

Earning Review

APL: 2QFY22 EPS at Rs42.4; DPS Rs15/sh

Event

- Attock Petroleum Limited (APL PA) profitability clocked in at Rs4.2bn (EPS Rs42.4) up by 539/77% YoY/QoQ.

Impact

- Profitability increased by 539% YoY during 2QFY22 attributable to inventory gains as domestic oil prices of MS/HSD/FO increased by ~25/26/23% on sequential basis.
- Company volumes of MS and HSD increased by 15% YoY and 38% YoY, respectively. However, Furnace oil sales decreased by 31% YoY during 2QFY22.
- Gross margins increased by 586bps YoY to 9.7% given higher inventory gain.
- Other operating income increased by 50% YoY due to increase in cash and short term position and impairment reversal on financial assets.
- Net finance income turned positive to a mere Rs3mn in 2QFY22 versus Net Finance cost of Rs68mn in 2QFY21.

Outlook

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

Fig 1: 2QFY22 Earning Review

Rs (mn)	2QFY22	2QFY21	YoY	QoQ	1HFY22	1HFY21	YoY
Net Sales	81,439	44,855	82%	12%	154,277	89,970	71%
COGS	73,580	43,155	71%	8%	141,724	85,210	66%
Gross Profit	7,859	1,700	362%	67%	12,553	4,760	164%
Other Operating Income	486	324	50%	-24%	1,126	454	148%
Operating Expense	1,734	934	86%	4%	3,403	1,798	89%
Operating Profit	6,610	1,090	506%	80%	10,276	3,417	201%
Finance Income	404	306	32%	46%	680	692	-2%
Finance cost	400	375	7%	18%	739	791	-7%
Net Finance Income/(Cost)	3	(68)	-105%	-106%	(59)	(99)	-41%
Share of Profit from Associates	(165)	(20)	739%	-765%	(140)	(25)	459%
Other charges	454	140	224%	84%	702	298	136%
Profit before Tax	5,994	862	595%	77%	9,375	2,995	213%
Provision for Taxation	1,773	201	781%	79%	2,766	848	226%
Net Profit	4,221	661	539%	77%	6,609	2,146	208%
EPS@99.53mn shares	42.41	6.64			66.40	21.56	
DPS	15.0	2.5			15.0	2.5	
Gross margins	9.65%	3.79%			8.14%	5.29%	
Net margins	5.18%	1.47%			4.28%	2.39%	
Effective tax rate	29.58%	23.34%			29.50%	28.33%	

Source: PSX, Company Accounts, Foundation Research, February 2022

Analyst

Research
+92 21 3561 2290-94

research@fs.com.pk
Ext 331

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