Sitara Petroleum Service

Fueling the Next Phase of Growth



10-Jul-2026

REP - 300

AHL Research

D: +92 21 38280283

E: research@arifhabibltd.com

EUROMONEY

Best Broker: '25
Best Bank for Research:'25
Best Investment Bank for M&A: '25
Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

CFA Society Pakistan

Best Corporate Finance House: '25, '23-'13
Best Brokerage House: '23 – '21
Best Brokerage House (Runner-up): '25–'24
Best Economic Research House: '23–'21
Best Economic Research House (Runner-up): '25–'24

FinanceAsia

Best Broker:'26
Best Equity Capital Market House:'26
Best Investment Bank:'26

Best Gender Equality Bond: '24
Best Equity Advisor: '21

ASIAMONEY

Best Securities House: '23
Best Investment Bank: '23

INTERNATIONAL FINANCE

Best Brokerage House: 2023

PSX PAKISTAN STOCK EXCHANGE LIMITED

Top 25 Companies ('17-'19)

CENTRAL DEPOSITORY COMPANY

Excellence Award Leading Brokerage House for RDA '21

Fueling the next phase of growth

Sitara Petroleum Service Limited (SPSL) presents a compelling growth investment opportunity, underpinned by the planned expansion of its retail network from 70 (60 GO + 10 Aramco) fuel stations to 107 by Jun-27 (100+ over five years), which is expected to drive higher MS and HSD volumes, market share gains, and stronger recurring cash flows. The development of a 30,000 MT oil storage terminal and strategic investments in the EV ecosystem provide additional long-term growth catalysts, strengthen the company's OMC licensing prospects, and diversify future revenue streams. Its resilient business model, supported by 40% corporate sales, a high-margin logistics business, GO volumetric incentives (~PKR 5/litre), and minimal inventory exposure, delivers stable, high-quality earnings with limited oil price risk. Following GO's acquisition, SPSL has delivered a strong operational turnaround, with net profit projected to reach PKR 9.54bn by FY30 (~24% CAGR). Despite industry-leading profitability, the stock trades at just 5.9x/5.0x FY26/27e P/E, below both peers and the sector average, offering investors an attractive opportunity for sustained earnings growth and meaningful valuation re-rating. We have an Outperform stance on the stock, with a Jun'27 target price of PKR 24.97/share, implying an upside potential of 35.0% from the current market price.

	SPSL PA
Recommendation	**BUY**
Target Price	25.0
Last Closing	18.5
Upside / (Downside) %	35%
Shares (mn)	1,679.9
Free float %	20.00
Market Cap. (PKR mn)	31,095.2
Market Cap. (USD mn)	111.83
Price Performance	
	Since Listing
Avg. Volume (000)	21,480
ADTV (mn) -PKR	441
ADTV (000) -USD	1,586
High Price - PKR	22.4
Low Price - PKR	18.5

Source: PSX, AHL Research

Our investment case rests on four mutually reinforcing pillars, set out below:

- **Expansion of the retail network** from 70 fuel stations currently to 107 by Jun-27 (100+ over five years) is expected to drive higher MS and HSD volumes, increase market share, and generate stronger recurring cash flows.
- **The 30,000 MT oil storage terminal** and strategic investments in the EV ecosystem provide additional long-term growth avenues, strengthen the company's OMC licensing prospects, and diversify future revenue streams.
- **A resilient business model,** supported by 40% corporate sales, high-margin logistics, GO volumetric incentives (~PKR 5/litre), and minimal inventory exposure, delivers stable, high-quality earnings with limited oil price risk.
- Following GO's acquisition, SPSL has delivered a strong turnaround, with **net profit expected to reach PKR 9.54bn by FY30 (~24% CAGR).** Despite peer-leading profitability, the stock trades at only 5.9x/5.0x FY26/27e P/E, below peers and the sector average of 8.5x, highlighting meaningful valuation re-rating potential.

