

# Flash Note

Wednesday, 22 January 2020

## Oil & Gas - Marketing Companies

### Attock Petroleum Limited (APL)

#### Earnings down by 36%YoY to PKR 3.57/share during 2QFY20 on account of likely inventory losses and drop in total volumes

- ✓ Attock Petroleum Limited (APL) announced financial results for 2QFY20 with earnings clocking in at PKR 0.36bn (EPS: PKR 3.57) down by 36%YoY compared to PKR 0.56bn (EPS: PKR 5.58) in the same period last year. On a sequential basis, earnings are down by 71%QoQ during 2QFY20. This brings total profitability for 1HFY20 to PKR 1.58bn (EPS PKR 15.88) down by 25%YoY compared to PKR 2.10bn (EPS PKR 21.13) in the similar period last year.
- ✓ The Company announced cash dividend of PKR 5/share along with the result.
- ✓ We attribute this decline in earnings during 2QFY20 to likely inventory loss and 3%YoY decline in total volumes led by 14%YoY drop in HSD sales.
- ✓ Net Revenue declined by 1%YoY to PKR 57.05bn, likely on the back of drop in total volumes and substantial decline in FO prices despite increase in domestic MS and HSD prices due to PKR depreciation.
- ✓ Gross profit dropped by 36%YoY to PKR 0.93bn during 2QFY20 as against PKR 1.45bn in similar period last year likely on the back of drop in total volumes and higher inventory losses.
- ✓ Selling & distribution expense declined by 24%YoY to PKR 0.72bn during 2QFY20 as against PKR 0.96bn 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 51mn for 2QFY20 compared to PKR 74bn during 1QFY20.
- ✓ Effective tax rate remained flat at 30.9% during 2QFY20 compared to 34.9% (1QFY20: 30.2%) reported in the corresponding period last year, bringing total effective tax rate for 1HFY20 to 30.3% compared to 29.4% in the same period last year.

#### Exhibit: APL Financial Highlights

PKRmn	2QFY20	2QFY19	YoY	1HFY20	1HFY19	YoY
Net Sales	57,048	57,721	-1%	116,256	115,372	1%
Gross Profit	927	1,446	-36%	3,027	4,008	-24%
S&D Expense	724	955	-24%	1,281	1,645	-22%
Other Charges	78	44	79%	177	157	13%
Other Op. Income	276	242	14%	569	471	21%
EBIT	428	732	-42%	2,190	2,834	-23%
Finance Cost	169	154	10%	395	288	37%
Profit Before Taxation	515	854	-40%	2,269	2,979	-24%
Taxation	159	298	-47%	689	875	-21%
Profit After Taxation	355	556	-36%	1,581	2,103	-25%
<b>EPS (PKR)</b>	<b>3.57</b>	<b>5.58</b>		<b>15.88</b>	<b>21.13</b>	
DPS (PKR)	5.00	10.00		5.00	10.00	

Source: IGI Research, Company Financials

No of Shares: 99.53mn

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