

Equity Research | Oil & Gas Marketing Companies | Wednesday, 17 August, 2022

APL has announced its FY22 result where it posted a profit after tax of Rs18.54bn (Diluted EPS: Rs148.99) as compared to a profit after tax of Rs4.92bn (Diluted EPS: Rs39.54) in the same period last year, up by 277% YoY majorly because of huge inventory gains.

The company has posted a net sale of Rs370.08bn against Rs188.645bn in SPLY, recording a growth of 96.2% YoY. We note that this increase is attributed to the increased prices.

Effective Taxation has increased to 39.4% as compared to 29.1% during SPLY because of the imposition of super taxes, and other income has increased by 28.7% YoY to 1.623bn compared to 1.261bn during SPLY.

Furthermore, the operating and selling expense has increased to 10.215bn as compared to 4.152bn during SPLY up by 146%.

APL is currently trading at FY23E PE of 4.05x. Furthermore, the scrip is trading at a FY23E P/B of 1.13x which offers a discount of 47% relative to its historical 3-year average of 2.14x. We recommend our investors to **BUY** the scrip with DCF-based Jun-23 bonus adjusted TP of Rs.360 which provides an upside potential of 24%. Furthermore, it also offers an attractive dividend yield of 13.8% which makes a total return of 38%.

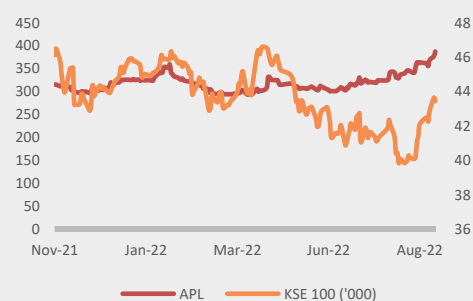
Rupees' millions	4QFY22	4QFY21	YoY	FY22	FY21	YoY
Net Sales	129,039	52,947	143.7% ▲	370,075	188,645	96.2% ▲
Cost of Sales	-109,129	-50,632	115.5% ▲	-329,072	-178,663	84.2% ▲
Gross Profit	19,910	2,315	760.1% ▲	41,003	9,982	310.8% ▲
SG&A Expenses	-4,797	-14,544	67.0% ▼	-10,215	-4,152	146.0% ▲
Operating Profit	15,160	1,503	908.4% ▲	31,137	6,239	399.1% ▲
Other Income	421	317	32.8% ▲	1,623	1,261	28.7% ▲
Share of loss of associated companies	245	56	336.9% ▲	79	34	134.7% ▲
Finance Income	459	343,673	99.9% ▼	1,608	1,334	20.6% ▲
Finance Cost	-514	-304	68.9% ▲	-1,587	-1,419	11.8% ▲
Profit Before Taxation	14,705	1,788	722.5% ▲	30,610	6,939	341.1% ▲
Taxation	-7,416	-532	1293.5% ▲	-12,073	-2,019	497.9% ▲
Profit After Taxation	7,289	1,256	480.6% ▲	18,536	4,920	276.8% ▲
Earnings Per Share	58.59	10.09	480.6% ▲	148.99	39.54	276.8% ▲
Dividend	30.00	24.50		45.00	27.00	66.7% ▲
Bonus	25%	-		25%	-	
Closing Period: Sep 14, 2022 - Sep 20, 2022						
Gross Margin	15.4%	4.4%	11.1% ▲	11.1%	5.3%	5.8% ▲
SG&A Expenses to Sales	-3.7%	-27.5%	23.8% ▼	-2.8%	-2.2%	0.6% ▲
Other Income to Sales	0.3%	0.6%	0.3% ▼	0.4%	0.7%	0.2% ▼
Ex. Gain / (Loss) to Sales	-3.7%	-27.5%	23.8% ▼	-2.8%	-2.2%	0.6% ▲
Effective Taxation	-50.4%	-29.8%	20.7% ▲	-39.4%	-29.1%	10.3% ▲
Net Margin	5.6%	2.4%	3.3% ▲	5.0%	2.6%	2.4% ▲

Source: ACPL Research, Company Financials

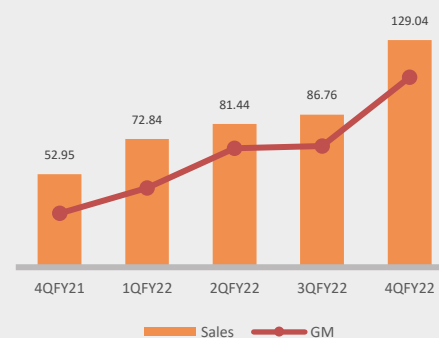
Key Statistics

Symbol	APL
TP - Jun 23	360
LDCP	386.95
Upside (Based on Ex-Price)	24%
Free Float (mn)	31
Market Cap. (Rs.mn)	38,728