Robust Retail Expansion Driving Volume Growth

SPSL is well-positioned to deliver sustained earnings growth through an aggressive expansion of its retail network. The company plans to increase its fuel stations from 70 currently to over 100 within the next five years, including a target of 107 stations by June 2027. This larger footprint, coupled with a strong presence in Punjab and a growing corporate customer base, is expected to drive healthy growth in MS and HSD volumes while strengthening market share and recurring cash flows.

Multiple Long-Term Growth Catalysts

Beyond retail expansion, SPSL is laying the foundation for its next phase of growth through the development of a 30,000 MT oil storage terminal in Faisalabad. The project is expected to generate stable rental income, strengthen the company's eligibility for an OMC license, and significantly expand its long-term growth opportunities. In parallel, SPSL's strategic investment in Pakistan's emerging EV ecosystem provides early exposure to a structural growth theme while supporting the gradual transformation of its retail network into multi-energy service stations.

Stable Earnings Underpinned by Business Mix

SPSL's business model is supported by a diversified and resilient earnings profile, with approximately 40% of total sales generated from corporate customers, led by Daewoo, which provides stable and recurring fuel demand. While the OMC dealership business contributes nearly 95% of revenue and 85% of profits, the freight and logistics segment accounts for just 5% of revenue but contributes 15% of profits, highlighting its significantly higher margin profile and increasing importance to the company's earnings mix. Profitability is further supported by volumetric incentives from GO, under which SPSL earns discounts of approximately PKR 5/litre upon achieving prescribed sales targets. Moreover, as a fuel dealer rather than an OMC, the company carries minimal inventory, limiting its exposure to inventory gains and losses from oil price volatility and resulting in a more stable, lower-risk earnings profile. SPSL also enhances customer retention and non-fuel revenue through value-added services at select outlets, including convenience store space, oil change facilities, and car wash services, further strengthening its long-term growth and profitability.

Robust Earnings Growth Supported by Attractive Valuation

Following GO's acquisition, SPSL has delivered a strong turnaround, with gross profit increasing from PKR 1.57bn in FY23 to PKR 5.52bn in FY25 and net profit rising nearly fivefold from PKR 676mn to PKR 3.25bn, driven by higher fuel volumes, logistics growth and improved operational efficiency. Looking ahead, gross margins are expected to expand from ~3.2% in FY23 to 4.4 – 4.7% by FY27–FY28, supporting net profit of ~PKR 6.21bn by FY27 (35%+ CAGR over FY25–FY27), while net sales are projected to grow from PKR 121.9bn in FY25 to PKR 257bn by FY30 (~17% CAGR) and PAT to PKR 9.63bn (~24% CAGR), with net margins improving from 2.7% in FY25 to 3.7% by FY30. Despite delivering the highest net margin in the peer group at 3.4% (vs. PSO: 1.5% and Attock: 2.8%), SPSL trades at an attractive P/E of 5.9x/5.0x (FY26/27e), below the sector average (8.5x), KSE-100 (7.9x/7.2x) and Attock (7.3x FY27e), highlighting a valuation disconnect. Although its P/B of 1.66x is above peers, this is supported by superior profitability and asset productivity, while its BVPS of PKR 7.78 and share price of PKR 18.5 position SPSL as a high-growth, re-rating opportunity.

Valuation

We have valued SPSL using FCFF-based valuation whereby our Jun'27 target price is set at PKR 24.97/share, which translates into a upside of 35.0% from the last closing of PKR 18.51/share as of 09-Jul-26. Our valuation parameters include a beta of 1, a risk-free rate of 11.5%, and a risk premium of 6.0%, which gives a cost of equity of 17.50%. Currently, the stock is trading at FY26, and FY27 P/E of 5.9x and 5.0x, respectively. Hence, we recommend a '**BUY**' stance on the scrip.

