

APL | PSO

APL: Profitability to climb up by 11% YoY to PKR 88.14/share in 9MFY24

Attock Petroleum Limited (APL) is expected to announce its 9MFY24 financial result on 25th Apr'24, where we anticipate the company to post a Profit after tax of PKR 10,966mn (EPS: PKR 88.14) in 9MFY24 compared to PKR 9,836mn (EPS: PKR 79.06), up by 11% YoY. Net sales are expected to climb up by 13% YoY amid i) higher average retail price of petroleum products, and ii) jump in MS and HSD offtake by 3% YoY each while FO sales plummeted by 24% YoY. On a quarterly basis, the net profit is expected to arrive at PKR 2,768mn (EPS: PKR 25.45), down by 26% YoY. Topline of the company is anticipated to climb up by 11% YoY owed to increase in petroleum prices coupled with growth in MS and HSD dispatches by 8% and 1% YoY, respectively. The gross margin in 3QFY24 is projected to be 4.8% compared to 6.9% in SPLY, owed to lower inventory gains (settling at ~PKR 0.4bn) during the quarter.

Exhibit: Financial Highlights

(PKR mn)	9MFY24e	9MFY23a	YoY	3QFY24e	3QFY23a	YoY	QoQ
Net Sales	397,596	350,835	13%	125,685	113,057	11%	-7%
Gross Profit	19,419	19,777	-2%	6,043	7,832	-23%	95%
Gross Margins	4.9%	5.6%		4.8%	6.9%		
Finance Cost	1,180	1,630	-28%	407	573	-29%	2%
Operating Expenses	6,627	7,360	-10%	2,768	2,130	30%	142%
Profit After Taxation	10,966	9,836	11%	3,167	4,298	-26%	25%
EPS (PKR)	88.14	79.06		25.45	34.54		

Source (s): Company Financials, AHL Research

PSO: Earnings to grow by 37% YoY to PKR 29.92/share in 9MFY24

Pakistan State Oil Company Ltd (PSO) is scheduled to announce its 9MFY24 financial result on 26th Apr'24, where we expect the company to post a profit after tax of PKR 14,048mn (EPS: PKR 29.92) up by 37% YoY. The gross margins are forecasted to climb up by 66bps YoY to 3.0% amid inventory gains during 9MFY24. Meanwhile, sales volume of petroleum products reduced by 7% YoY (MS, HSD, and FO down by 2%, 5%, and 79% YoY, respectively). On a quarterly basis, the company is expected to report a earnings of PKR 6,298mn (EPS: PKR 13.42) compared to PKR 13,646mn (EPS: PKR 29.09) in SPLY, down by 54% YoY owed to i) lower inventory gains, and ii) higher finance cost. Gross margins are anticipated to settle at 2.9% in 3QFY24 against 5.7% in SPLY given lower offtake of MS and HSD coupled with lower inventory gain (clocking in at ~PKR 1.4bn during the quarter). The overall sales volume climbed up by 7% YoY in 3QFY24 owed to higher MS and HSD price tagged with 27% YoY growth in FO sales. Whereas, MS and HSD sales declined by 2% and 4% YoY, respectively. The finance cost is expected grow by 2% YoY owed to higher short term borrowings.

Exhibit: Financial Highlights

(PKR mn)	9MFY24e	9MFY23a	YoY	3QFY24e	3QFY23a	YoY	QoQ
Sales	2,696,452	2,516,953	7%	869,181	811,689	7%	-4%
Gross Profit	80,032	58,226	37%	24,811	46,665	-47%	nm
Gross Margin	3.0%	2.3%		2.9%	5.7%		
Other income	13,834	11,545	20%	2,725	1,938	41%	-65%
Finance Cost	38,271	25,143	52%	12,902	12,682	2%	-14%
PAT	14,048	10,285	37%	6,298	13,646	-54%	nm
EPS (PKR)	29.92	21.91		13.42	29.07		

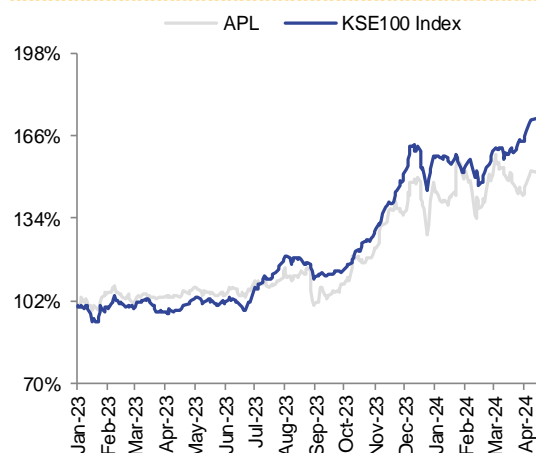
Source (s): Company Financials, AHL Research

Last Closing 403.15

PSX Code APL

Bloomberg Code APL PA

Relative Performance



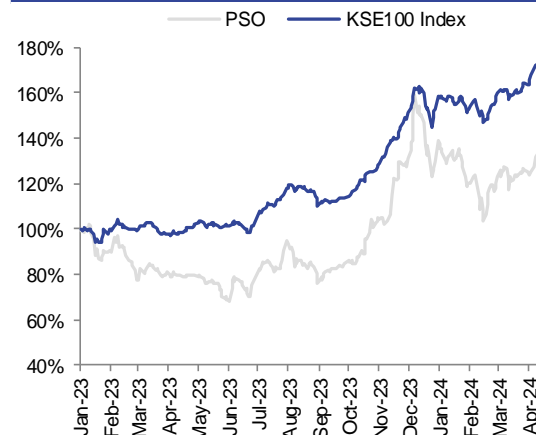
Source (s): PSX, AHL Research

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PSX Code PSO

Bloomberg Code PSO PA

Relative Performance



Source (s): PSX, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2024 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -15% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks

The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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