

PAKISTAN MARKET

MARKET VISTA

REP-019

HBL, ABL & MLCF: Result Previews

HBL 1QCY21 EPS likely to stand at Pkr4.86/sh: Habib Bank Limited (HBL) is set to announce its 1QCY21 results today where we expect the bank to post an NPAT of Pkr7.0bn (EPS: Pkr4.86) compared to Pkr4.1bn (EPS: Pkr2.8) in the same period last year. On a sequential basis, earnings is expected to be +24.0% largely driven by, i) potential uptick in non funded income aided by capital gains (unrealized surplus on investments stands at Pkr14.0bn as of Dec'20), ii) normalization in administrative costs (down 6.0%) which has historically been higher at year-end, and iii) cost of provisioning to decline to 0.18% in 1QCY21 vs. 0.22% in the previous quarter with the bank having already build adequate loss buffer (Pkr6.4bn) whereas possible impairment reversals particularly in power sector stocks (27.8% share in total equity book) should further drag overall provisions. The result is likely to be accompanied by a dividend announcement of Pkr1.5/sh.

HBL: EPS Estimate

(Pkrmn)	1QCY21E	1QCY20	YoY (%)	4QCY20	QoQ (%)
NII	29,595	28,013	5.6	31,320	-5.5
NPAT	6,988	4,108	70.1	5,641	24.0
EPS (Pkr)	4.86	2.79	-	3.89	-
DPS (Pkr)	1.50	1.25	-	4.75	-

Source: Company Report & AKD Research

ABL earnings to clock in at Pkr3.78/sh in 1QCY21: Allied Bank Limited (ABL) is scheduled to hold its BoD meeting on Apr 22'21 to announce 1QCY21 results. In this regard, we expect the bank to record an earnings of Pkr3.78/sh, +11.1%YoY/down 24.7%QoQ. Sequential downtick in earnings is attributable to normalization in provisioning costs (Pkr273mn expense in 1QCY21E compared to a reversal of Pkr1.4bn in the previous quarter) and marginal attrition in net interest income (down 6.6%QoQ). It overshadowed, i) potentially higher capital gains attributable to power sector stocks (the banking sector c. sold US\$11.5mn in power sector in 1QCY21 culminating into a share of 52.7% of total net sell), resulting in total non funded income surging by 22.3%QoQ, and ii) normalization in administrative costs (down 6.2%QoQ). Together with the results, the bank is expected to announce a dividend of Pkr2.25/sh.

ABL: EPS Estimate

(Pkrmn)	1QCY21E	1QCY20	YoY (%)	4QCY20	QoQ (%)
NII	10,475	11,616	-9.8	11,216	-6.6
NPAT	4,323	3,891	11.1	5,744	-24.7
EPS (Pkr)	3.78	3.40	-	5.02	-
DPS (Pkr)	2.25	2.00	-	6.00	-

Source: Company Report & AKD Research

MLCF to post 3QFY21 consolidated EPS of Pkr1.13: Maple Leaf Cement Factory (MLCF) is expected to announce its results today where we expect the company to post consolidated EPS of Pkr1.13 for 3QFY21, up 16%QoQ while on unconsolidated basis, we expect the EPS to clock in at Pkr0.90. Increase in earnings comes on the back of number of factors where paramount is the increase in prices which is expected to increase gross margins to 26.5% against 24.4% for 2QFY21. Even though coal prices increased significantly during the quarter, we expect MLCF to have utilized low cost coal from last quarter. Topline of the company is expected to increase by 7/40% QoQ/YoY to Pkr9.7bn for 3QFY21 while finance cost for the quarter is expected to decrease by 51%YoY as the impact of decreasing interest rates finally sets in. We continue to like the stock where our TP of Pkr80.1/sh provides upside of 71%.

MLCF: EPS Estimate

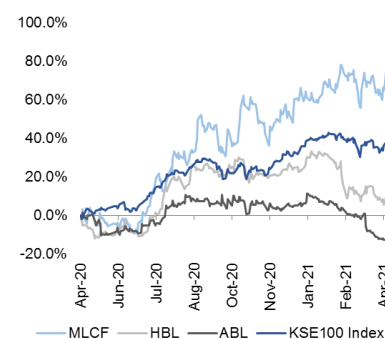
Pkrmn	3QFY21	YoY	QoQ	9MFY21
Sales	9,709	40%	7%	26,330
Gross Profit	2,568	2720%	16%	6,252
Profit after taxation	1,243	-229%	16%	2,922
EPS	1.13	-	-	2.66
Gross Margins	26.5%	-	-	23.7%

Source: Company Report & AKD Research

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KSE100 vs. HBL/ABL/MLCF



Source: PSX & AKD Research



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- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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Buy	> 14.5% expected total return (Rf: 8.5% + Rp: 6%)
Neutral	> 8.5% to < 14.5% expected total return
Sell	< 8.5% expected total return (Rf: 8.5%)



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