Exhibit: Valuation Snapshot

PKR mn	FY26e	FY27f	FY28f	FY29f	FY30f
PAT	5,244	6,178	7,290	8,489	9,539
Add: Depreciation	425	554	827	1,021	1,027
Capital Expenditure	(4,533)	(6,559)	(893)	(1,484)	(1,377)
▲ in Working Capital	858	(3,763)	227	(52)	(1,802)
Free Cash Flow to Firm	3,932	(2,817)	7,873	8,190	63,280
Discounted Factor		1.00	0.86	0.73	0.62
Discounted Cash Flows	-	(2,817)	6,754	5,986	39,393
PV of Future Cash Flows	49,316				
Cash	710				
Debt	8,071				
Equity Value	**41,955**				
Outstanding shares (mn)	1,680				
Target price per share	**24.97**				

Source (s): AHL Research

Retail Network Expansion to Drive Long-Term Growth

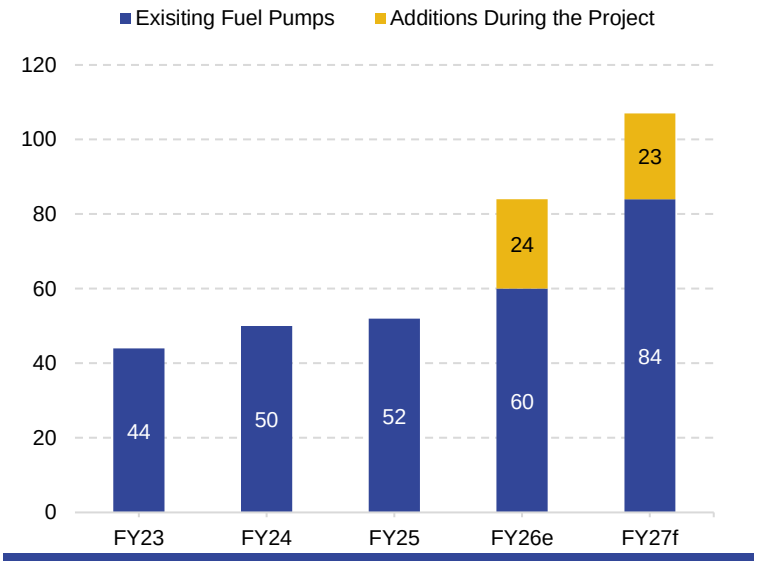
SPSL operates a retail network of 70 fuel stations currently, comprising 60 GO-branded and 10 Aramco-branded outlets, providing fuel retail services across its network. The company's Punjab-centric footprint captures a significant share of provincial fuel demand, particularly from the large agricultural base. Operations are structured across CODO (Company Owned Dealer Operated), DODO (Dealer Owned Dealer Operated), and rental models, supporting operational flexibility and stable cash flows. This established base provides strong market visibility and operational stability, with efficient distribution across key high-demand districts in Punjab.

Following the arrival of GO, gross profit rose significantly from PKR 1.57bn in FY23 to PKR 5.52bn in FY25, driven by higher fuel sales volumes, logistics growth, and improved operational efficiency. This translated into strong earnings growth, with net profit increasing from PKR 676mn in FY23 to PKR 3.25bn in FY25 (a growth of 381%).

