

Flash Note

Wednesday, 27 January 2021

Oil & Gas - Marketing Companies

Attock Petroleum Limited (APL)

Lack of inventory losses lift 2QFY21 EPS by +86%/y to PKR 6.64; DPS PKR 2.5

- Attock Petroleum Limited (APL) announced financial results for 2QFY21 with earnings of PKR 0.66bn (EPS: PKR 6.64), up by +86% YoY, compared to earnings of PKR 0.36bn (EPS: PKR 3.57) in the same period last year. On a sequential basis earnings are down substantially by 56%q/q. This brings total profitability to PKR 2.15bn (EPS PKR 21.56) up by +36%/y.
- The Company announced cash dividend of PKR 2.5/share along with the result, leading to a fall in payout ratio to 12% in 1HFY21 from 31% in the same period last year.
- We attribute this growth in earnings during 2QFY21 to likely hefty inventory losses booked in 1QFY21 despite decline in total volumes.
- Net Revenue** dropped by 21%/y to PKR 44.86bn during 2QFY21, likely on the back of drop in domestic MS and HSD prices and overall 3%/y decline in total sales.
- Gross profit** clocked in at PKR 1.7bn during 2QFY21 as against gross profit of PKR 0.93bn in similar period last year likely on the absence of hefty inventory losses and higher margins as FO volumes are up by 42%/y despite overall 3%/y decline in total volumes. However on quarterly basis, earnings dropped due to hefty inventory gains realized in 1QFY21 as oil prices recovered steeply post downfall in 4QFY20.
- Operating expense** augmented by +29%/y to PKR 0.93bn during 2QFY21 as against PKR 0.72bn 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 75mn for 2QFY21 compared to PKR 51mn during 2QFY20 (1QFY21: PKR 81mn).
- Effective tax rate** stood at 23.3% during 2QFY21 as against 30.9% (1QFY21: 30.3%) booked in the same period last year bringing total effective tax rate for 1HFY21 to 28.3% against 30.3% in the same period last year.

Exhibit: POL Financial Highlights

PKRmn	2QFY21	2QFY20	y/y	1QFY21	q/q	1HFY21	1HFY20	y/y
Net Sales	44,855	57,048	-21%	45,115	-1%	89,970	116,256	-23%
Gross Profit	1,700	927	83%	3,060	-44%	4,760	3,027	57%
Operating Expense	934	724	29%	864	8%	1,798	1,281	40%
Other Charges	65	78	-17%	158	-59%	223	177	25%
Other Op. Income	324	276	17%	211	53%	535	569	-6%
EBIT	1,015	428	137%	2,327	-56%	3,342	2,190	53%
Finance (Cost)/Income	(68)	169	n.m.	(31)	n.m.	(99)	395	n.m.
Profit Before Taxation	862	515	67%	2,133	-60%	2,995	2,269	32%
Taxation	201	159	26%	647	-69%	848	689	23%
Profit After Taxation	661	355	86%	1,485	-56%	2,146	1,581	36%
EPS (PKR)	6.64	3.57		14.92		21.56	15.88	
DPS (PKR)	2.50	5.00		-		2.50	5.00	

Source: IGI Research, Company Financials

No of Shares: 99.53mn

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