

FY22 EPS clocks in at PKR 186.2, up 277% YoY; DPS at PKR 30; Bonus 25%

- APL's announced its FY22 financial results today, where the company posted an EPS of PKR 186.2, up 277% YoY primarily driven by higher product prices, volumetric sales and hefty inventory gains. Along with the result, APL announced a final cash dividend of PKR 30/share, taking the cumulative payout to PKR 45/share during FY22. Moreover, company has also announced 25% bonus shares.
- Net sales grew by 96% YoY to PKR 370.1bn owing to higher product prices and volumetric sales. APL's HSD sales grew by 34% YoY, whereas MS sales went up by 20% YoY during the year. The company also managed to regain its market share in MS (up 0.8%) and HSD (up 1.4%).
- Company's gross margin clocked in at 11.1% during FY22, compared to 5.3% in SPLY owing to hefty inventory gains booked during the year.
- Operating expenses increased by 146% to PKR 10.2bn due to increase in topline. Similarly, finance cost went up by 12% to PKR 1.6bn owing to higher interest rates during FY22.
- APL's effective tax rate during FY22 remained 39.4%, compared to 29.1% in FY21. Significant increase in tax expense is due to 10% super tax imposed on FY22 earnings.
- On quarterly basis, APL's earnings grew by 476% YoY to PKR 72.7/share, owing to higher product prices, increased volumetric sales and inventory gains. However, higher effective tax rate at 50.6% (due to super tax) restricted the EPS growth in 4Q.
- We have a 'BUY, stance on APL. Our Dec-22 PT of PKR 413/share provides an upside of 10% along with a dividend yield of 12%.

Key Data

PSX Ticker	APL
Target Price (PKR)	413
Current Price (PKR)	377
Upside/(Downside) (%)	+ 10%
Dividend Yield (%)	12%
Total Return (%)	+ 22%
12-month High (PKR)	399
12-month Low (PKR)	285
Outstanding Shares (mn)	99.53
Market Cap (PKR mn)	37,508
Year End	June

Source: Company Accounts, Akseer Research

Financial Highlights (PKR mn)

	4QFY21	4QFY22	YoY	FY21	FY22	YoY
Net Sales	52,947	129,039	144%	188,645	370,075	96%
Cost of Sales	50,632	109,129	116%	178,663	329,072	84%
Gross Profit	2,315	19,910	760%	9,982	41,003	311%
Operating Expense	1,454	4,797	230%	4,152	10,215	146%
Other Income	317	421	33%	1,261	1,623	29%
Financial Income	344	459	33%	1,334	1,608	21%
Finance cost	304	514	69%	1,419	1,587	12%
Profit before tax	1,788	14,654	720%	6,939	30,610	341%
Taxation	532	7,416	1293%	2,019	12,073	498%
Net Income	1,256	7,238	476%	4,920	18,536	277%
EPS	12.6	72.7	476%	49.4	186.2	277%
DPS	24.5	30.0		27.0	45.0	

Source: Company Accounts, Akseer Research

Key Financial Ratios

	FY19A	FY20A	FY21A	FY22A	FY23E	FY24F
EPS	39.8	10.1	49.4	186.2	75.3	72.7
EPS Growth	-30%	-75%	387.9%	276.8%	-59.6%	-3.5%
DPS	20.0	9.0	27.0	45.0	41.0	40.0
PER	9.5	NA	7.6	2.0	5.0	5.2
Dividend Yield	5.3%	2.4%	7.2%	11.9%	10.9%	10.6%
EV/EBITDA	3.0	5.2	1.9	0.3	0.3	0.2
P/B	2.0	2.0	1.7	1.0	0.9	0.9
ROE	21.2%	5.4%	23.9%	62.3%	19.5%	17.3%

Source: Company Accounts, Akseer Research

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Valuation Basis

Our PT for Attock Petroleum Limited (APL) has been computed using Free cash flow to equity (FCFE) method. We have used a risk free rate of 13.0%, beta of 1.0 & market risk premium of 6% to arrive at cost of equity of 19.0%.