Going forward…

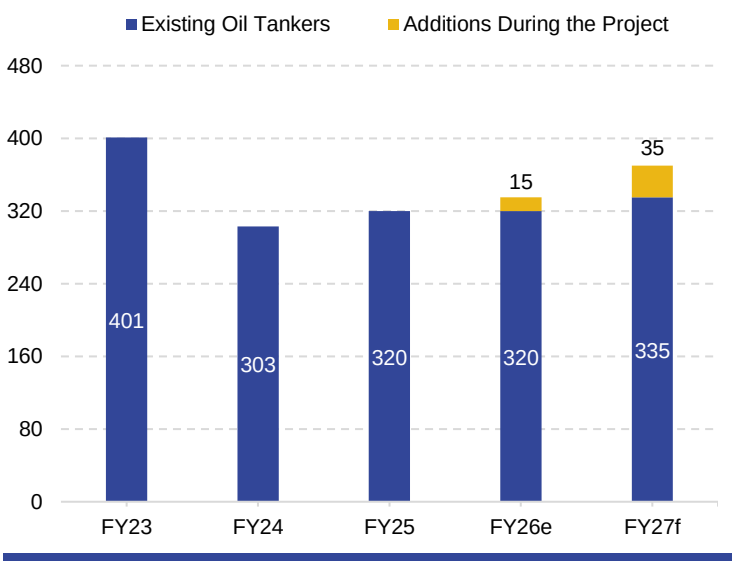
The company plans to expand its retail network beyond Punjab, targeting over 100 fuel stations within the next five years, including 23 new outlets in the current fiscal year and 107 stations by June 2027. This expansion is expected to strengthen its market presence, increase market share, diversify revenue streams, and capitalize on rising fuel demand across urban and semi-urban regions. In addition, SPSL plans to launch its own OMC-branded retail network, which is expected to enhance margins while further strengthening its presence in the fuel retail segment.

Figure: Number of pumps



Source (s): Company Financials, AHL Research

Figure: Oil tanker fleet



Source (s): Company Financials, AHL Research

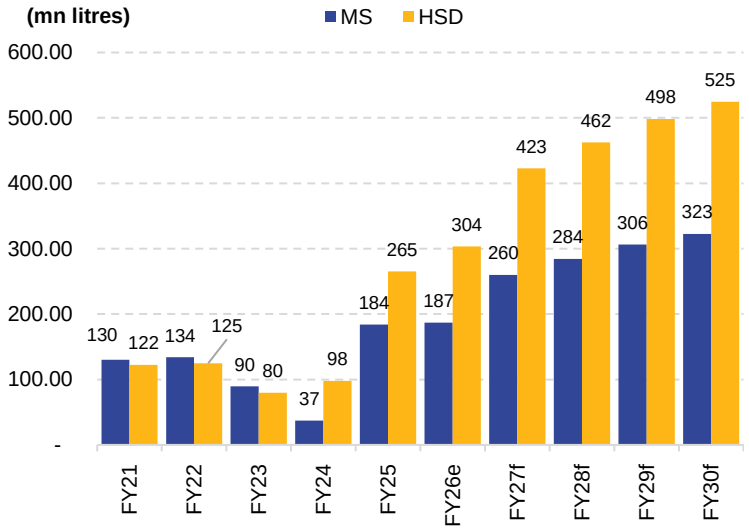
Volumetric assumptions going forward

With the arrival of GO, MS sales volumes increased sharply from 90mn litres in FY23 to 184mn litres in FY25 and we project them to reach 260mn litres by FY27, supported by ongoing retail network expansion. HSD volumes have exhibited even stronger growth, rising from 80mn litres in FY23 to 265mn litres in FY25, with volumes expected to reach 422mn litres by FY27, implying a CAGR of approximately 26%.

The HOBC segment has also emerged as a key contributor, with volumes more than doubling from 0.79mn litres in FY24 to 1.81mn litres in FY25. While FY26 volumes are projected to moderate to 0.98mn litres, we expect a recovery to approximately 1.37mn litres by FY27, supported by continued network expansion and improving demand.