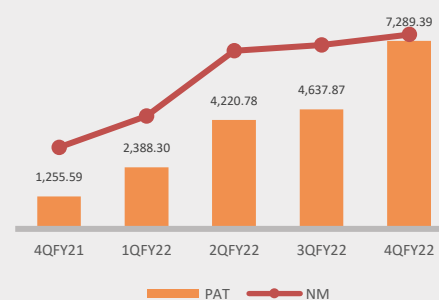
APL vs KSE 100



Sales (Rs'bn) vs Gross Margin



PAT (Rs'mn) vs Net Margin



Sources: ACPL Research, Company Financials

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Financial Projections

Rupees' millions	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	223,054	201,079	188,645	370,075	394,674	404,025	415,804
Cost of sales	-214,833	-197,441	-178,663	-329,072	-360,355	-383,162	-400,702
Gross profit	8,221	3,638	9,982	41,003	34,319	20,863	15,101
Other Income	1,148	899	1,261	1,623	1,973	2,125	2,187
Net impairment losses on financial assets	-71	-374	409	349	198	203	209
Operating expenses	-3,590	-3,079	-4,152	-10,215	-15,787	-9,367	-9,640
Profit from operations	5,708	1,084	7,500	32,760	20,704	13,825	7,858
Finance income	1,399	2,232	1,334	1,608	1,894	2,245	2,310
Finance Cost	-849	-1,597	-1,419	-1,587	-2,368	-2,427	-2,498
Share of profit of associates - net of tax	-222	-97	34	79	1,421	1,454	1,497
Other Charges	-313	-118	-509	-2,250	-3,276	-1,665	-1,713
Profit before income tax	5,723	1,503	6,939	30,610	18,375	13,432	7,454
Income tax expense	-1,762	-495	-2,019	-12,073	-6,420	-4,693	-2,604
Profit for the year	3,961	1,008	4,920	18,536	11,955	8,739	4,850
EPS	39.79	8.10	39.54	148.99	96.09	70.24	38.98
EBITDA	6,300	1,768	8,399	33,819	21,909	15,162	9,315

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY19A	FY20A	FY21A	FY22A	FY23E	FY23E	FY23E
Revenue	25.9%	-9.9%	-6.2%	96.2%	6.6%	2.4%	2.9%
Cost of sales	28.3%	-8.1%	-9.5%	84.2%	9.5%	6.3%	4.6%
Gross profit	-15.6%	-55.7%	174.4%	310.8%	-16.3%	-39.2%	-27.6%
Other Income	29.8%	-21.8%	40.3%	28.7%	21.6%	7.7%	2.9%
Net impairment losses on financial assets	3564.5%	428.2%	-209.4%	-14.7%	-43.1%	2.4%	2.9%
Operating expenses	41.3%	-14.2%	34.9%	146.0%	54.6%	-40.7%	2.9%
Profit from operations	-29.4%	-81.0%	592.0%	336.8%	-36.8%	-33.2%	-43.2%
Finance income	12.7%	59.5%	-40.2%	20.6%	17.8%	18.5%	2.9%
Finance Cost	50.4%	88.1%	-11.2%	11.8%	49.2%	2.5%	2.9%
Share of profit of associates - net of tax	551.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Charges	-28.7%	-62.4%	331.5%	342.1%	45.6%	-49.2%	2.9%
Profit before income tax	-31.0%	-73.7%	361.7%	341.1%	-40.0%	-26.9%	-44.5%
Income tax expense	-33.1%	-71.9%	308.1%	497.9%	-46.8%	-26.9%	-44.5%
Profit for the year	-30.0%	-74.5%	387.9%	276.8%	-35.5%	-26.9%	-44.5%
EPS	-30.0%	-74.5%	387.9%	276.8%	-35.5%	-26.9%	-44.5%
EBITDA	-25.9%	-71.9%	375.1%	302.7%	-35.2%	-30.8%	-38.6%

Source: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
GP Margin	%	3.69	1.81	5.29	11.08	8.70	5.16	3.63
NP Margin	%	1.78	0.50	2.61	5.01	3.03	2.16	1.17
OP Margin	%	2.56	0.54	3.98	8.85	5.25	3.42	1.89
ROE	%	20.93	5.47	21.65	51.98	28.03	18.30	9.58
ROCE	%	28.95	4.65	24.91	136.16	77.28	46.93	25.91
ROA	%	8.54	1.97	7.95	22.64	13.28	9.04	4.82
Liquidity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Current	x	1.39	1.28	1.39	1.21	1.21	1.22	1.20
Quick	x	0.79	0.81	0.56	0.52	0.54	0.55	0.55
Activity Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY23E	FY23E
Inventory Turnover	x	16.97	17.68	13.97	14.37	11.59	11.42	11.33
Inventory Days		21.51	20.64	26.14	25.41	31.51	31.96	32.21
Receivables Days		27.55	25.36	21.33	21.33	23.00	25.00	25.00
Payables Days		45.25	50.95	63.70	63.70	63.70	63.70	63.70
Operating Cycle		3.82	-4.95	-16.23	-16.96	-9.19	-6.74	-6.48
Investment Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
DPS		20.00	9.00	27.00	45.00	40.00	29.00	16.00
Div. Yield	%	6.25	2.31	6.94	11.57	10.28	7.46	4.11
Dividend Cover	x	1.99	0.90	1.46	3.31	2.40	2.42	2.44
Retention	%	49.74	-11.05	31.72	69.80	58.50	58.50	58.50
Payout	%	50.26	111.05	68.28	30.20	41.50	41.50	41.50
No. of Shares	('m)	0.10	0.12	0.12	0.12	0.12	0.12	0.12
EPS		39.79	8.10	39.54	148.99	96.09	70.24	38.98
BVPS		190.16	148.26	182.62	286.61	342.82	383.91	406.71
P/E	x	8.04	48.00	9.84	2.61	4.05	5.54	9.98
Sales per share		2241	1616	1516	2974	3172	3247	3342
P/BV	x	1.68	2.62	2.13	1.36	1.13	1.01	0.96
P/S	x	0.14	0.24	0.26	0.13	0.12	0.12	0.12
Solvency Ratios		FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Total Debt to Equity	x	0.00	0.22	0.28	0.25	0.27	0.29	0.33
L.T Debt to Equity	x	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Interest Cover	x	6.72	0.68	5.29	20.64	8.74	5.70	3.15

Source: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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SELL	Less than and equal to -5%

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