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## APL: FY24 EPS expected at PKR 105.98, Up 6% YoY; DPS PKR 19.00

### Attock Petroleum Limited

PSX: APL | Bloomberg: APL PA | Reuters: APL.PSX

- APL's board meeting is scheduled for September 02, 2024, to review FY24E financial results. We expect the company to report an EPS of PKR 105.98, up 6% YoY compared to an EPS of PKR 100.15 during FY23. Along with the result, the company is expected to announce a final cash dividend of PKR 19.00/share, taking the cumulative payout to PKR 29.00/share during FY24E.
- Net revenue for the company is projected to reach PKR 532.6bn during FY24E, representing a 12% YoY increase, attributed to an average 16% YoY increase in overall product prices with MS and HSD, rising by 21% and 18% YoY respectively.
- Gross margins for the year are expected to contract to 4.1% vs 5.5% during SPLY, likely due to lower inventory gains despite an increase in core profits.
- Net finance income during the year is likely to clock in at PKR 10.5bn, up 35% YoY owing to higher collection of a late payment surcharge.
- On a quarterly basis, earnings are expected to clock in at PKR 19.85/share, down 6% YoY, mainly on account of contraction in gross margin and higher operating expenses during 4QFY24E.
- We have a 'BUY' recommendation on APL with our Jun-25 price target (PT) of PKR 511/share, providing an upside of 15% along with a dividend yield of 6.2%.

#### Key Data

PSX Ticker	APL
Target Price (PKR)	511
Current Price (PKR)	445
Upside/(Downside) (%)	+15%
Dividend Yield (%)	6.2%
Total Return (%)	21%
12-month High (PKR)	470
12-month Low (PKR)	280
Outstanding Shares (mn)	124
Market Cap (PKR mn)	55,373

Source: Company Accounts, Akseer Research

Financial Estimates (PKR mn)	4QFY23	4QFY24E	YoY	FY23	FY24E	YoY
Net Sales	123,103	136,887	11%	473,938	532,566	12%
Cost of Sales	116,810	133,066	14%	447,868	510,776	14%
<b>Gross Profit</b>	<b>6,294</b>	<b>3,821</b>	<b>-39%</b>	<b>26,071</b>	<b>21,789</b>	<b>-16%</b>
Operating Expense	2,052	2,569	25%	9,383	8,012	-15%
Other Income	389	1,072	176%	1,731	1,870	8%
Net finance Income	2,642	2,717	3%	7,787	10,522	35%
<b>Profit Before Tax</b>	<b>5,621</b>	<b>3,831</b>	<b>-32%</b>	<b>20,385</b>	<b>21,405</b>	<b>5%</b>
Taxation	2,996	1,361	-55%	7,924	8,220	4%
<b>Net Income</b>	<b>2,625</b>	<b>2,470</b>	<b>-6%</b>	<b>12,461</b>	<b>13,186</b>	<b>6%</b>
EPS	21.09	19.85	-	100.15	105.98	-
DPS	15.00	19.00	-	27.50	29.00	-

Key Financial Ratios	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
EPS (PKR)	39.5	149.0	100.2	106.0	86.0	81.5
EPS Growth	388%	277%	-33%	6%	-19%	-5%
DPS (PKR)	21.6	36.0	27.5	29.0	26.0	24.0
PER	11.3	3.0	4.4	4.2	5.2	5.5
Dividend Yield	8.9%	33.5%	22.5%	23.8%	19.3%	18.3%
EV/EBITDA	7.1	1.7	3.1	3.4	3.2	2.1
P/B	2.4	1.5	1.2	1.0	0.9	0.8
ROE	23.9%	61.7%	30.2%	26.4%	18.3%	15.4%

Source: Company Accounts, Akseer Research

## Valuation Basis

Our PT for Attock Petroleum Limited (APL) has been computed using Free Cash Flow to Firm (FCFF) method. We have used a risk-free rate of 14%, a beta of 1.0, and a market risk premium of 6% to arrive at a cost of equity of 20%.

