 | 0.0 | 0.0 | 0% | 0% | 9.4 | 8.1 | 0.9 | 0.8 | 11% | 10% | 21% |
| 20 | **NML** | Jun | **BUY** | 95.2 | 175.0 | 84% | 33.5 | 34.6 | 18.1 | 22.3 | 5.0 | 3.0 | 4.5 | 3% | 5% | 5.3 | 4.3 | 0.3 | 0.3 | 6% | 6% | 87% |
| 21 | **ILP** | Jun | **BUY** | 59.3 | 81.0 | 37% | 83.1 | 14.4 | 8.4 | 2.5 | 5.0 | 5.5 | 3.0 | 9% | 5% | 7.1 | 23.7 | 1.1 | 1.1 | 40% | 5% | 46% |
| | | | | | | **11%** | **5,100.2** | | | | | | | **7%** | **8%** | | | | | **24%** | **21%** | **17%** |

(*) Under Review (A) Actual (E) Estimated (F) Forecasted * Policy Rate cut not adjusted in Valuations

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