REP-110

HABIBMETRO
Financial Services

WEEKLY REPORT

DRAG ON THE HIGHS

SCRIP IN FOCUS:

Lucky Core Industries Ltd. (LCI)

DATE:

Friday, September 12, 2025

Table Of Content

Upcoming Week: Scrip in Focus - LCI

Lucky Core Industries Limited	
Symbol	LCI
Bloomberg Code	LCI PA
Mkt Cap (PKR Mn)	158,206.00
Mkt Cap (USD Mn)	564.62
No Of Shares (In Mn)	461.80
52 Weeks High	396.00
52 Weeks Low	199.80
Avg Volume (52 Weeks)	49,391.52
Avg Value	13,448,699.33

Source: PSX, HMFS Research

Lucky Core Industries Limited (LCI) – From Chemicals to Care: A Long-Term Compounder

Lucky Core Industries (LCI), part of the Yunus Brothers Group (YBG) – one of Pakistan's largest and most diversified conglomerates – stands out as a unique play on the country's industrial and consumer growth story. With operations spanning five strategically positioned businesses (Soda Ash, Polyester, Pharmaceuticals, Chemicals & Agri Sciences, and Animal Health), LCI offers a rare blend of defensive earnings from healthcare and cyclical upside from industrial and textile-linked segments. The company's strong market leadership, consistent capacity expansions, and recent acquisition of Pfizer's portfolio reinforce its position as a long-term value compounder. At a forward P/E multiple of ~10x vs. sector average of ~12.1x, LCI is trading at an attractive discount, with FY26E EPS of ~PKR 34 and DPS of ~PKR 20 (dividend yield: ~5.8%), supporting our Buy call.

Business Lines – Balancing Cyclical and Defensive Segments:

LCI operates through five well-defined business segments, each contributing uniquely to the company's earnings mix. While Soda Ash and Polyester are more cyclical in nature, Pharmaceuticals, Chemicals & Agri Sciences, and Animal Health provide defensive and structural growth, creating a balanced and resilient portfolio. A closer look at each segment reveals its performance trajectory and strategic outlook.

Soda Ash Business

- **Market Position:** Largest domestic producer, catering to demand from the glass, detergents, paper, and textile industries.
- **Production Capacity:** 560 KTPA, with FY25 utilization at ~80%.
- **FY25 Performance:** Net sales PKR 39.8bn (↓16% y/y) and EBIT PKR 8.4bn (↓16% y/y) as volumes fell 18% y/y to 452k tons amid weak demand from construction and glass sectors.
- **Performance Trend:** Despite FY25 contraction, revenue and EBIT delivered 21% CAGR and EBITDA 17% CAGR over FY20–25, reflecting structural strength of the segment.
- **Exports:** Export volumes dropped ~74k tons y/y on intense international competition.
- **Operational Updates:** Commissioned multi-fuel boiler at Khewra in Jun-25 (biomass to be operational from Oct-25), expected to reduce costs.
- **Outlook:** Company expects FY26 volumes at 0.45–0.5mn tons; near-term demand recovery remains muted, though expansion of 200k tons/annum capacity is under design.

Upcoming Week: Scrip in Focus - LCI

Polyester Business

- **Market Position:** Second-largest segment, engaged in the production of Polyester Staple Fibre (PSF), a critical input for the textile value chain.
- **Production Capacity:** 122k tons; FY25 production stood at 100k tons (↓11% y/y).
- **FY25 Performance:** Net sales PKR 39.7bn (↓1% y/y) with EBIT stable at PKR 1.8bn. Sales volumes declined 7% y/y to 103k tons, reflecting weak textile demand and import-driven pricing pressures.
- **Performance Trend:** Over FY20–25, revenue delivered a 15% CAGR, EBIT a 21% CAGR, and EBITDA a 12% CAGR, highlighting structural earnings resilience despite cyclical demand pressure.
- E**nergy Mix:** Current fuel mix is 48% gas, 48% furnace oil, and 4% solar. Following the new levy on furnace oil, reliance is expected to shift further towards gas alongside greater renewable investments.
- **Outlook:** FY26 volumes are projected to remain around 100k tons amid continued import pressure, with management focusing on cost optimization and energy efficiency to sustain margins. With crude oil prices expected to decline, raw material costs (PTA and MEG) are likely to ease, creating room for margin expansion.

Pharmaceuticals Business

- **Market Position:** Advanced to 16th from 19th among Pakistan's 600+ pharma companies, 60+ products across essential (65%) and non-essential (35%) categories.
- **Acquisition:** On September 6, 2024, LCI completed the PKR 5bn acquisition of Pfizer Pakistan's Karachi manufacturing facility along with select pharmaceutical brands and associated trademarks. Resultantly, LCI's portfolio expanded to include several high demand pharmaceuticals like Ansaid, Ponstan, Ponstan Forte, Basoquin, Deltacortril, Lysovit, Corex D, and Mycitracin. This strategic acquisition has positioned its Pharmaceuticals as a key growth driver, reshaping LCI's earnings mix and strengthening its presence in the healthcare segment.
- **Portfolio Strength: Seamlessly** integrated Pfizer assets alongside 32 new launches over five years. Multiple brands, including Ponstan, Mucaine, Lysovit, Ansaid, Tenormin, and Citralka, now exceed PKR 1bn annual sales.
- **FY25 Performance:** Net sales rose 72% y/y to PKR 21bn, while EBIT nearly doubled to PKR 4.6bn. The Pfizer portfolio contributed PKR 7.2bn in 10MFY25, with FY26 contribution expected at PKR 8–9bn.
- **Margins:** Gross margin stood at 38% (vs. 39% last year), diluted by Pfizer's ~30% margin products. Gains resulted due to price hikes of ~15% were implemented on non-essential drugs.
- **Growth Trajectory:** Delivered the fastest revenue CAGR among all LCI segments over FY20–25, firmly establishing Pharmaceuticals as the company's leading growth engine.

