

Earning Review

APL: 2QFY23 EPS clocked in at Rs10.03, DPS Rs12.5

Event

- Attock Petroleum Limited (APL PA) profitability during 2QFY23 clocked in at Rs1.3bn (EPS Rs10.03), down by 70/71% YoY/QoQ, compared to profit of Rs4.2bn (EPS Rs33.92) in 2QFY22. This cumulates into 1HFY23 profitability of Rs5.5bn (EPS Rs44.51), down 16% YoY.
- The result is accompanied with cash payout of Rs12.5/sh.

Impact

- Profitability decreased by 70% YoY during 2QFY23 due to (1) lower volumes of MS/HSD/FO and (2) inventory losses.
- APL MS/HSD/FO sales decreased by 10/27/13% YoY as demand declined amid higher prices and economic slowdown.
- Gross margins decreased by 7.93ppts YoY to 1.7% given inventory losses compared to inventory gains in 2QFY22.
- Other charges decreased by 73% YoY to Rs121mn in 2QFY23 given lower WPPF/WWF amid decrease in profitability.

Outlook

- We have an outperform stance on the scrip with Dec'23 TP of Rs371 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: 2QFY23 Earning Review

Rs (mn)	2QFY23	2QFY22	YoY	QoQ	1HFY23	1HFY22	YoY
Net Sales	113,846	81,439	40%	-8%	237,778	154,277	54%
COGS	111,892	73,580	52%	-2%	225,833	141,724	59%
Gross Profit	1,954	7,859	-75%	-80%	11,945	12,553	-5%
Other Operating Income	429	486	-12%	20%	786	842	-7%
Operating Expense	1,441	1,734	-17%	-61%	5,174	3,119	66%
Operating Profit	943	6,610	-86%	-86%	7,557	10,276	-26%
Net Finance Income/(Cost)	827	3	23882%	234%	1,074	(59)	-1924%
Share of Profit from Associates	130	(165)	-179%	117%	191	(140)	-236%
Other charges	121	454	-73%	-74%	592	702	-16%
Profit before Tax	1,778	5,994	-70%	-72%	8,230	9,375	-12%
Provision for Taxation	530	1,773	-70%	-75%	2,692	2,766	-3%
Net Profit	1,249	4,221	-70%	-71%	5,538	6,609	-16%
EPS@124.416mn shares	10.03	33.92			44.51	53.12	
DPS	12.5	15.0			12.5	15.0	
Gross margins	1.72%	9.65%			5.02%	8.14%	
Net margins	1.10%	5.18%			2.33%	4.28%	
Effective tax rate	29.80%	29.58%			32.71%	29.50%	

Source: PSX, Company Accounts, Foundation Research, Feb 2023

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Recommendations definitions

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