

Flash Note

Monday, 20 August 2018

Oil & Gas - Marketing Companies

Hascol Petroleum Limited (HASCOL)

Heavy exchange losses trim 2QCY18 EPS by 28%YoY to PKR 2.06; DPS PKR 3.50

- Hascol Petroleum Limited (HASCOL) announced financial results for 2QCY18 with earnings clocking in at PKR 0.30bn (EPS PKR 2.06) down by 28%YoY compared to PKR 0.41bn (EPS PKR 3.20 or EPS PKR 2.86 at 144.82mn shares) in the same period last year. The company announced cash dividend of PKR 3.5/share. This brings 1HCY18 earnings to PKR 1.03bn (EPS: PKR 7.10) up by +30%YoY compared to PKR 0.79bn (EPS: PKR 6.12 or EPS PKR 5.46 at 144.82mn shares) in the similar period last year.
- We attribute this decline in earnings during 2QCY18 likely on the back of heavy exchange losses incurred due to PKR depreciation in Jun-18, higher administrative expense and rise in selling/distribution expenses .
- Net Revenues increased by +55%YoY to PKR 66.45bn, likely on the back of increase in domestic MS, HSD and FO prices due to surge in international oil prices, rise in total volumes and PKR depreciation. As a result of higher domestic prices and increased sales, total revenues are up by +57%YoY to PKR 122.11bn in 1HCY18.
- Gross profit increased by +27%YoY to PKR 3.08bn during 2QCY18 as against PKR 1.62bn in similar period last year likely owing to hike in MS and FO margin and slight inventory gains. As a result gross margins stood at 4.6% during 2QCY18 compared to 3.8% in the same period last year.
- Exchange losses leaped up by +3.6xYoY to PKR 1.46bn during 2QCY18 compared to no exchange gain or loss in the corresponding period last year, taking total exchange losses for 1HCY18 to PKR 1.86bn up by +242xYoY.
- Finance costs augmented by +62%YoY to PKR 241mn during 2QCY18 as against PKR 148mn in the same period last year owing to higher interest cost on long term loans and short term borrowings.
- Effective tax rate stood at 35% during 2QCY18 compared to 46% reported in the corresponding period last year likely due to deferred tax asset realized from change in corporate tax rate in Finance Bill 2018-19 to 25%, bringing total effective tax rate for 1HCY18 to 36% compared to 45% in the same period last year.

Exhibit:

HASCOL Financial Highlights

PKRmn	2QCY18	2QCY17	YoY	1QCY18	QoQ	1HCY18	1QCY17	YoY
Net Sales	66,451	42,848	55%	55,657	19%	122,108	77,743	57%
Gross Profit	3,079	1,622	90%	2,735	13%	5,814	3,050	91%
S&D Expense	798	628	27%	863	-7%	1,661	1,168	42%
Admin Expense	257	152	68%	189	35%	446	301	48%
Other Op. Income	130	67	95%	69	90%	199	134	49%
EBIT	2,155	908	137%	1,751	23%	3,906	1,715	128%
Finance Cost	241	148	62%	194	24%	435	262	66%
Exchange loss	1,455	-	n/m	400	264%	1,855	8	241.67x
Profit Before Taxation	459	760	-40%	1,157	-60%	1,616	1,430	13%
Taxation	160	347	-54%	427	-62%	588	639	-8%
Profit After Taxation	299	414	-28%	730	-59%	1,028	791	30%
EPS (PKR)	2.06	3.20		5.04		7.10	6.12	
EPS (PKR) – Diluted 144.82 mn shares	2.06	2.86		5.04		7.10	5.46	
DPS (PKR)	3.50	3.50		-		3.50	3.50	

Source: IGI Research, Company Financials

No of Shares: 144.82mn

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