Upcoming Week: Scrip in Focus - LCI

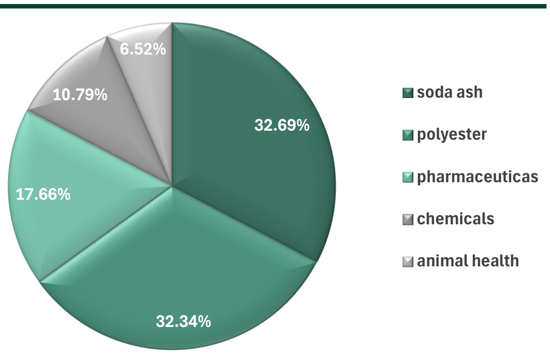
Animal Health Business

- **Market Position:** Provides veterinary solutions to poultry and livestock sectors, contributing to food security and farm productivity.
- **FY25 Performance:** Net sales declined 10% y/y to PKR 6.1bn, but EBIT grew 23% y/y to PKR 1.1bn, supported by a strategic shift towards high-margin products and rationalization of lower-margin lines.
- **Portfolio Strategy:** Focus remains on cost optimization and expanding a portfolio of locally manufactured, margin-accretive medicines.
- **Operational Updates:** Construction underway for a PKR 633mn veterinary medicine manufacturing facility, targeted for completion by 4QCY26, expected to enhance scale and localization benefits.
- **Outlook:** Despite near-term demand weakness due to subdued livestock and poultry sectors, long-term growth prospects are underpinned by local production capacity and margin expansion.

Chemicals & Agri Sciences Business

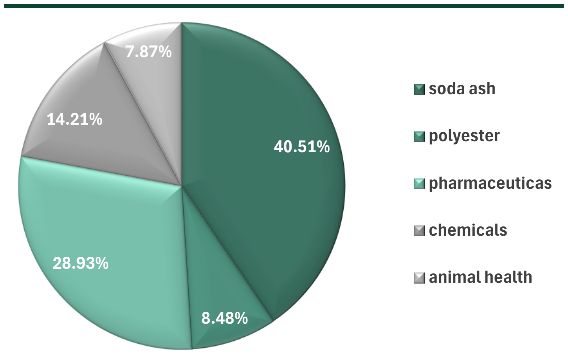
- **Market Position:** Key supplier of industrial chemicals, crop protection, and plant nutrition solutions, serving both industrial and agri sectors.
- **FY25 Performance:** Net sales declined 2% y/y to PKR 13.4bn, with EBIT down 5% y/y to PKR 2.0bn, reflecting weak demand, erratic weather, and liquidity constraints in the farming sector.
- **Portfolio Mix:** Offers a diversified range of industrial chemicals and agri-inputs; selective expansion in specialty products underway to strengthen margins.
- **Performance Trend:** Despite FY25 pressures, the segment has maintained stable long-term contribution to group earnings through product diversification.
- **Outlook:** Company expects modest growth in FY26 as cropping patterns stabilize and farmer liquidity improves, while efficiency measures support margin resilience.

FY25 Sales Contribution by Segments



Source: Company Financials & HMFS Research

FY25 Margins by Segments



Source: Company Financials & HMFS Research

Upcoming Week: Scrip in Focus - LCI

Subdivision of Shares:

In May 2025, Lucky Core Industries Limited (PSX: LCI) approved a 5:1 stock split, reducing the face value of shares from PKR 10 to PKR 2 while keeping paid-up capital unchanged. This corporate action increased outstanding shares to 461.8mn, enhancing liquidity and making the stock more accessible to retail investors, without any impact on intrinsic value.

Risks to Valuations:

- Prolonged demand weakness in key end-markets (construction, textiles, agri).
- Volatility in crude oil, PTA/MEG, and energy costs pressuring margins.
- Regulatory caps and pricing constraints in pharmaceuticals.
- Economic downturn.
- Weather shocks and farmer liquidity constraints in agri-inputs.
- Currency depreciation and high interest rates weighing on costs.

Financial Performance

Amount in PKR 'Mn'	FY25	FY24	% Change
Net turnover	119,941	120,635	-1%
Cost of sales	(92,487)	(93,641)	-1%
Gross profit	**27,453**	**26,994**	**2%**
Selling and distribution expenses	(7,175)	(7,310)	-2%
Administration and general expenses	(2,248)	(2,431)	-8%
Operating profit	18,031	17,254	5%
Other charges	(887)	(838)	6%
Gain on bargain purchase	293	-	
Finance costs	(2,210)	(3,538)	-38%
Exchange (loss) / gain	(56)	116	-148%
Other income	3,444	3,637	-5%
Share of profit / (loss) from associate	19	(168)	111%
Profit before final taxes and income taxes	**18,633**	**16,464**	**13%**
Taxation - Final taxes	(14)	(846)	98%
Profit before income tax	**18,619**	**15,619**	**19%**
Taxation - Income tax	(6,862)	(4,456)	54%
Profit for the year	**11,757**	**11,163**	**5%**
EPS	**25.46**	**24.15**	

Source: Company Financials, HMFS Research ***Consolidated**

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:

Pakistan-China Cooperation: Renewed Commitments to Drive Economic Growth

Pakistan's economy gained momentum this week with Prime Minister Shehbaz Sharif's visit to China, where both sides signed a comprehensive Action Plan (2025–2029) to strengthen their All-Weather Strategic Cooperative Partnership. The plan spans political, economic, trade, technological, and security cooperation, reaffirming what President Xi Jinping described as an "ironclad" friendship rooted in shared values. A key highlight was progress on the USD 7bn Mainline-1 (ML-1) railway project, as Pakistan and China agreed to form a consortium of financiers—including the ADB, AIIB, and government partners—to fund the 1,700km Karachi-Peshawar line. The upgrade promises to cut logistics costs, improve freight efficiency, and expand regional trade, especially under CPEC's second phase. At the Pakistan-China B2B Investment Conference, enterprises signed USD 601mn worth of joint ventures, most notably a USD 500mn partnership between Hitech Pakistan and Weichai Lovol to modernize agricultural machinery and introduce smart farming. Meanwhile, JW Group Pakistan partnered with China's Jinpeng Group to launch EV and gasoline-powered two- and three-wheeler production lines in Lahore, marking a milestone in green mobility and local manufacturing. However, Shanghai Electric scrapped its long-delayed USD 1.77bn acquisition of K-Electric, citing regulatory bottlenecks and shifting business conditions. While this marks a setback, it underscores the urgency of addressing policy hurdles to unlock large-scale foreign investment. Overall, the visit reflected deepening Pakistan-China economic cooperation, with infrastructure upgrades, agricultural modernization, and EV manufacturing poised to bolster exports, attract capital inflows, and strengthen long-term growth prospects.

