

Day Break

Friday, 17 July 2020



COMPANY UPDATE

Hascol Petroleum Limited

Oil & Gas Marketing Companies

Recommendation

Target Price:	Dec/20	UR
Last Closing:	15-Jul-20	14.3
Upside (%):		-
Valuation Methodology:	Discounted Cash Flow (DCF)	

Time Horizon: 6M

Market Data

Bloomberg Tkr.	HASCOL PA		
Shares (mn)	999.1		
Free Float Shares (mn)	499.6		
Free Float Shares (%)	50.0%		
Market Cap (PKRbn USDmn)	14.3	92.6	
Exchange	KSE 100		
Price Info.	90D	06M	12M
Abs. Return	(2.8)	(45.0)	(74.5)
Lo	13.3	10.7	10.7
Hi	15.7	26.1	56.2

Key Company Financials

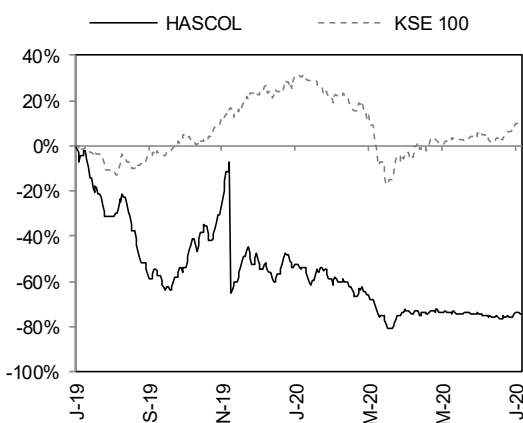
Period End: Dec

PKRbn	2018a	2019e	2020f	2021f
Total Revenue	233.6	155.3	103.2	129.8
Net Income	0.2	(15.9)	(3.0)	(1.1)
EPS (PKR)	0.2	(15.9)	(3.0)	(1.1)
DPS (PKR)	-	-	-	-
Total Assets	73.9	73.6	65.2	61.2
Total Equity	12.5	5.2	3.3	2.5

Key Financial Ratios

ROE (%)	1.8	(180.3)	(71.0)	(38.7)
P/E (x)	69.0	0.9	4.8	12.9
P/B (x)	1.1	2.8	4.4	5.8
DY (%)	-	-	-	-

Relative Price Performance



Source: Bloomberg, PSX & IGI Research

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Oil & Gas Marketing Companies

HASCOL: Higher finance cost and lower volumes to expand loss to PKR 2.09/share in 4q

- ✓ Hascol Petroleum Limited's (HASCOL) board meeting is scheduled on 17th Jul-20 to announce financial result for 4qCy19, where we expect the company to post loss of PKR 2.08bn (LPS PKR 2.09), compared to loss of PKR 1.3bn (EPS PKR 1.30).
- ✓ We estimate loss on the back a) 25%YoY decline in volumes led by 39%/24/1% drop in FO/HSD/MS sales, b) higher admin cost and, c) substantial rise in finance cost amid higher mark-up cost of ST borrowings. We do not expect any cash dividend pay-out for 4qCy19,
- ✓ We await full year financial statements to revisit our investment case for HASCOL and for now have placed the Company under review.

HASCOL to report loss of PKR 2.09/share during 4qCy19

Hascol Petroleum Limited's (HASCOL) board meeting is scheduled on 17th Jul-20 to announce financial result for 4qCy19, where we expect the company to post loss of PKR 2.08bn (LPS PKR 2.09), compared to loss of PKR 1.3bn (LPS PKR 1.30) in the same period last year.

We estimate loss on the back a) 25%y/y decline in volumes led by 39%/24/1% drop in FO/HSD/MS sales, b) higher admin cost and, c) substantial rise in finance cost amid higher mark-up cost of ST borrowings. This will bring total loss for Cy19 to PKR 15.9bn (LPS PKR 15.91) compared to earnings of PKR 0.21bn (EPS PKR 0.21) in the same period last year. We do not expect any cash dividend pay-out for 4qCy19.

On quarterly basis, loss is expected to clock in lower at PKR 2.08bn during 4qCy19 on the back of lower exchange losses as PKR remained stable against USD. Furthermore, on volumes front total volumes were up by +61%q/q led by +83%/+81%q/q rise in MS/HSD sales.

Exhibit: Financial Highlights

PKRmn	4QCY19E	4QCY18	y/y	CY19E	CY18	y/y
Net Sales	43,936	49,771	-12%	155,336	233,607	-34%
Gross Profit	1,395	2,064	-32%	1,563	10,277	-85%
S&D Expense	1,273	1,270	0%	5,461	3,925	39%
Admin Expense	326	235	39%	1,186	883	34%
Other Op. Income	104	186	-44%	398	527	-25%
EBIT	(101)	745	n/m	(4,687)	5,996	- n/m
Finance Cost	2,482	542	358%	7,496	1,324	466%
Profit before tax	(2,584)	(1,299)	99%	(20,954)	652	n/m
Profit after tax	(2,084)	(1,300)	60%	(15,895)	207	n/m
EPS (PKR)	(2.09)	(1.30)		(15.91)	0.21	
DPS (PKR)	-	-		-	7.00	

Source: IGI Research, Company Financials

No of Shares: 999.12mn

Recommendation

We await full year financial statements to revisit our investment case on HASCOL. As for now we have placed the Company “Under Review” (UR).

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Buy	If target price on aforementioned security(ies) is more than 10%, from its last closing price(s)
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Time Horizon: Dec – 2020

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(Discounted Cash Flow)

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