## Investment Thesis

We have a 'BUY' recommendation on the stock based on our Jun-25 PT of PKR 511/share. Our price target provides an upside of 15%, including a dividend yield of 6.2%. Our investment case on APL is based on (1) a rise in product prices, and (2) an increase in volumetric sales owing to uptick in demand.

## Risks

Key downside risks to our investments thesis are: (1) sharp increase in oil prices, and (2) significant loss of market share to other industry players

## Company Description

Attock Petroleum Limited (APL) was incorporated as a Public Limited Company on December 03, 1995. It procures, stores, and markets petroleum and related products in Pakistan including high-speed diesel, premier motor gasoline, and jet fuels, etc. In addition the company 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)	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	188,645	370,075	473,938	532,566	697,021	784,465
Cost of Sales	178,663	329,072	447,868	510,776	676,088	761,838
<b>Gross Profit</b>	<b>9,982</b>	<b>41,003</b>	<b>26,071</b>	<b>21,789</b>	<b>20,934</b>	<b>22,627</b>
SG & A	4,152	10,215	9,383	8,012	9,450	10,742
<b>Operating Profit</b>	<b>6,239</b>	<b>31,137</b>	<b>16,676</b>	<b>13,789</b>	<b>11,495</b>	<b>11,894</b>
Other Income	752	(627)	248	312	650	755
Financial Income	1,334	1,608	5,500	8,783	6,943	5,924
Finance Cost	1,419	1,587	2,287	1,739	2,033	2,445
<b>Profit before Tax</b>	<b>6,939</b>	<b>30,610</b>	<b>20,385</b>	<b>21,405</b>	<b>17,328</b>	<b>16,415</b>
Taxation	2,019	12,073	7,924	8,220	6,630	6,270
<b>Profit after Tax</b>	<b>4,920</b>	<b>18,536</b>	<b>12,461</b>	<b>13,186</b>	<b>10,698</b>	<b>10,146</b>

Source: Company Accounts, Akseer Research

Balance sheet (PKR mn)	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
PPE	16,617	16,598	19,078	20,730	23,385	25,990
Other LT assets	1,070	1,378	1,657	1,652	1,711	1,774
Non-Current Assets	17,687	17,976	20,735	22,382	25,096	27,764
Current Assets	44,211	78,375	87,220	126,295	161,370	180,416
<b>Total Assets</b>	<b>61,898</b>	<b>96,351</b>	<b>107,954</b>	<b>148,678</b>	<b>186,466</b>	<b>208,180</b>
Non-Current Liabilities	7,381	7,346	8,635	8,668	8,703	8,738
Current Liabilities	31,795	51,686	54,099	85,212	115,502	130,021
<b>Total Liabilities</b>	<b>39,177</b>	<b>59,032</b>	<b>62,734</b>	<b>93,880</b>	<b>124,205</b>	<b>138,759</b>
Equity	22,721	37,319	45,220	54,797	62,261	69,421
<b>Total Equity &amp; liabilities</b>	<b>61,898</b>	<b>96,351</b>	<b>107,954</b>	<b>148,678</b>	<b>186,466</b>	<b>208,180</b>

Source: Company Accounts, Akseer Research

Cashflow Statement (PKR mn)	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Net Income	4,920	18,536	12,461	13,186	10,698	10,146
Non-Cash Charges	3,423	(18,634)	(3,671)	938	10,754	11,385
Operating Cash Flows	8,342	(98)	8,789	14,124	21,453	21,531
Investing Cash Flow	(3,568)	(2,187)	(4,730)	(3,756)	(5,065)	(5,319)
Financing Cash Flow	1,853	(3,973)	(3,271)	(3,575)	(3,201)	(2,951)
<b>Net change in Cash</b>	<b>6,628</b>	<b>(6,258)</b>	<b>789</b>	<b>6,793</b>	<b>13,187</b>	<b>13,261</b>
Beginning Cash	3,482	10,110	3,852	4,641	11,434	24,621
<b>Closing Cash</b>	<b>10,110</b>	<b>3,852</b>	<b>4,641</b>	<b>11,434</b>	<b>24,621</b>	<b>37,882</b>

Source: Company Accounts, Akseer Research

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