Floods, Energy Market Shifts, and Tax Plans Keep Inflation Outlook in Focus

Pakistan's recent floods in August–September 2025 raised concerns about potential inflationary pressures, particularly through disruptions in agriculture and local supply chains. Finance Minister Aurangzeb, however, reassured that these natural disasters are unlikely to derail the current inflation trajectory, highlighting that domestic shocks have limited impact compared to imported inflation pressures. Global oil prices fell nearly 2% amid oversupply and weakening US demand, providing a moderating effect on Pakistan's energy import bill, while imported RLNG rates edged slightly higher, reflecting mixed energy market signals. On the flipside, the FBR has unveiled a plan to lift the tax-to-GDP ratio to 18%, which could create modest upward pressure on prices if higher taxes are passed through to consumers. Overall, the FM's outlook underscores the economy's exposure to imported inflation and structural fiscal measures, with localized shocks like floods expected to have limited near-term impact on broader consumer prices.

Domestic Projects and Global Partnerships Drive Economic Momentum

Pakistan is advancing a series of strategic domestic initiatives while simultaneously strengthening international economic partnerships. Domestically, OGDC has greenlit a USD 715mn investment in the Reko Diq copper and gold mining project, which includes the construction of a new railway line connecting Balochistan's Chaman to Sindh's Rohri and enhancing

Major Events

access to Port Qasim. This infrastructure development is expected to streamline logistics and export potential, while also bolstering regional economic activity. Complementing this, UAE's DP World has signed a USD 400mn freight corridor deal with Pakistan Railways, aimed at modernizing rail logistics, improving cargo handling, and enhancing trade connectivity with key ports. On the international front, Pakistan is actively deepening trade and investment ties with key partners. Türkiye and Pakistan have committed to accelerating bilateral trade growth toward USD 5bn, expanding cooperation beyond goods to include services, investments, and e-commerce. Meanwhile, Pakistan and Kazakhstan have signed an Action Plan of Cooperation to enhance collaboration across trade, agriculture, IT, education, and logistics, laying the groundwork for greater connectivity and a more integrated regional trade network. Collectively, these developments reflect a dual-pronged strategy: leveraging domestic infrastructure and energy projects to stimulate internal growth while fostering international partnerships to enhance foreign investment, trade, and economic resilience.

Other News

Govt releases Rs1.3bn for flood relief: In a move to accelerate flood relief efforts, the government has released Rs1.3 billion to the National Disaster Management Authority (NDMA). The announcement was made by Law Minister Azam Nazeer Tarar during a discussion in the National Assembly on Friday. The funding is intended for ongoing rescue and relief operations across the country, which has been severely impacted by recent floods.

Govt faces setback as foreign funds exit bonds: Foreign investment in domestic bonds has recorded net outflows during the first two months of the current fiscal year, despite moderate inflows in the same period. The State Bank's latest data showed that outflows from treasury bills amounted to $73 million against inflows of $44m — 64pc higher than the receipts. Analysts said the trend, if it persists, could disappoint policymakers who closely monitor foreign currency movements, particularly the US dollar.

Pakistan to experience major internet slowdown: Internet users across Pakistan may experience significant service disruptions, including slower speeds and connectivity issues, especially during peak evening hours, after two major international submarine cables were damaged in Saudi waters. The Pakistan Telecommunication Company Limited (PTCL) confirmed on Saturday that faults have occurred in the South East Asia–Middle East–Western Europe 4 (SEA-ME-WE 4) and India-Middle East-Western Europe (IMEWE) undersea communication cables near Jeddah, a critical chokepoint for international data traffic.

President Zardari signs Anti-Dumping Duties (Amendment) Act 2025 into law: President Asif Ali Zardari has approved the Anti-Dumping Duties (Amendment) Bill 2025, according to the President Secretariat Press Wing. "Following his approval, the duties will be effective from July 1, 2020. The bill was sent to the President after being adopted by the National Assembly and Senate," the press release said on Sunday.

Weekly SPI increases by 1.29%: Pakistan's short-term inflation increased by 1.29% compared to the previous week, while it rose by 5.07% compared to the same period last year, the Pakistan Bureau of Statistics (PBS) reported on Friday. During the week, out of 51 items, prices of 23 (45.10%) items increased, 04 (07.84%) items decreased and 24 (47.06%) items remained stable.

LESCO, MEPCO privatisation on the cards: Federal government has begun preparations to privatise electricity distribution companies including the Lahore Electric Supply Company (LESCO) and the Multan Electric Power Company (MEPCO). According to official documents available with Express News, the Privatisation Commission has sought detailed information from the Power Division as part of the process. Following which, MEPCO's management has started streamlining its balance sheets and off-balance-sheet records.

KE proposes amendments to IGCEP 2025-35: K-Electric has proposed several amendments to the Indicative Generation Capacity Expansion Plan (IGCEP) 2025–35, including the grant of a competitive supplier licence, policy-making rights within its service area, a mechanism for stranded cost recovery, and adjustments to NEPRA-approved performance benchmarks in tariffs.

Other News

Farmers' bodies demand Pakistan govt announce 'revival package': Various farmers' organizations have urged the government to take immediate notice of the massive losses sustained by rural areas of Punjab due to the recent floods. They have called for the launch of a comprehensive 'revival package'—in addition to ongoing rescue and relief efforts—to help restore the livelihoods of farmers and stabilize the rural economy.

