

## Refinery: Improving Fundamentals amid change in Price Mechanism

➤ **National Refinery Ltd. (NRL)** announced its financial result for 2QFY21, where the company reported a Loss After Tax of PKR823mn (LPS: PKR10.29) as against Loss After Tax of PKR3bn (LPS: PKR37.33) posted in SPLY. However, the company recorded a PAT of PKR489mn (EPS PKR6.11) in 2QFY21 showing a massive rise in the earnings likely due to, i) Higher inventory gains ii) Product prices recovered in lieu with Int'l prices, and iii) Bitumen sales upliftment due to the ongoing materialistic projects. NRL incurred a gross loss of PKR211bn in 1HFY21 vs. gross loss of PKR2.5bn in SPLY. Whereas, the company recorded a gross profit of PKR1.1bn in 2QFY21 vs. gross loss of PKR1.3bn in 1Q. Lower interest rate cushioned the finance cost of the company as this cost witnessed a massive downturn of (77%/YoY) reaching PKR245mn as against PKR1bn in 1HFY20. Similarly, finance cost witnessed a reduction of (37%/QoQ) and (82%/YoY) to stand at PKR95mn in 2QFY21 due to lower interest rates.

NRL Income Statement (PKR mn)	1HFY21	1HFY20	YoY	2QFY21	1QFY21	QoQ	2QFY20	YoY
Sales	59,608	80,664	-26%	32,345	27,262	19%	41,396	-22%
Cost of sales	59,819	83,192	-28%	31,216	28,603	9%	43,736	-29%
Gross Profit / (Loss)	(211)	(2,528)	-92%	1,129	(1,341)	NM	(2,339)	NM
Finance cost	245	1,069	-77%	95	150	-37%	529	-82%
PAT / (LAT)	(823)	(2,985)	-72%	489	(1,311)	NM	(2,306)	NM
EPS / (LPS) (Reported at 80mn shares)	(10.29)	(37.33)	-72%	6.11	(16.40)	NM	(28.84)	NM

Source: Pearl Securities, PSX

➤ **Attock Refinery Ltd. (ATRL)** revealed its financial result for 1HFY21, where the company posted decline in losses to PKR225mn (LPS: PKR2.11) in 1HFY21 as against PKR820mn (LPS: PKR7.69) recorded in SPLY. Similarly, the company's LAT reduced by (-34%/QoQ) and (-92%/YoY) to stand at PKR90mn in 2QFY21. The reduced losses during the period can be attributed to i) lower inventory losses and exchange losses, ii) Recovery in prices of petroleum products, iii) change in price mechanism from monthly to Fortnightly, and iv) decline in policy rate. ATRL reported a gross loss of PKR1.2bn in 1HFY21 (-43%/YoY) vs. PKR2.1bn in the equivalent period last year. Similarly, the gross loss remained lower by (-42%/QoQ) and (-77%/YoY) to stand at PKR446mn in 2QFY21. The finance cost during the period also come down by (-43%/YoY) in 1HFY21 reaching PKR398mn vs. PKR693mn in SPLY.

ATRL Income Statement (PKR mn)	1HFY21	1HFY20	YoY	2QFY21	1QFY21	QoQ	2QFY20	YoY
Net Sales	54,164	74,211	-27%	25,712	28,452	-10%	38,015	-32%
Cost of Sales	55,381	76,349	-27%	26,158	29,223	-10%	39,919	-34%
Gross Profit / (Loss)	(1,217)	(2,138)	-43%	(446)	(771)	-42%	(1,903)	-77%
Finance Cost	398	693	-43%	201	197	2%	340	-41%
PAT / (LAT) - Refinery Ops	(847)	(1,256)	-33%	(292)	(555)	-47%	(1,272)	-77%
PAT / (LAT)	(225)	(820)	-73%	(90)	(135)	-34%	(1,155)	-92%
EPS / (LPS) - (Reported at 107mn shares)	(2.11)	(7.69)	-73%	(0.84)	(1.27)	-34%	(10.84)	-92%

Source: Pearl Securities, PSX

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