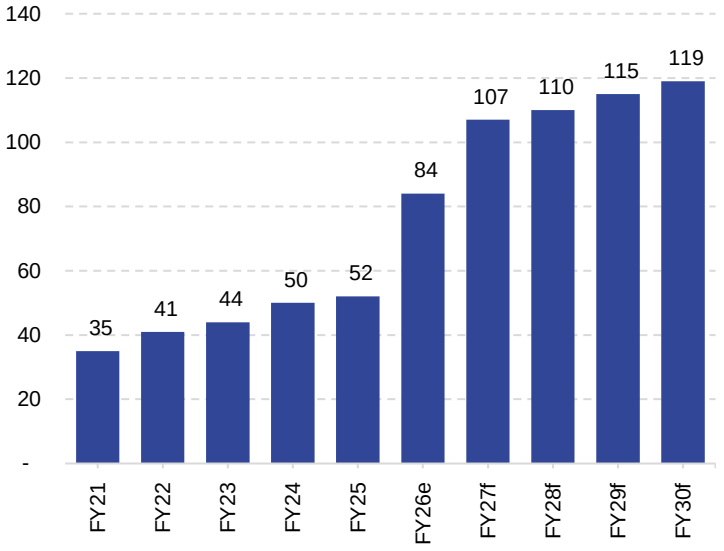
The carriage services business also reflects substantial expansion, increasing from 331mn liters in FY24 to 994mn liters in FY25 and expected to reach 1,180mn liters by FY27. This demonstrates the company's ability to monetize its logistics infrastructure alongside fuel marketing operations.

Figure: MS and HSD dealer sales going forward



Source (s): Company Financials, AHL Research

Figure: Number of pumps going forward



Source (s): Company Financials, AHL Research

Stable Earnings Underpinned by Business Mix

SPSL's business model is underpinned by a diversified and resilient earnings profile. Approximately 40% of total sales are generated from corporate customers, with Daewoo serving as its largest corporate client, providing stable and recurring fuel demand. While the OMC dealership business contributes nearly 95% of total revenue and 85% of profits, the freight and logistics segment accounts for only 5% of revenue but contributes 15% of profits, underscoring its significantly higher margin profile and growing importance to the company's earnings mix. In addition, SPSL benefits from volumetric incentives offered by GO, earning discounts of approximately PKR 5/litre upon achieving prescribed sales targets, which further enhances profitability. As a fuel dealer rather than an OMC, SPSL maintains minimal inventory, resulting in limited exposure to inventory gains or losses from oil price volatility and consequently a more stable, lower-risk earnings profile. The company also continues to strengthen its retail offering through value-added services at select sites, including convenience store space and vehicle maintenance facilities such as oil changes and car washes, supporting customer retention and incremental revenue generation.

Exhibit: SPSL earnings profile



Source (s): AHL Research

Dealership types

Dealer owned dealer operated (DODO)

SPSL earns dealer margins on fuel sales, while GO provides an additional rental yield of approximately 3.5%, creating a stable and recurring income stream. Franchise fees remain minimal at around PKR 0.18/litre, limiting the cost burden on operations. Furthermore, 15 of SPSL's retail outlets operate under the DODO (Dealer-Owned, Dealer-Operated) model, which is management's preferred format due to its higher profitability, greater operational control, and lower capital requirements.

Company owned company operated (COCO)

Under this model, the retail site's building and plant & machinery are owned by GO, with operations governed through a renewable 2–3 year contract. Unlike the DODO model, SPSL does not invest any capital expenditure and does not receive rental income.

However, franchise fees are higher at approximately PKR 0.84/litre. Currently, 7 retail outlets operate under this arrangement, providing an asset-light avenue for network expansion while requiring limited capital commitment from SPSL.

Mixed Finance

Under this model, the building is owned by Sitara, while the plant and machinery are owned by GO. SPSL earns a rental yield of approximately PKR 0.60/ltr, while the franchise fee ranges between PKR 0.18 and PKR 0.84/ltr. Currently, four sites operate under this arrangement.

OMC Financed

Under this model, both the building and the plant and machinery are owned by GO. SPSL does not receive any rental yield under this arrangement. Currently, SPSL operates four outlets under this structure.

Aramco sites

A total of seven sites are Aramco-based and operate on a profit-sharing arrangement. Under the agreement, these sites are fully owned by SPSL and operated by GO, with no individual site being assigned to a dealer. SPSL receives 80% of the dealer margin, while the remaining portion is shared among other parties as per the agreed structure.