Nepra announces Rs1.79 per unit refund to consumers for July: The National Elec-t-ric Power Regulatory Authority (Nepra) on Tuesday notified a negative fuel cost adjustment (FCA) of Rs1.79 per unit for consumers in September's bills for power consumed in the month of July. According to a notification issued by Nepra today, the authority "decided to allow a negative FCA of Rs1.7859/kWh for July 2025, to be passed on to the consumers in the billing month of September 2025".

Trade deficit with Middle East soars 22pc: Pakistan's trade deficit with the Middle East surged by 22.38 per cent in the first month of FY26, largely driven by the rising influx of petroleum products from the region. According to data compiled by the State Bank of Pakistan, the trade deficit with the Middle East reached $1.323 billion in July FY26, up from $1.081bn during the same month last year.

Debt surges by Rs9tr in one year: Pakistan's total government debt has increased by Rs9 trillion in just one year up to June 2025, with domestic debt representing the ma--jority of this increase. This significant rise in borrowing is raising concerns about the country's fiscal balance and its capacity to manage revenue and expenditures effectively.

MoF says not confirmed as yet: IMF may send review mission to Pakistan later this month: The International Monetary Fund (IMF) is expected to dispatch its review mission later this month for the second review of the $7 billion Extended Fund Facility (EFF) program. However, sources within the Finance Ministry caution that the final date remains unconfirmed due to security concerns. Finance Ministry insiders told Business Recorder that the exact schedule will be finalized "within the next few days."

CDWP clears seven projects worth Rs236bn: The Central Development Working Party (CDWP) has cleared seven development projects with a total cost of Rs 236 billion. The CDWP approved three development projects costing eight billion rupees and recommended four projects valued Rs 228 billion to the Executive Committee of the National Economic Council (Ecnec) for final approval.

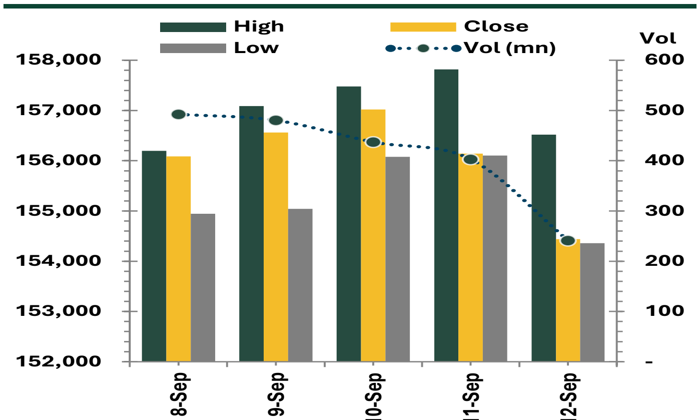
Car sales rise 62% in August 2025: The sales of cars, including LCVs, vans, and jeeps, in Pakistan increased by 61.5% in August 2025, clocking in at 14,050 units compared to 8,699 units recorded in the same month of last year, the latest data from the Pakistan Automotive Manufacturers Association (PAMA) showed today. Similarly, on a month-on-month basis, auto sales have increased by 27.3% compared to the 11,034 cars sold in July 2025.

Equity Market Review

Summary

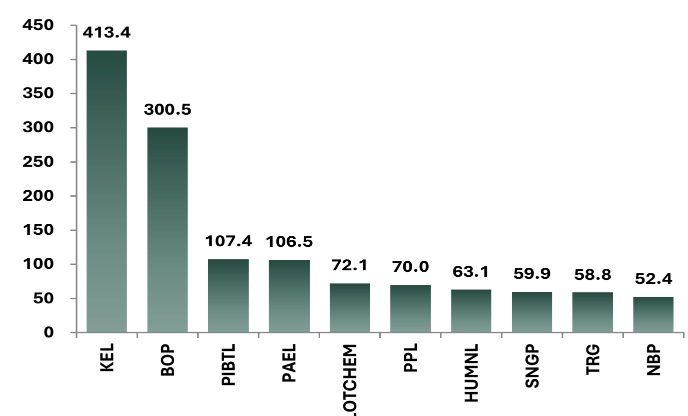
The KSE-100 Index experienced a rollercoaster week marked by historic highs and bouts of profit-taking. The benchmark touched multiple all-time intraday peaks, surpassing the 157,800 level mid-week, before paring gains and closing at 154,439.68 up by 162.49 points w/w. Investor sentiment was driven by a mix of supportive macroeconomic cues, including strong remittance inflows, optimism from the SCO Summit and Pakistan–China cooperation agreements, and robust corporate earnings across banks, cement, and power sectors. Trading volumes reflected heightened activity, with the KSE -100 averaging ~410.75mn shares per session and the broader All-Share Index crossing ~1bn shares daily.

Daily Market Performance



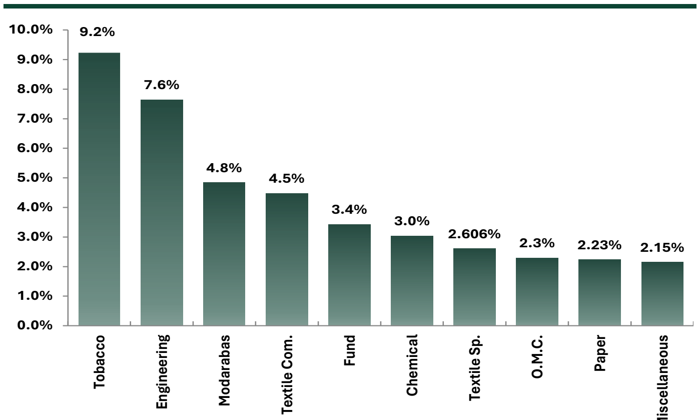
Source: PSX & HMFS Research

Top 10 Volume leaders (volumes in mn)



