

Earning Review

APL: 1QFY23 EPS at Rs34.48, up 80% YoY

Event

- Attock Petroleum Limited (APL PA) profitability during 1QFY23 clocked in at Rs4.3bn (EPS Rs34.48), up/down by 80/41% YoY/QoQ, compared to profit of Rs2.4bn (EPS Rs19.20) in 1QFY22.

Impact

- Profitability increased by 80% YoY during 1QFY23 attributable to (1) 24/31% YoY higher OMC margins on MS/HSD and (2) inventory gains as domestic oil prices of MS/HSD increased by ~35/40% on sequential basis despite lower volumes of MS/HSD/FO, down by 14/18/40% YoY.
- Gross margins increased by 1.6ppts YoY to 8.1% given higher inventory gains.
- Operating expenses increased by 2.7x YoY due to exchange losses, in our view.
- Net finance income increased to Rs248mn in 1QFY23 compared to Net finance cost of Rs62mn in 1QFY22 given higher interest rates.
- Other charges increased by 1.9x YoY to Rs471mn in 1QFY23 given higher WPPF/WWF amid elevated profitability.

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: 1QFY23 Earning Review

Rs (mn)	1QFY23	1QFY22	YoY	QoQ
Net Sales	123,931	72,838	70%	-4%
COGS	113,941	68,144	67%	4%
Gross Profit	9,991	4,694	113%	-50%
Other Operating Income	357	356	0%	-12%
Operating Expense	3,733	1,384	170%	-21%
Operating Profit	6,615	3,666	80%	-58%
Finance Income	734	276	166%	60%
Finance cost	487	339	44%	-5%
Net Finance Income/(Cost)	248	(62)	na	na
Share of Profit from Associates	60	25	142%	-75%
Other charges	471	247	90%	-56%
Profit before Tax	6,451	3,381	91%	-56%
Provision for Taxation	2,162	993	118%	-71%
Net Profit	4,290	2,388	80%	-41%
EPS@124.416mn shares	34.48	19.20		
DPS	-	-		
Gross margins	8.1%	6.4%		
Net margins	3.5%	3.3%		
Effective tax rate	33.5%	29.4%		

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

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Recommendations definitions

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