

Earning Review

APL: 3QFY22 EPS at Rs46.6

Event

- Attock Petroleum Limited (APL PA) profitability clocked in at Rs4.6bn (EPS Rs46.6) up by 206/10% YoY/QoQ. This takes 9MFY22 profitability to Rs11.3bn (EPS Rs113, up 207% YoY).

Impact

- Profitability increased by 206% YoY during 3QFY22 attributable to (1) higher volumes as MS/HSD/FO sales increased by 15/43/18% YoY during 2QFY22 and (2) inventory gains as domestic oil prices of MS/HSD/FO increased by ~11/7/2% on sequential basis.
- Gross margins increased by 349bps YoY to 9.84% given higher inventory gain.
- Operating expenses increased by 124% YoY due to increase in transportation cost, in our view.
- Other charges increased by 104% YoY in 3QFY22. We await clarity from the management on this front.

Outlook

- We have an outperform stance on the script due to sustainable earnings growth (given higher margins and increased investment in supply chain and retail network), higher payout and strong balance sheet.

Fig 1: 3QFY22 Earning Review

| Rs (mn) | 3QFY22 | 3QFY21 | YoY | QoQ | 9MFY22 | 9MFY21 | YoY |
|---------------------------------|--------------|--------------|-------------|------------|---------------|--------------|-------------|
| Net Sales | 86,760 | 45,728 | 90% | 7% | 241,036 | 135,699 | 78% |
| COGS | 78,219 | 42,821 | 83% | 6% | 219,943 | 128,032 | 72% |
| Gross Profit | 8,541 | 2,907 | 194% | 9% | 21,093 | 7,667 | 175% |
| Other Operating Income | 377 | 409 | -8% | -22% | 1,219 | 944 | 29% |
| Operating Expense | 2,014 | 900 | 124% | 16% | 5,133 | 2,778 | 85% |
| Operating Profit | 6,903 | 2,416 | 186% | 4% | 17,179 | 5,833 | 195% |
| Finance Income | 469 | 298 | 57% | 16% | 1,149 | 990 | 16% |
| Finance cost | 334 | 324 | 3% | -17% | 1,073 | 1,114 | -4% |
| Net Finance Income/(Cost) | 135 | (25) | n/a | n/a | 76 | (125) | n/a |
| Share of Profit from Associates | (26) | 3 | n/a | n/a | (166) | (23) | 638% |
| Other charges | 483 | 237 | 104% | 6% | 1,185 | 534 | 122% |
| Profit before Tax | 6,530 | 2,157 | 203% | 9% | 15,904 | 5,151 | 209% |
| Provision for Taxation | 1,892 | 639 | 196% | 7% | 4,657 | 1,487 | 213% |
| Net Profit | 4,638 | 1,518 | 206% | 10% | 11,247 | 3,664 | 207% |
| EPS@99.53mn shares | 46.60 | 15.25 | | | 113.00 | 36.81 | |
| DPS | - | - | | | 15.0 | 2.5 | |
| Gross margins | 9.84% | 6.36% | | | 8.75% | 5.65% | |
| Net margins | 5.35% | 3.32% | | | 4.67% | 2.70% | |
| Effective tax rate | 28.97% | 29.62% | | | 29.28% | 28.87% | |

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

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Recommendations definitions

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