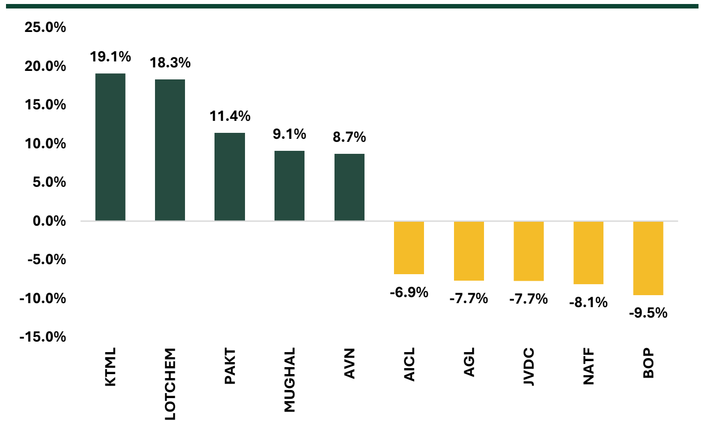
Source: PSX & HMFS Research

Sector Performance



Source: PSX & HMFS Research

Gainers & Losers (KSE-100 Index)



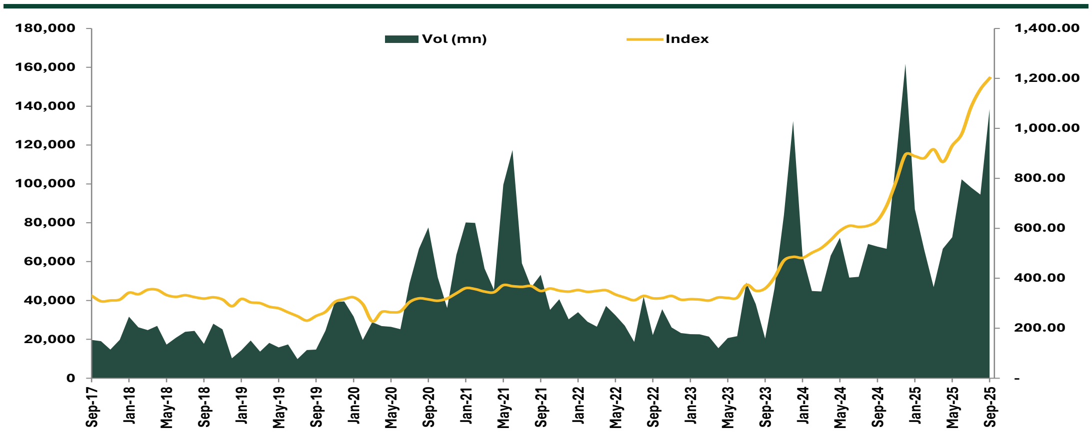
Source: PSX & HMFS Research

Equity Market Review

Outlook

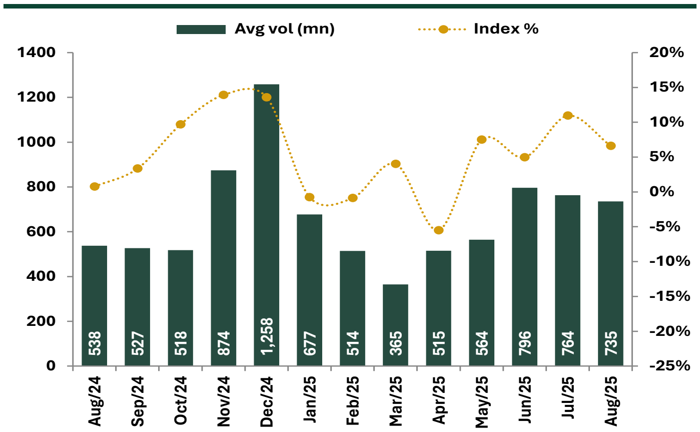
Market direction in the coming week will be guided by key macroeconomic and policy events, particularly the upcoming MPC meeting, where expectations of a rate cut could provide a fresh catalyst. The upcoming IMF review, expected around late September, will also be closely watched as it could shape the medium-term outlook and investor sentiment. While optimism has been buoyed by record remittance inflows, Pakistan–China economic cooperation, and strong corporate earnings, the KSE-100's record-high levels signal increased vulnerability to profit-taking and near-term corrections. Moreover, concerns over flood-related supply disruptions and inflationary risks in the agricultural sector could temper momentum, despite reassurances from policymakers on declining fuel prices. Overall, while intermittent pullbacks are likely, the broader trajectory remains constructive. Investors are advised to maintain a disciplined, selective stance, focusing on fundamentally strong and dividend-yielding names, while using corrective phases as opportunities for accumulation.

Index Performance



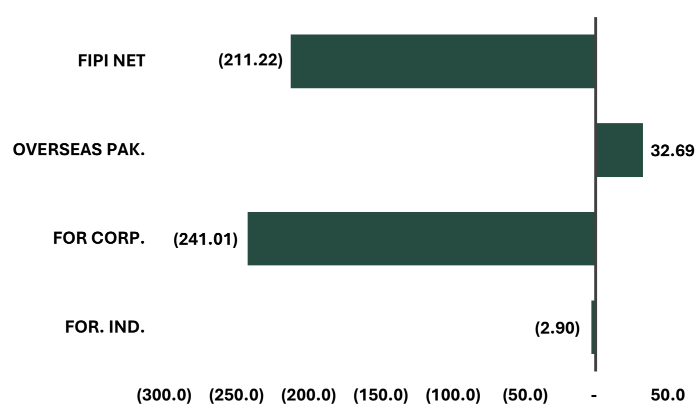
Source: PSX & HMFS Research

MoM Index gain vs Average Volume



Source: PSX & HMFS Research

FIPI (CYTD in USD mn)



Source: NCCPL & HMFS Research

Technical Analysis

KSE-100 Index

Source: HMFS Sales

KSE-100 Traders Eye 151,694.50 Support After Bearish Engulfing Formation

The KSE-100 bearish engulfing pattern has occurred. This chart formation can signal a potential reversal in an upward price trend. It consists of two consecutive candles: a smaller bullish candle followed by a larger bearish candle that completely engulfs the first. This setup is considered a strong indicator that the prior upward momentum is weakening and that a reversal may be imminent. Keep in mind that the engulfing pattern is a three-line formation, and the low from the day before yesterday serves as the confirmation level. As noted in the chart, a strong support level exists at 151,694.50. Stop-loss above yesterday high 157,816.76.