Exhibit: Dealership types

Types	Dealer Owned Dealer Operated	Company Owned Dealer Operated	Mixed Financed	OMC Financed	SPSL as an Operator
Building (Owned by)	SPSL	Go	SPSL	Go	Leased By SPSL From Third Party
Plant & Machinery (Owned by)	SPSL	Go	Go	Go	Leased By SPSL From Third Party
Number of Pumps	**15**	**7**	**4**	**4**	**24**

Source(s): AHL Research

Strategic Storage Expansion to Drive Long Term Growth

SPSL plans to develop a 30,000 MT oil storage terminal at Gatti, Faisalabad, creating a strategic platform for future expansion and recurring rental income generation.

The terminal is expected to generate attractive storage rental yields of approximately PKR 0.55–0.90 per litre. While GO is likely to be the primary customer, the facility will also be available to other OMCs, diversifying the revenue stream. The location is strategically positioned near Machike, approximately 0.5 km from the white oil pipeline, ensuring efficient product movement and strong demand potential.

Upon completion of the storage facility, SPSL intends to apply for an OMC license, with commercial operations targeted to commence in FY28.

Key project milestones have already been achieved, including land acquisition and approval of the terminal design from OGRA, reducing execution risk.

The project also strengthens SPSL's eligibility for an OMC license, as OGRA permits one retail outlet for every 50 MT of storage capacity. With 30,000 MT of storage, SPSL could potentially qualify for up to 600 retail outlets, providing a strong foundation for future network expansion.

We have not incorporated any contribution from the OMC segment in our forecasts. However, any potential entry into or contribution from this segment is likely to provide additional upside to SPSL's growth and earnings outlook.

Exhibit: Forecasted Revenue

Segment-Wise Revenue (PKR mn)	FY26e	FY27f	FY28f	FY29f	FY30f
Sales Oil and Diesel	134,677	201,289	217,746	233,583	247,927
Carriage Services Receipts	6,740	7,562	8,099	8,674	9,290
Excess Liters Due to Import of MoGas	-	-	116	262	412
Hospitality Revenue	-	-	212	189	160
Throughput Revenue	-	-	65	58	49

Source(s): AHL Research

Strategic Entry into Pakistan's EV Landscape

SPSL's investment in the electric vehicle (EV) space reflects a strategic move to capture early-stage opportunities in Pakistan's evolving automotive and clean mobility market. Favorable demographics, particularly a growing youth population and rising mobility demand, provide strong long-term growth potential for the country's EV and broader automotive sector.

The investment enables SPSL to establish an early presence in Pakistan's emerging EV ecosystem, potentially securing a competitive advantage as the industry develops. It also aligns with the company's broader strategy to deploy EV charging infrastructure across its existing retail network, gradually transforming conventional fuel stations into integrated multi-energy hubs.

During FY25 and FY26, SPSL cumulatively invested PKR 610mn to acquire a 29.986% stake in Capital Smart Motors ("CSM"), making it an associated company. CSM, a venture of Habib Rafiq Engineering Limited (HRL), is focused on introducing premium EVs and plug-in hybrid electric vehicles in Pakistan, alongside clean energy and engineering-led mobility solutions.

Further strengthening its positioning, CSM has leased an assembling facility from Regal Motors for a five-year period, which previously assembled the Glory 580 Pro in Pakistan. The partnership provides SPSL indirect exposure to global EV platforms, including products from Geely Group and Jiangling Group, supporting its long-term diversification beyond conventional fuels into sustainable mobility solutions.