Investment Thesis

We have a 'BUY' stance on the script with our Dec-22 PT of PKR 413/share. Our price target indicates an upside of 10% along with a dividend yield of 12%. Our investment case on APL is based on 1) Improving market share on back of growing storage and retail network, and 2) Cash rich balance sheet & 3) Group synergies to augment earnings.

Risks

Key downside risks to our investments thesis are: 1) sharp decrease in oil prices, 2) significant loss of market share to other industry players & 3) Decline in OMC volumes due to economic slowdown.

Company Description

Attock Petroleum Limited (APL) was incorporated in 1995. It procures, stores, and markets petroleum and related products in Pakistan including high-speed diesel, premier motor gasoline, jet fuels, etc. APL markets and supplies fuels to retail outlets, industries, armed forces, power producers, government/semi-government entities, developmental sector and agricultural customers.

Financial Highlights - APL

Income Statement (PKR mn)						
	FY19A	FY20A	FY21A	FY22A	FY23E	FY24F
Net Sales	223,054	201,079	188,645	370,075	338,893	310,897
Cost of Sales	214,833	197,441	178,663	329,072	324,344	296,395
Gross Profit	8,221	3,638	9,982	41,003	14,549	14,503
SG & A	3,590	3,079	4,152	10,215	4,567	4,795
Operating Profit	4,560	185	6,239	31,137	10,313	10,022
Other Income Net	835	781	752	(627)	863	926
Financial Income	1,399	2,232	1,334	1,608	1,734	1,696
Finance Cost	849	1,597	1,419	1,587	1,780	1,907
Profit Before Tax	5,723	1,503	6,939	30,610	11,165	10,774
Taxation	1,762	495	2,019	12,073	3,673	3,543
Profit After Tax	3,961	1,008	4,920	18,536	7,492	7,231

Source: Company Accounts, Akseer Research

Balance sheet (PKR mn)						
	FY19A	FY20A	FY21A	FY22E	FY23F	FY24F
PPE	8,349	13,840	16,617	20,235	22,566	24,749
Other LT assets	904	1,873	1,070	1,112	1,156	1,203
Non-Current Assets	9,253	15,712	17,687	21,347	23,723	25,952
Current assets	37,103	35,526	44,211	66,451	66,674	64,045
Total Assets	46,356	51,238	61,898	87,797	90,396	89,997
Non-Current liabilities	793	4,884	7,381	7,407	7,433	7,460
Current liabilities	26,683	27,909	31,795	43,612	42,773	39,097
Total Liabilities	27,476	32,792	39,177	51,019	50,206	46,557
Equity	18,927	18,446	22,721	36,778	40,190	43,440
Total Equity & liabilities	46,403	51,238	61,898	87,797	90,396	89,997

Source: Company Accounts, Akseer Research

Cashflow statement (PKR mn)						
	FY19A	FY20A	FY21A	FY22E	FY23F	FY24F
Net Income	3,961	1,008	4,920	18,536	7,492	7,231
Non-cash Charges	463	4,636	3,423	1,557	3,846	2,599
Operating Cash flows	4,423	5,644	8,342	20,094	11,338	9,830
Investing Cash Flow	(2,131)	(7,683)	(3,568)	(5,550)	(4,627)	(4,720)
Financing Cash Flow	(3,570)	2,602	1,853	(4,453)	(4,055)	(3,954)
Net change in cash	(1,278)	562	6,628	10,090	2,657	1,156
Beginning Cash	4,198	2,920	3,482	10,110	20,200	22,857
Closing cash	2,920	3,482	10,110	20,200	22,857	24,013

Source: Company Accounts, Akseer Research

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Hold	Between -5% and +15%
Sell	Less than or equal to -5%

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