KSE-100 Support Level	
1S	154,277.19
2S	153,729.53
3S	153,149.22

Source: HMFS Sales

KSE-100 Resistance Level	
1R	155,299.73
2R	156,201.69
3R	156,519.13

Source: HMFS Sales

Money Market Review

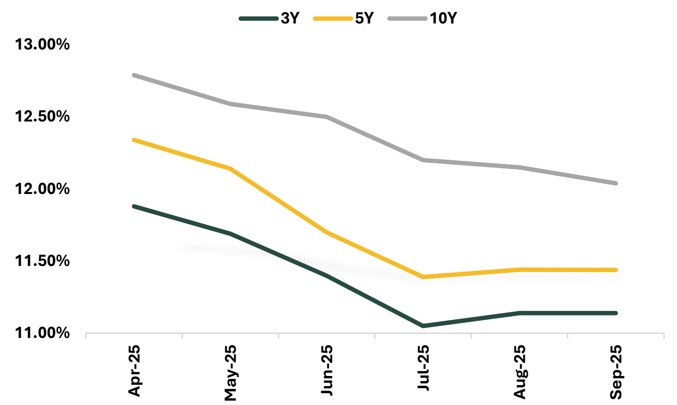
Summary

During the week, the State Bank of Pakistan (SBP) conducted a Pakistan Investment Bonds (PIB) auction on September 5, 2025 (settlement: September 8), raising PKR 394.0bn. Realized amounts included PKR 32.4bn for 2-year, PKR 5.5bn for 3-year, PKR 107.2bn for 5-year, PKR 199.0bn for 10-year, and PKR 49.9bn for 15-year. Cut-off yields stood at 11.20% (+11bps) for 2-year, 11.14% (unchanged) for 3-year, 11.44% (unchanged) for 5-year, 12.04% (-11bps) for 10-year, and 12.38% (-6bps) for 15-year. Yields reflected a cautious investor stance at shorter maturities amid fiscal borrowing needs, while easing at longer tenors indicated confidence in medium-term rate stability. Separately, the SBP conducted a Reverse Repo (Injection) OMO on September 12, injecting PKR 11.8tn for 07 & 14 days tenor. However, no Market Treasury Bill (MTB) auction was held during this period.

Outlook

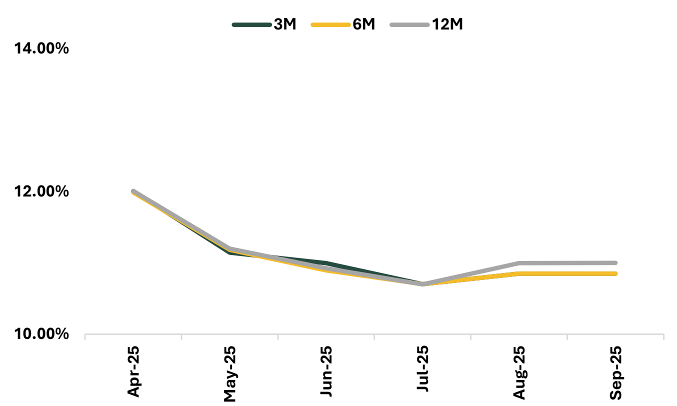
Looking ahead, the government is set to conduct the next MTB auction on September 17, 2025, with a target of PKR 175bn. While August inflation eased to 3.0% y/y, heavy monsoon rains and flood-related crop damage raise the risk of supply-driven price pressures in the coming months, which could push food inflation higher and weigh on the CPI path. For now, yields are expected to stay broadly range-bound as investors balance short-term liquidity comfort with lingering medium-term uncertainty around inflation dynamics and fiscal borrowing needs.

PIB Yields



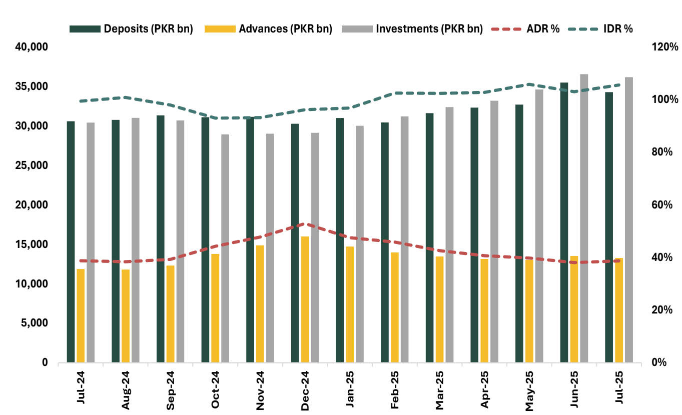
Source: SBP & HMFS Research

T-Bill Yields



Source: SBP & HMFS Research

Bank's ADR & IDR



Source: SBP & HMFS Research

Forex Market Review

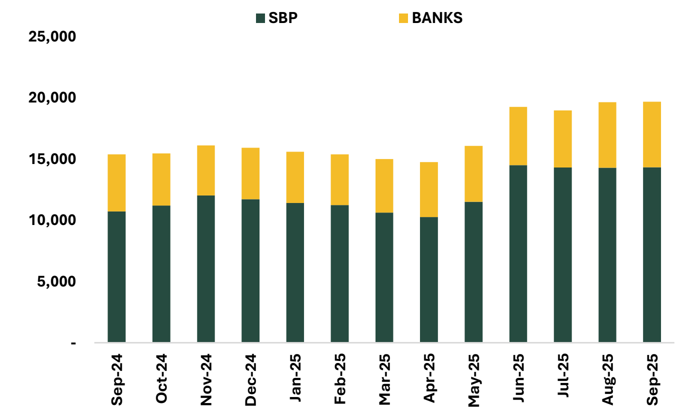
Summary

During the week ending September 12, 2025, Pakistan's foreign exchange reserves continued to strengthen. SBP-held reserves increased by USD 33.8mn, reaching USD 14.34bn compared to USD 14.30bn a week earlier. Reserves maintained by commercial banks also fell by USD 12.4mn, standing at USD 5.34bn. As a result, the country's total liquid FX reserves posted a net increase of USD 21.4mn, settling at USD 19.68bn. Meanwhile, the Pakistani Rupee appreciated by ~10 paisa w/w against the US Dollar, closing at PKR 281.55/USD in the interbank market as of Sept 12, 2025. The appreciation reflected steady remittance inflows, contained import payments, and broadly stable investor sentiment.