Brand/ Product Portfolio

Products of Geely Group		Products of Jiangling Group Electric Vehicle		Dongfeng
				
ZEEKR X	RIDDARA	JMEV ELIGHT	JMEV EV3	FORTHING FRIDAY

Source(s): AHL Research

Robust Earnings Growth Supported by Attractive Valuation

GO's acquisition, the company's financial performance improved markedly. Gross profit increased from PKR 1.57bn in FY23 to PKR 5.52bn in FY25, supported by higher fuel sales volumes, growth in logistics and carriage services, and improved operational efficiencies. Consequently, net profit rose nearly fivefold from PKR 676mn in FY23 to PKR 3.25bn in FY25, reflecting the successful execution of operational and commercial initiatives.

Looking ahead, profitability is expected to strengthen further. Gross margins are projected to expand from approximately 3.2% in FY23 to 4.4 – 4.7% by FY27–FY28, driven by an improved business mix and continued efficiency gains. This margin expansion is expected to translate into robust earnings growth, with net profit forecast to reach approximately PKR 6.16bn by FY27, implying a 35%+ CAGR over FY25–FY27. Meanwhile, net margins, which recovered from 0.5% in FY24 to 2.7% in FY25, are expected to stabilize at around 3.4%, reflecting sustained profitability expansion and improving earnings quality.

Revenue growth is also expected to remain strong, with net sales projected to increase from PKR 121.9bn in FY25 to PKR 207.9bn in FY27 and PKR 257bn by FY30, representing a ~17% CAGR, underpinned by higher fuel sales volumes and continued expansion in logistics and carriage services.

As a result, profit after tax (PAT) is forecasted to rise from PKR 3.25bn in FY25 to PKR 9.54bn by FY30, translating into a ~24% CAGR, while net margins are expected to improve further from 2.7% to 3.8%, highlighting the company's ability to deliver sustainable earnings growth alongside continued operational improvements.

SPSL also stands out in profitability with the highest net margin in the peer group at 3.4%, well above PSO (1.0%) and Attock (2.1%) on the basis of upcoming 5 years

Despite this, it trades at a cheap valuation with a P/E of 5.9 x/5.0 x for FY26e/27f, a discount to the sector average (8.5 x) and ~ the KSE index (7.9x /7.2 x for FY26/27e), and cheaper than all peers including Attock (7.3x for FY27), highlighting a clear valuation disconnect versus its stronger margins. On P/B, SPSL sits at 2.38x, above PSO (0.58x) and Attock (0.9x), which appears justified given its superior profitability and asset productivity.

With a relatively low BVPS of PKR 7.78 (as of Mar'26) and price of PKR 18.5, SPSL reflects a smaller, earlier-stage listed company profile, positioning it more as a high-growth, high-upside story rather than a traditional value blue-chip.

Exhibit: Peer Comparison

Company	Gross Profit Margin*	Net Profit Margin*	BVPS (PKR)	MVPS (PKR)**	P/E (x)***	P/B (x)	Market Capitalization (PKR Mn)
Pakistan State Oil	3.4%	1.0%	604.10	350.66	4.84	0.58	177,606
Attock Petroleum Limited	3.6%	2.1%	589.04	553.68	7.25	0.94	69,320
KSE Index					**7.2x**	**1.2x**	
SPSL	**5.1%**	**3.4%**	**7.78**	**18.51**	**5.03**	**2.38**	

Source(s): AHL Research, *Going forward 5 years, **MVPS = Market Value Per Share, *** PE = Based on FY27 earnings

Key risk (s)

- Delays in expanding the retail network or constructing the planned 30,000 MT storage terminal could postpone volume growth and the company's transition to an OMC.
- SPSL's operations are closely tied to GO through fuel supply, volumetric incentives, and franchise arrangements. Any adverse change in commercial terms, strategy, or the relationship with GO could impact earnings.
- Lower-than-expected demand for MS and HSD due to slower economic activity, higher fuel prices, or increased adoption of alternative energy could weigh on sales volumes.
- Delays or changes in OGRA's licensing framework, dealer margins, storage requirements, or OMC regulations could affect the company's long-term expansion plans.
- Cost overruns or delays in the storage terminal and future capex projects could reduce expected returns and increase funding requirements.
- While SPSL has invested in the EV ecosystem, EV adoption in Pakistan could be slower than anticipated, delaying the realization of expected benefits.

