

## APL & POL FY19 Result Previews

### APL: FY19 EPS Expected at Rs43.27

APL is scheduled to announce its FY19 result on Monday wherein we expect APL to post FY19E profit after tax of Rs4.3bn (EPS: Rs43.27) as compared to PAT of Rs5.6bn (EPS: Rs56.83) in SPLY, decline of 24% YoY. Decline in profitability is expected due to inventory losses during the year. Sale revenue is expected to post the growth of 25% YoY due to increase in petroleum product prices. For quarterly result we expect APL to post the PAT of Rs1.9bn (EPS: Rs19.28) up by 38% YoY as compared to SPLY. Improved earning is expected on back of inventory gain. We expect APL to announce final dividend of Rs15/share along with result which would take the FY19 full year dividend to Rs25/share.

| Rs in Mn                      | FY19E        | FY18A        | YoY           | 4QFY19E      | 4QFY18A      | YoY          |
|-------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Net sales                     | 220,732      | 177,344      | 24.5%         | 56,284       | 55,985       | 0.5%         |
| Cost of products sold         | (212,639)    | (167,601)    | 26.9%         | (53,080)     | (53,112)     | -0.1%        |
| <b>Gross profit</b>           | <b>8,093</b> | <b>9,743</b> | <b>-16.9%</b> | <b>3,204</b> | <b>2,873</b> | <b>11.5%</b> |
| Other operating income        | 958          | 885          | 8.3%          | 246          | 280          | -12.2%       |
| Other operating expenses      | (3,210)      | (2,543)      | 26.2%         | (769)        | (657)        | 17.0%        |
| Finance cost                  | (855)        | (564)        | 51.5%         | (229)        | (152)        | 50.6%        |
| Other Charges                 | (342)        | (439)        | -22.1%        | (161)        | (132)        | 21.7%        |
| <b>Profit before taxation</b> | <b>6,078</b> | <b>8,289</b> | <b>-26.7%</b> | <b>2,703</b> | <b>2,377</b> | <b>13.7%</b> |
| Taxation                      | (1,771)      | (2,633)      | -32.7%        | (784)        | (984)        | -20.3%       |
| <b>Profit after taxation</b>  | <b>4,307</b> | <b>5,656</b> | <b>-23.9%</b> | <b>1,919</b> | <b>1,393</b> | <b>37.8%</b> |
| <b>EPS</b>                    | <b>43.27</b> | <b>56.83</b> |               | <b>19.28</b> | <b>13.99</b> |              |
| <b>DPS</b>                    | <b>25.0</b>  | <b>40.0</b>  |               | <b>15.0</b>  | <b>25.0</b>  |              |

Source: Co. Financials, Darson Research

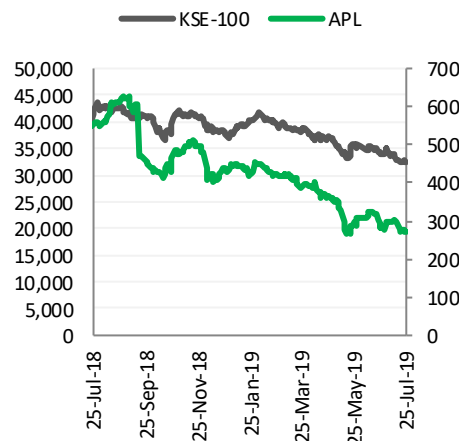
### POL: FY19 Result Preview

POL has scheduled its board meeting on Monday to announce FY19 result. POL is likely to post unconsolidated profit after tax of Rs15.5bn translating into EPS of Rs54.86 as compared to PAT of Rs11.38bn (EPS: Rs40.10) in SPLY. We estimate growth in earning is on the back of higher crude oil prices (avg prices increase by 11.47% YoY), devaluation of PKR against USD (23.80% YoY) and lower exploration cost estimated to down by 11% YoY due to absence of dry well. In 4QFY19 we expect POL to post PAT of Rs4.39bn (EPS: Rs15.49) as compared to PAT of Rs3.5bn (EPS: Rs12.39) in SPLY, up by 25%. POL also expected announce final dividend of Rs30/share which would take FY19 full year dividend to Rs50/share.

| Rs in Mn                      | FY19E         | FY18A         | YoY          | 4QFY19E      | 4QFY18A      | YoY          |
|-------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Net sales                     | 44,458        | 32,665        | 36.1%        | 11,566       | 10,678       | 8.3%         |
| Operating Cost                | (10,677)      | (8,456)       | 26.3%        | (2,350)      | (1,937)      | 21.3%        |
| <b>Gross profit</b>           | <b>25,127</b> | <b>17,136</b> | <b>46.6%</b> | <b>6,942</b> | <b>6,640</b> | <b>4.5%</b>  |
| Exploration Cost              | (2,649)       | (2,990)       | -11.4%       | (741)        | (1,975)      | -62.5%       |
| Admin Cost                    | (206)         | (170)         | 21.4%        | (51)         | (27)         | 88.7%        |
| Finance cost                  | (2,380)       | (1,919)       | 24.0%        | (315)        | (700)        | -54.9%       |
| Other Charges                 | (1,624)       | (967)         | 68.0%        | (408)        | (331)        | 23.4%        |
| Other Income                  | 4,837         | 3,262         | 48.3%        | 861          | 957          | -10.0%       |
| <b>Profit before taxation</b> | <b>23,106</b> | <b>14,353</b> | <b>61.0%</b> | <b>6,287</b> | <b>4,564</b> | <b>37.8%</b> |
| Taxation                      | (7,533)       | (2,969)       | 153.7%       | (1,890)      | (1,048)      | 80.4%        |
| <b>Profit after taxation</b>  | <b>15,573</b> | <b>11,384</b> | <b>36.8%</b> | <b>4,397</b> | <b>3,516</b> | <b>25.1%</b> |
| <b>EPS</b>                    | <b>54.86</b>  | <b>40.10</b>  |              | <b>15.49</b> | <b>12.39</b> |              |
| <b>DPS</b>                    | <b>50.00</b>  | <b>42.50</b>  |              | <b>30.00</b> | <b>25.00</b> |              |

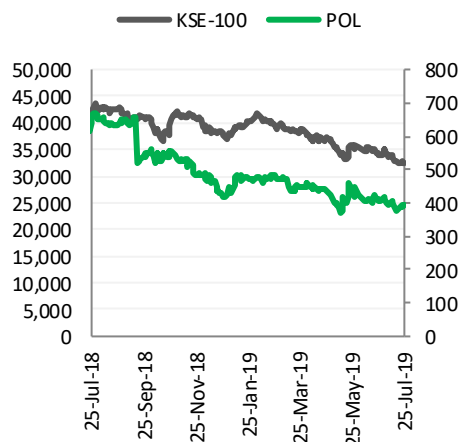
Source: Co. Financials, Darson Research

### APL vs KSE100



Source: PSX, Darson Research

### POL vs KSE100



Source: PSX, Darson Research

## Important disclosures

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If;

- Expected return >15% - Buy Call
- Expected Return is in between 0% to 15% - Neutral/Hold Call
- Expected Return <0% - Sell Call

### Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: [www.JamaPunji.pk](http://www.JamaPunji.pk)

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