

# Flash Note

Monday, 26 April 2021

Oil & Gas - Marketing Companies

## Attock Petroleum Limited (APL)

### Inventory gains and higher FO/Asphalt margins lift 3QFY21 EPS to PKR 15.25 despite lower volumes

- Attock Petroleum Limited (APL) announced financial results for 3QFY21 with earnings of PKR 1.52bn (EPS: PKR 15.25) compared to loss of PKR 0.71bn (LPS: PKR 7.14) in the same period last year. On a sequential basis earnings are up substantially by +2.3xq/q. This brings total profitability for 9MFY21 to PKR 3.66bn (EPS PKR 36.81) up by +4.2xy/y.
- We attribute this growth in earnings during 3QFY21 to likely hefty inventory gains booked in 3QFY21 despite decline in total volumes.
- Net Revenue** dropped by 9% y/y to PKR 45.73bn during 3QFY21, likely on the back of drop in domestic MS and HSD prices and overall 3% y/y decline in total sales.
- Gross profit** clocked in at PKR 2.91bn during 3QFY21 as against gross loss of PKR 0.35bn in similar period last year likely on the absence of hefty inventory losses and higher margins for FO and Asphalt in our view. However on quarterly basis, earnings are up due to inventory gains realized during the quarter.
- Operating expense** declined by 2% y/y to PKR 0.90bn during 3QFY21 as against PKR 0.92bn 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 78mn for 3QFY21 compared to PKR 72mn during 2QFY20 (2QFY21: PKR 75mn).
- Effective tax rate** stood at 29.6% during 3QFY21 as against 30.4% (2QFY21: 23.3%) booked in the same period last year bringing total effective tax rate for 9MFY21 to 28.9% against 30.3% in the same period last year.

#### Exhibit: APL Financial Highlights

PKRmn	3QFY21	3QFY20	YoY	2QFY21	QoQ	9MFY21	9MFY20	YoY
Net Sales	45,728	50,062	-9%	44,855	2%	135,699	166,318	-18%
Gross Profit	2,907	(345)	n/m	1,700	71%	7,667	2,683	186%
S&D Expense	900	915	-2%	934	-4%	2,697	2,197	23%
Other Charges	159	(72)	n/m	65	144%	381	105	262%
Net impairment losses on financial assets	78	72	9%	75	4%	156	125	25%
Other Income	409	122	235%	324	26%	944	691	36%
EBIT	2,338	(1,209)	n/m	1,015	130%	5,680	981	479%
Finance Cost	(25)	159	n/m	(68)	n/m	(125)	554	n/m
PBT	2,157	(1,020)	n/m	862	150%	5,151	1,249	312%
Taxation	639	(310)	n/m	201	217%	1,487	379	293%
PAT	1,518	(710)	n/m	661	130%	3,664	870	321%
<b>EPS (PKR)</b>	<b>15.25</b>	<b>(7.14)</b>		<b>6.64</b>		<b>36.81</b>	<b>8.75</b>	
DPS (PKR)	-	-		2.50		2.50	5.00	

Source: IGI Research, Company Financials No of Shares: 99.53mn

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