Outlook

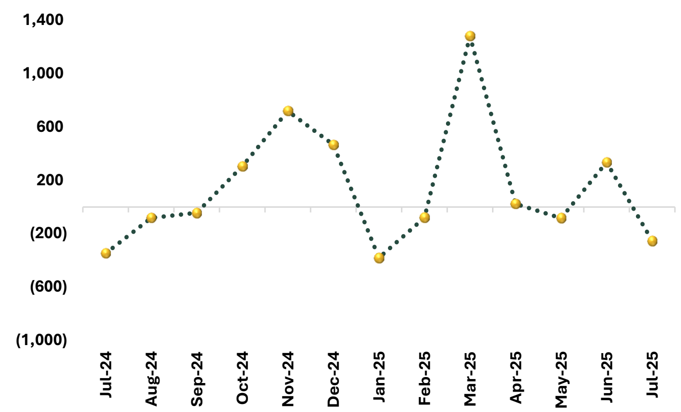
The rupee's mild appreciation this week was supported by stable remittance inflows, which rose 7% y/y to USD 6.4bn in Jul–Aug FY26, and steady FX reserves. On the external financing front, the government's plan to issue its first Panda Bond (USD 250mn) with ADB/AIIB guarantees offers a positive signal for diversification of funding sources. Meanwhile, Brent crude traded lower around USD 66 a barrel amid supply concerns, providing some import cost relief. Overall, the rupee is expected to remain range-bound, with stability hinging on continued remittances and timely multilateral support, though persistent outflows from local debt and trade imbalances remain downside risks.

Foreign Exchange Reserves (USD bn)



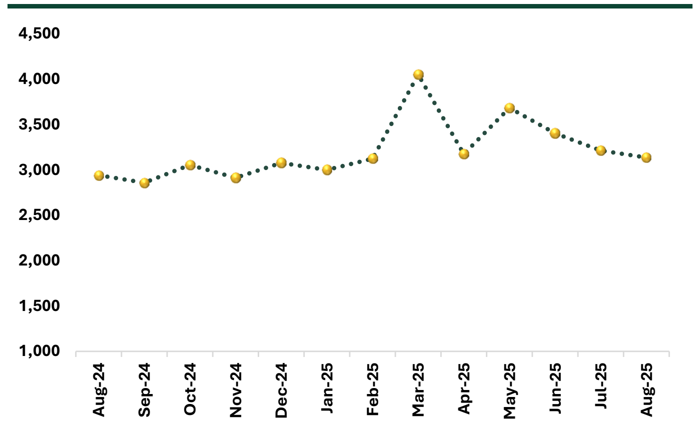
Source: SBP & HMFS Research

Current Account Balance (USD mn)



Source: SBP & HMFS Research

Remittances (USD mn)



Source: SBP & HMFS Research

Key Economic Indicators

Item	Units	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	%M/M	CY24	CY23	%Y/Y
Banking Indicators											
Return on Outstanding Loans	%	-	11.48%	11.81%	12.12%	12.31%	12.32%	-0.33%	17.07%	17.48%	-0.41%
Return on Deposits	%	-	5.22%	5.34%	5.70%	5.83%	5.92%	-0.12%	10.74%	10.30%	0.44%
Interest rate Spread	%	-	6.26%	6.47%	6.42%	6.48%	6.40%	-0.21%	6.33%	7.18%	-0.85%
Deposits	(PKR bn)	-	34,280	35,498	32,715	32,316	31,626	8.51%	30,283	27,841	8.77%
Advances	(PKR bn)	-	13,273	13,522	13,025	13,139	13,470	3.82%	16,009	12,352	29.61%
Investments	(PKR bn)	-	36,191	36,571	34,626	33,204	32,384	5.62%	29,129	25,280	15.23%
ADR	%	-	38.72%	38.09%	39.81%	40.66%	42.59%	-1.72%	52.87%	44.37%	8.50%
IDR	%	-	105.57%	103.03%	105.84%	102.75%	102.40%	-2.82%	96.19%	90.80%	5.39%
Kibor (Ask Side)											
3-Month	%	11.05%	11.02%	11.16%	11.44%	12.11%	12.02%	0.04%	18.81%	21.48%	-2.67%
6-Month	%	11.05%	10.98%	11.16%	11.46%	12.10%	11.97%	0.07%	18.58%	21.58%	-3.00%
9-Month	%	11.25%	11.19%	11.38%	11.70%	12.30%	12.15%	0.07%	18.50%	21.84%	-3.34%
1-Year	%	11.26%	11.16%	11.39%	11.69%	12.29%	12.15%	0.10%	18.21%	21.86%	-3.65%
Avg. Exchange Rates											
USD		282.19	284.20	283.09	281.73	280.74	280.12	-0.71%	278.53	280.44	-0.68%
Euro		328.15	332.05	326.32	317.78	316.55	303.02	-1.18%	301.36	303.36	-0.66%
JPY		1.91	1.93	1.96	1.95	1.95	1.88	-1.15%	1.8410	1.9983	-7.87%
GBP		379.09	383.70	383.76	376.42	369.93	361.81	-1.20%	355.94	348.95	2.00%
CNY		39.33	39.62	39.42	39.05	38.44	38.64	-0.74%	38.70	39.59	-2.25%

