

APL - FY21 earnings clocked in at PKR 49.4/share, up 3.9x YoY

- APL announced its FY21 results today wherein the company reported an EPS of PKR 49.43, up 3.9x YoY. The company also announced a final cash dividend of PKR 24.5/share in addition to already declared interim dividend of PKR 2.5/share in 2QFY21, taking the cumulative dividend payout to PKR 27.0/share in FY21.
- Net sales witnessed attrition of 6% YoY during FY21 and settled at PKR 189bn. Despite decline in topline, company's gross profit increased mainly on account of absence of hefty inventory losses during the year. Gross margins clocked in at 5.29% as against 1.81% during last year.
- Operating expenses increased by 35% to PKR 4.2bn, whereas, other income increased by 40% YoY during the year.
- Effective tax rate declined to 29.1% in FY21 as against 32.9% in SPLY, further strengthening the net earnings growth.
- On quarterly basis, APL's 4QFY21 EPS stood at PKR 12.6, up 8.1x YoY. This is primarily due to 13% YoY higher volumetric sales and absence of any significant inventory losses.
- We have a 'BUY' stance on the script with the Dec-21 PT of PKR 423/share. Our price target indicates an upside of 27% along with a dividend yield of 7.2%.

Key Data

PSX Ticker	APL
Target Price (PKR)	423
Current Price (PKR)	334
Upside/(Downside) (%)	+ 27%
Dividend Yield (%)	7.2%
Total Return (%)	+ 34%
12-month High (PKR)	390
12-month Low (PKR)	304
Outstanding Shares (mn)	99.53
Market Cap (PKR mn)	33,209
Year End	June

Source: Company Accounts, Akseer Research

Financial Highlights (PKR mn)

	4QFY20	4QFY21	YoY	FY20	FY21	YoY
Net Sales	34,761	52,947	52%	201,079	188,645	-6%
Cost of Sales	33,806	50,632	50%	197,441	178,663	-10%
Gross Profit	955	2,315	142%	3,638	9,982	174%
Operating Expense	882	1,454	65%	3,079	4,152	35%
Other Income	207	317	53%	899	1,261	40%
Financial Income	547	344	-37%	2,232	1,334	-40%
Finance cost	466	304	-35%	1,597	1,419	-11%
Profit before tax	254	1,788	604%	1,503	6,939	362%
Taxation	116	532	359%	495	2,019	308%
Net Income	138	1,256	8.1x	1,008	4,920	3.9x
EPS	1.38	12.61	8.1x	10.13	49.43	3.9x
DPS	4.00	24.50		9.00	27.00	

Source: Company Accounts, Akseer Research

Key Financial Ratios

	FY18A	FY19A	FY20A	FY21A	FY22E	FY23F
EPS	56.8	39.8	10.1	49.4	48.4	54.6
EPS Growth	7%	-30%	-75%	387.9%	-2.1%	12.8%
DPS	42.5	20.0	9.0	27.0	24.0	44.0
PER	5.9	8.4	NA	6.8	6.9	6.1
Dividend Yield	12.7%	6.0%	2.7%	8.1%	7.2%	13.2%
EV/EBITDA	1.7	2.6	4.5	2.0	1.8	1.5
P/B	1.8	1.8	1.8	1.6	1.4	1.4
ROE	32.6%	21.2%	5.4%	25.1%	22.0%	23.0%

Source: Company Accounts, Akseer Research

Aftab Awan, ACCA
aftab.awan@akseerresearch.com

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 11.0%, beta of 1.0 & market risk premium of 6% to arrive at cost of equity of 17.0%.

Investment Thesis

We have a 'BUY' stance on the script with the Dec-21 PT of PKR 423/share. Our price target indicates an upside of 27% along with a dividend yield of 7.2%. 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.

Risks

Key downside risks to our investment thesis are: 1) sharp decrease in oil prices, 2) significant loss of market share to other industry players & 3) Sharp decline in Asphalt sales.

Company Description

Attock Petroleum Limited was incorporated in 1995 and is based in Rawalpindi, Pakistan. It procures, stores, and markets petroleum and related products in Pakistan. It offers various petroleum products, such as high speed diesel, premier motor gasoline, jet fuels etc.

Financial Highlights - APL

Income Statement (PKR mn)						
	FY18A	FY19A	FY20A	FY21A	FY22E	FY23F
Net Income	216,360	256,661	235,732	214,372	242,367	261,836
Net Sales	177,344	223,054	201,079	188,645	207,224	223,869
Cost of Sales	167,601	214,833	197,441	178,663	198,049	213,611
Gross Profit	9,743	8,221	3,638	9,982	9,175	10,259
SG & A	2,544	3,590	3,079	4,152	3,776	4,090
Operating Profit	7,199	4,560	185	6,239	5,788	6,537
Other Income	445	835	781	752	956	957
Financial Income	1,242	1,399	2,232	1,334	1,337	1,390
Finance Cost	564	849	1,597	1,419	1,484	1,539
Profit Before Tax	8,287	5,723	1,503	6,939	6,632	7,382
Taxation	2,633	1,762	495	2,019	1,814	1,947
Profit After Tax	5,654	3,961	1,008	4,920	4,818	5,436

Source: Company Accounts, Akseer Research

Balance sheet (PKR mn)						
	FY18A	FY19A	FY20A	FY21A	FY22E	FY23F
PPE	6,418	8,349	13,840	14,394	15,710	16,926
Other LT assets	1,561	904	1,744	1,784	1,827	1,871
Non-Current Assets	7,979	9,253	15,584	16,178	17,537	18,797
Current assets	38,149	37,103	35,655	34,736	38,557	40,587
Total Assets	46,127	46,356	51,238	50,914	56,094	59,384
Non-Current liabilities	912	793	4,884	4,907	4,931	4,955
Current liabilities	26,802	26,683	27,909	25,329	28,056	30,264
Total Liabilities	27,714	27,476	32,792	30,235	32,987	35,220
Equity	18,418	18,927	18,446	20,678	23,107	24,164
Total Equity & liabilities	46,131	46,403	51,238	50,914	56,094	59,384

Source: Company Accounts, Akseer Research

Cashflow statement (PKR mn)						
	FY18A	FY19A	FY20A	FY21A	FY22E	FY23F
Net Income	5,654	3,961	1,008	4,920	4,818	5,436
Non-cash Charges	(6,465)	463	4,507	1,468	2,081	1,863
Operating Cash flows	(810)	4,423	5,515	6,387	6,899	7,298
Investing Cash Flow	(2,572)	(2,131)	(7,555)	(1,692)	(2,530)	(2,530)
Financing Cash Flow	(3,353)	(3,570)	2,602	(2,664)	(2,365)	(4,355)
Net change in cash	(6,735)	(1,278)	562	2,031	2,004	413
Beginning Cash	10,933	4,198	2,920	3,482	5,513	7,518
Closing cash	4,198	2,920	3,482	5,513	7,518	7,931

Source: Company Accounts, Akseer Research

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Contact Details

Akseer Research (Pvt) Limited

1st Floor, Shaheen Chambers, KCHS block 7 & 8, off. Shahrah-e-Faisal

T: +92-21-34320359 -60

E: info@akseerresearch.com

Alfa Adhi Securities (Pvt) Limited

3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,

KCH Society, Block 7 & 8, Near Virtual University, Karachi

T: +92-21-38694242

E: info@alfaadhi.net