

Flash Note

Wednesday, 16 October 2019

Oil & Gas - Marketing Companies

Attock Petroleum Limited (APL)

Earnings down by 21%YoY to PKR 12.31/share during 1QFY20 on account of likely inventory gains amid lower sales

- Attock Petroleum Limited (APL) announced financial results for 1QFY20 with earnings clocking in at PKR 1.23bn (EPS: PKR 12.31) down by 21%YoY compared to PKR 1.55bn (EPS: PKR 15.55) in the same period last year. On a sequential basis, earnings are down by 22%QoQ during 1QFY20.
- We attribute this decline in earnings during 1QFY20 to higher effective tax rate and drop of 12%YoY in total volumes led by 16%/10%/8%YoY drop in HSD/FO/MS sales despite higher inventory gains in our view.
- Net Revenue increased by +2%YoY to PKR 59.21bn, likely on the back of increase in domestic MS, HSD and FO prices due to surge in international oil prices and PKR depreciation.
- Gross profit dropped by 18%YoY to PKR 2.10bn during 1QFY20 as against PKR 2.56bn in similar period last year likely on the back of drop in total volumes and stagnant margins on MS and HSD which were supposed to be increased on 1stJul-2019.
- Operating costs declined by 19%YoY to PKR 0.56bn during 1QFY20 as against PKR 0.69bn in similar period last year.
- The Company also booked impairment loss on financial asset on account of changes in IFRS 9 to the tune of PKR 74mn for 1QFY20 compared to PKR 71bn during 4QFY19.
- Effective tax rate remained flat at 30.2% during 1QFY20 compared to 27.2% (4QFY19: 33.0%) reported in the corresponding period last year.

Exhibit:

APL Financial Highlights

PKRmn	1QFY20	1QFY19	YoY	4QFY19	QoQ
Net Sales	59,208	57,806	2%	58,606	1%
Gross Profit	2,100	2,562	-18%	3,332	-37%
Selling & Distribution Expense	558	689	-19%	1,149	-51%
Net Impairment on Financial Asset	74	-	n/m	71	4%
Other Income	293	229	28%	436	-33%
EBIT	1,762	2,102	-16%	2,548	-31%
Finance Cost	226	134	68%	92	145%
Profit Before Taxation	1,755	2,125	-17%	2,348	-25%
Taxation	529	577	-8%	775	-32%
Profit After Taxation	1,225	1,548	-21%	1,573	-22%
EPS (PKR)	12.31	15.55		15.80	
DPS (PKR)	-	-		15.00	

Source: IGI Research, Company Financials

No of Shares: 99.53mn

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