Item	Units	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	%M/M	FY25	FY24	%Y/Y
Inflation											
Avg. CPI	%	3.53%	4.07%	4.49%	4.61%	4.73%	5.25%	-0.54%	4.49%	23.41%	-18.92%
Avg. NFNE	%	6.90%	7.00%	6.90%	7.30%	7.40%	8.20%	-0.10%	6.90%	12.20%	-5.30%
Commodities											
Arab Light (Avg.)	USD/bbl	71.59	70.81	69.93	64.60	68.75	75.25	1.10%	74.89	86.22	-13.14%
External Sector (FY USD mn)											
Total Imports	(USD Mn)	5,285	5,830	4,849	5,237	5,596	4,828	-9.35%	58,387	54,937	6.28%
Total Exports	(USD Mn)	2,417	2,685	2,477	2,671	2,174	2,645	-9.98%	32,039	30,684	4.42%
Trade Balance	(USD Mn)	(2,868)	(3,145)	(2,372)	(2,566)	(3,422)	(2,183)	8.81%	(26,348)	(24,253)	-8.64%
Current Account Balance	(USD Mn)	-	(254)	335	(84)	24	1,283	-175.82%	328	(313)	204.79%
Remittances	(USD Mn)	3,138	3,215	3,406	3,686	3,177	4,054	-2.38%	38,300	30,251	26.61%
Oil Import Bill	(USD Mn)	-	1,275.20	1,095.97	1,146.17	1,235.59	1,221.68	16.35%	15,003.59	15,161.83	-1.04%

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	2024 A	2025 E	2026 F	2024 A	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	2025 E	2026 F	CY-25/ FY-25
							Trn	PKR	PKR	PKR	PKR	PKR	PKR	%	%	x	x	x	x	%	%	%
1	**FFC**	Dec	**BUY**	447.0	495.0	11%	636.1	45.5	57.8	61.2	36.5	43.4	49.0	10%	11%	7.7	7.3	4.2	3.7	54%	51%	20%
2	**EFERT**	Dec	**HOLD**	215.1	220.0	2%	287.3	21.2	24.7	28.5	21.5	22.0	26.7	10%	12%	8.7	7.5	5.6	5.4	60%	65%	12%
3	**INDU**	Jun	**HOLD**	2278.3	2050.0	-10%	179.1	191.8	292.7	347.0	114.7	176.0	208.0	8%	9%	7.8	6.6	2.7	2.3	14%	27%	-1%
4	**HCAR**	Mar	**HOLD**	294.5	298.0	1%	42.1	16.3	19.0	27.3	6.5	8.0	11.5	3%	4%	15.5	10.8	1.8	1.6	8%	6%	5%
5	**HBL**	Dec	**Sell**	256.7	195.0	-24%	376.6	39.9	44.6	43.2	16.3	17.0	18.0	7%	7%	5.8	5.9	0.8	0.7	16%	13%	-17%
6	**MCB**	Dec	**HOLD**	351.7	325.0	-8%	416.7	48.6	45.5	44.5	36.0	36.0	36.0	10%	10%	7.7	7.9	1.7	1.6	37%	22%	3%
7	**UBL**	Dec	**BUY**	363.1	405.0	12%	909.2	61.1	64.0	60.5	44.0	45.0	44.0	12%	12%	5.7	6.0	1.2	1.2	29%	21%	24%
8	**BAHL**	Dec	**HOLD**	190.1	158.0	-17%	211.3	37.7	34.9	35.5	17.0	16.0	15.0	8%	8%	5.5	5.4	1.3	1.1	35%	23%	-8%
9	**ABL**	Dec	**HOLD**	171.3	162.0	-5%	196.1	38.8	47.5	45.4	16.0	14.0	17.5	8%	10%	3.6	3.8	0.9	0.8	30%	24%	3%
10	**MEBL**	Dec	**Sell**	404.2	298.0	-26%	727.7	57.3	45.7	45.2	28.0	28.0	27.0	7%	7%	8.8	8.9	2.6	2.3	41%	29%	-19%
11	**MUGHAL**	Jun	**BUY**	83.8	106.0	26%	28.1	6.0	1.8	2.8	0.0	0.0	0.0	0%	0%	46.6	29.9	0.9	0.9	15%	16%	26%
12	**ISL**	Jun	**Sell**	128.9	98.0	-24%	56.1	8.4	3.3	4.7	5.5	1.5	1.0	1%	1%	39.1	27.4	2.5	2.4	6%	20%	-23%
13	**OGDC**	Jun	**HOLD**	267.6	260.0	-3%	1,150.8	48.6	40.0	48.0	10.1	12.0	14.0	4%	5%	6.7	5.6	0.8	0.7	18%	15%	2%
14	**PPL**	Jun	**BUY**	189.3	230.0	21%	515.1	42.0	40.0	43.5	6.0	7.0	8.0	4%	4%	4.7	4.4	0.7	0.6	20%	16%	26%
15	**POL**	Jun	**HOLD**	681.2	688.0	1%	193.4	137.9	85.2	105.0	95.0	75.0	90.0	11%	13%	8.0	6.5	2.2	2.1	47%	28%	14%
16	**LUCK**	Jun	**Sell**	474.2	278.0	-41%	694.7	44.7	76.0	89.0	15.0	18.0	12.0	4%	3%	6.2	5.3	0.8	0.7	19%	12%	-39%
17	**FCCL**	Jun	**HOLD**	57.0	59.0	3%	139.8	3.4	5.4	7.9	1.0	1.0	2.0	2%	4%	10.5	7.2	1.8	1.5	12%	17%	7%
18	**MLCF**	Jun	**BUY**	102.4	120.0	17%	107.2	5.0	11.0	16.9	0.0	0.0	0.0	0%	0%	9.3	6.1	2.0	1.5	11%	12%	17%
19	**NML**	Jun	**HOLD**	156.6	175.0	12%	55.1	18.1	22.0	35.0	3.0	4.5	4.5	3%	3%	7.1	4.5	0.4	0.4	6%	6%	15%
20	**ILP**	Jun	**HOLD**	77.2	81.0	5%	108.1	8.4	3.8	6.0	5.5	1.0	2.0	1%	3%	20.1	12.9	1.4	1.3	40%	11%	8%
21	**GATM**	Jun	**BUY**	38.1	49.0	29%	28.2	6.4	4.7	7.0	0.0	0.0	0.0	0%	0%	8.1	5.4	0.6	0.5	11%	7%	29%
HMFS Universe							**7,058.9**							**5%**	**6%**					**25%**	**21%**	**5%**

(*) Under Review (A) Actual (E) Estimated (F) Forecasted

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