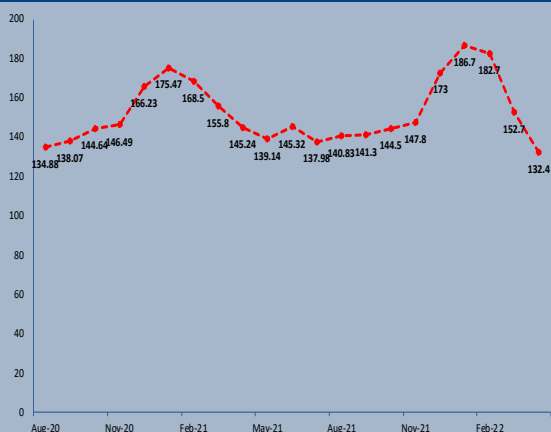


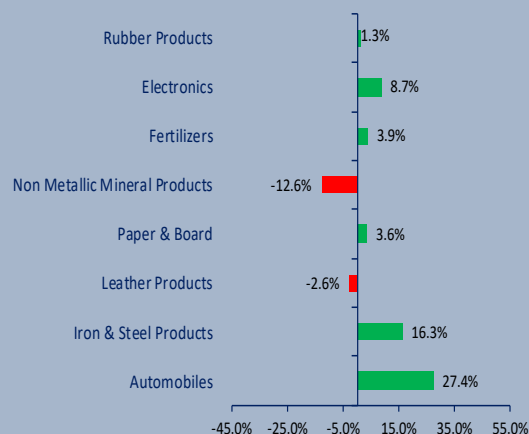
Jun 16, 2022

Monthly Quantum Index of Manufacturing



Source: PBS, WE Research

Top/Worst Performing Sectors in Apr-22



Source: PBS, WE Research

- ◆ Large scale manufacturing (LSM) observed decline in output by 13.3% MoM in Apr'22, whereas on YoY basis the output surged by 15.3%.
- ◆ The sectors that led to decline in monthly output mainly include Wood products (-11.4%), Leather products (-2.6%) and Non-metallic mineral products (-12.6%).
- ◆ While sectors that observed growth in production include automobiles (27.4%), Food & beverages (850%), Pharmaceuticals (35.3%) and iron and steel products (16.3%), Chemicals (10.5%).
- ◆ Cumulatively, LSM output increased 10.7% YoY during 10MFY22 due to improved industrial activity.

LSM output recorded 13.3% MoM decline in Apr'22

As per the latest data released by PBS for Apr'22, large scale manufacturing observed 15.3% YoY growth to arrive at 132.

Sector wise, Iron & steel products recorded 16.3% YoY growth in output as billets manufacturing grew 32.3% YoY whereas flat steel recorded 7.7% YoY growth. Moreover, automobiles production increased by 27.4% YoY as jeeps, cars and buses production grew by 42% YoY, 54% YoY and 14% YoY respectively while trucks production dropped by 35.6% YoY. On the other hand, non-metallic mineral products output declined by 12.6% YoY during the month under review as glass plates & sheets surged by 73.8% YoY while cement continued downward momentum by 4.6%YoY.

On cumulative basis, LSM output during 10MFY22 recorded 10.7% YoY growth. Going forward we expect LSM growth to remain subdued due to economic slowdown and rising interest rate environment.

Large Scale Manufacturing Industries (LSM)

	Apr'22	Apr'21	YoY	Mar'22	MoM	10MFY22	10MFY21	YoY
LSM	132	115	15.3%	153	-13.3%	126	114	10.7%
Sector Wise Growth			YoY Change					
Manufacturing Items	Weight	Apr'22	Apr'21	10MFY22	10MFY21			
Textile	18.20%	7.7%	201.4%	3.7%	15.6%			
Food, Beverages & Tobacco	16.60%	850.0%	4760.0%	2700.0%	4570.0%			
Coke & Petroleum Products	6.70%	1.1%	85.9%	1.1%	17.2%			
Iron & Steel Products	3.40%	16.3%	1373.8%	16.3%	1.3%			
Non Metallic Mineral Products	5.00%	-12.6%	26.4%	-0.3%	19.3%			
Automobiles	3.10%	27.4%	90521.5%	48.2%	30.4%			
Fertilizers	3.90%	3.9%	12.4%	3.4%	6.6%			
Pharmaceuticals	5.20%	35.3%	4.1%	3.2%	9.8%			
Paper & Board	1.60%	3.6%	34.8%	8.2%	2.3%			
Electronics	2.00%	8.7%	185.5%	0.3%	-9.7%			
Chemicals	6.50%	10.5%	29.5%	8.3%	10.8%			
Leather Products	1.20%	-2.6%	110.7%	1.6%	-32.6%			
Wood Products	0.20%	-11.4%	171.9%	134.9%	-41.3%			
Rubber Products	0.20%	1.3%	-14.9%	-18.8%	-13.2%			

Source: PBS, WE Research

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WE Financial Services Ltd. uses three rating categories, depending upon return form current market price, with Target period as December 2018 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

Equity Valuation Methodology

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

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

Risks

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

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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