

Foundation Alert

Result review: APL 4QFY21 EPS at Rs12.62, up by 9.1x YoY

Event

- Attock Petroleum Limited (APL PA) profitability clocked in at Rs1.3bn (EPS Rs12.62) up/down by 811/17% YoY/QoQ. This takes FY21 EPS to Rs49.43, up by 388% YoY.
- The result is accompanied with a cash dividend of Rs24.5/sh that takes full year payout to Rs27.0/sh.

Impact

- Profitability increased by 9.1x YoY during 4QFY21 due to (1) low base effect given lockdown last year and (2) high inventory gain. Volumes increased by 4/11/33% YoY of MS/HSD/FO.
- Gross margins increased to 4.4% (up by 162bps YoY) given high inventory gain.
- Other operating income increased by 53% YoY due to benefit from better handling income price, in our view.
- Net finance income declined by 51% YoY due to lower interest rates.
- Other Operating expense were down by 31% YoY.
- Profit from associates also fell by 33% YoY in 4QFY21 due to loss of ATRL.

Outlook

- We are positive on the stock as it offers attractive dividend yield and clean balance sheet.

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Fig 01: 4QFY19 Earning Review

Rs (mn)	4QFY21	4QFY20	YoY	QoQ	FY21	FY20	YoY
Net Sales	52,947	34,761	52%	16%	188,645	201,079	-6%
COGS	50,632	33,806	50%	18%	178,663	197,441	-10%
Gross Profit	2,315	955	142%	-20%	9,982	3,638	174%
Other Operating Income	317	207	53%	-23%	1,261	899	40%
Operating Expense	811	1,182	-31%	-17%	3,743	3,453	8%
Operating Profit	1,820	(20)	-9217%	-22%	7,500	1,084	592%
Finance Income	344	547	-37%	15%	1,334	2,232	-40%
Finance cost	304	466	-35%	-6%	1,419	1,597	-11%
Net Finance Income/(Cost)	39	80	-51%	N/A	(85)	635	-113%
Share of Profit/(loss) from Associates	56	83	-33%	N/A	34	(97)	N/A
Other charges	128	(110)	-216%	-20%	509	118	331%
Profit before Tax	1,788	254	604%	-17%	6,939	1,503	362%
Provision for Taxation	532	116	359%	-17%	2,019	495	308%
Net Profit	1,256	138	811%	-17%	4,920	1,008	388%
EPS - Diluted	12.62	1.38			49.43	10.13	
DPS	24.50	4.00			27.00	9.00	
Gross margins	4.37%	2.75%			5.29%	1.81%	
Net margins	2.37%	0.40%			2.61%	0.50%	
Effective tax rate	29.77%	45.69%			29.10%	32.92%	

Source: PSX, Company Accounts, Foundation Research, August 2021

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Recommendations definitions

If	
Expected return >+10%	Outperform.
Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.