About the company

The Company is engaged in the trading, distribution, and retail sale of motor gasoline (MS) and high-speed diesel (HSD) as a dealer of Gas & Oil Pakistan (GO), alongside the provision of carriage and logistics services. Headquartered in Lahore, SPSL currently operates a fleet of 359 lorries (including 39 additions) and 70 fuel stations. Looking ahead, the Company plans to develop an oil storage terminal and subsequently apply for an OMC license, positioning it to expand its operations and strengthen its presence across the fuel value chain.

Key financial highlights

Exhibit: Key financial highlights

PKR mn	FY26f	FY27f	FY28f	FY29f	FY30f
Income Statement Items (PKR mn)					
Revenue	140,538	207,866	225,181	241,636	256,627
Cost of Sales	(132,626)	(198,791)	(214,580)	(229,367)	(242,474)
Gross Profit	7,911	9,074	10,601	12,269	14,153
Other Income	429	782	717	1,174	1,747
Administrative Expenses	(207)	(346)	(310)	(348)	(389)
Other Operating Expenses	(64)	(71)	(78)	(86)	(94)
Financial Charge	(1,209)	(1,088)	(594)	(304)	(327)
Taxation	(1,617)	(2,173)	(3,046)	(4,216)	(5,551)
PBT	6,860	8,352	10,336	12,706	15,089
PAT	5,244	6,178	7,290	8,489	9,539
Balance Sheet Items (PKR mn)					
Paid-up Capital	1,680	1,680	1,680	1,680	1,680
Total Equity	17,836	24,015	30,211	37,003	44,157
Current Liabilities	9,777	12,102	12,595	15,540	20,125
Non-Current Liabilities	2,901	751	435	266	282
Current Assets	19,748	20,097	26,404	35,508	46,914
Non-Current Assets	10,767	16,771	16,837	17,300	17,650
Total Assets	30,515	36,868	43,242	52,808	64,564

	Unit	FY26f	FY27f	FY28f	FY29f	FY30f
Per Share						
Earnings	PKR	3.1	3.7	4.3	5.1	5.7
Book Value	PKR	10.6	14.3	18.0	22.0	26.3
Valuation						
P/E	x	5.9	5.0	4.3	3.7	3.3
P/B	x	1.7	1.3	1.0	0.8	0.7
RoE	%	29.4	29.5	26.9	25.3	23.5
RoA	%	17.2	18.3	18.2	17.7	16.3
Turnover & Activity						
Asset Turnover	x	4.6	6.2	5.6	5.0	4.4
Current Ratio	x	2.0	1.7	2.1	2.3	2.3
Margins						
Gross Margin	%	5.6%	4.4%	4.7%	5.1%	5.5%
Net Profit Margin	%	3.7%	3.0%	3.2%	3.5%	3.7%

Source (s): Company Financials, AHL Research

Disclaimer

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun'27 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Rating	Description
BUY	Upside of subject security(ies) is more than +10% from last closing of market price(s)
HOLD	Upside of subject security(ies) is between -5% and +10% from last closing of market price(s)
SELL	Upside of subject security(ies) is less than -5% from last closing of market price(s)

* Upside for Power Generation Companies is upside plus dividend yield.

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- **Discounted Cash Flow (DCF)**
- **Dividend Discounted Model (DDM)**
- **Sum of the Parts (SoTP)**
- **Justified Price to Book (JPTB)**
- **Reserved Base Valuation (RBV)**

Risks

The following risks may potentially impact our valuations of subject security (ies);

- **Market risk**
- **Interest Rate Risk**
- **Exchange Rate (Currency) Risk**

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.

Disclosure required under Research Analyst Regulations, 2015:

In order to avoid any conflict of interest, we hereby disclosed that;

Arif Habib Limited (AHL) has a shareholding in SPSL.