

Flash Note

Tuesday, 22 January 2019

Oil & Gas - Marketing Companies

Attock Petroleum Limited (APL)

EPS drags down by 62%YoY to PKR 5.58 during 2QFY19 backed by likely inventory losses and lower volumes

- Attock Petroleum Limited (APL) announced financial results for 2QFY19 with earnings clocking in at PKR 0.56bn (EPS: PKR 5.58) down by 62%YoY compared to PKR 1.48bn (EPS: PKR 14.87) in the same period last year. This brings total profitability for 1HFY19 to PKR 2.10bn (EPS: PKR 21.13) down by 25%YoY. On a quarterly basis, earnings are up down by 64%QoQ during 2QFY19.
- We attribute this decline in earnings during 2QFY19 to likely inventory losses of PKR 300-400mn primarily on HSD, 46%YoY drop in FO sales and higher effective tax of 35%.
- Net Revenues increased by +53%YoY to PKR 57.72bn, 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 declined by 40%YoY to PKR 1.45bn during 2QFY19 as against PKR 2.43bn in similar period last year likely owing to inventory losses, despite increase in MS and HSD margins.
- Operating costs leaped up by +42%YoY to PKR 955mn during 2QFY19 compared to PKR 674mn in the corresponding period last year.
- Effective tax rate stood at 35% during 2QFY19 compared to 28% reported in the corresponding period last year bringing total effective tax rate for 1HFY19 to 29% as against 28% in the same period last year.

Exhibit:

APL Financial Highlights

| PKRmn | 2QFY19 | 2QFY18 | YoY | 1HFY19 | 1HFY18 | YoY |
|------------------------|-------------|--------------|------|--------------|--------------|------|
| Net Sales | 57,721 | 37,814 | 53% | 115,527 | 76,345 | 51% |
| Gross Profit | 1,446 | 2,428 | -40% | 4,008 | 4,399 | -9% |
| Operating Expense | 955 | 674 | 42% | 1,645 | 1,216 | 35% |
| Other Charges | 44 | 107 | -59% | 157 | 201 | -22% |
| Other Op. Income | 242 | 208 | 16% | 471 | 414 | 14% |
| EBIT | 732 | 1,962 | -63% | 2,834 | 3,596 | -21% |
| Finance Cost | 154 | 173 | -11% | 288 | 396 | -27% |
| Profit Before Taxation | 854 | 2,062 | -59% | 2,979 | 3,892 | -23% |
| Taxation | 298 | 582 | -49% | 875 | 1,082 | -19% |
| Profit After Taxation | 556 | 1,480 | -62% | 2,103 | 2,810 | -25% |
| EPS (PKR) | 5.58 | 14.87 | | 21.13 | 28.24 | |
| DPS (PKR) | 10.00 | 15.00 | | 10.00 | 15.00 | |

Source: IGI Research, Company Financials

No of Shares: 99.53mn

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