

# Flash Note

Monday, 23 April 2018

## Oil & Gas - Marketing Companies

### PSO: Earnings up by +14%YoY to PKR 14.42/share during 3QFY18 backed by higher inventory gains

- Pakistan State Oil Company Limited (PSO) announced financial results for 3QFY18 with earnings clocking in at PKR 4.70bn (EPS PKR 14.42) up by +14%YoY compared to PKR 4.14bn (EPS PKR 12.70) in the same period last year. The company announced cash dividend of PKR 10/share, along with the result. This brings 9MFY18 earnings to PKR 13.23bn (EPS: PKR 40.56) down by 7%YoY compared to PKR 14.16bn (EPS: PKR 43.42) in the similar period last year.
- We attribute this growth in earnings for 3QFY18 likely on the back of inventory gains and penal interest income.
- Net Revenues increased by +4%YoY to PKR 226.29bn, likely on the back of increase in MS, HSD, FO and LNG prices.
- Gross profit increased by +10%YoY to PKR 10.18bn during 3QFY18 as against PKR 9.23bn in similar period last year likely owing to estimated inventory gains of PKR 1.5-2.0bn.
- Operating costs inched up by +6%YoY to PKR 3.09bn during 3QFY18 compared to PKR 2.90bn in the corresponding period last year likely owing to exchange loss incurred due to 5% PKR depreciation in Mar-18.
- Finance cost increased by +28%YoY to PKR 1.91bn during 3QFY18 likely owing to higher late payment surcharges.
- Effective tax rate stood at 36% during 3QFY18 compared to 38% reported in the corresponding period last year.

Exhibit:

#### Financial Highlights

PKRmn	3QFY18	3QFY17	YoY	9MFY18	9MFY17	YoY
Net Sales	226,286	218,160	4%	744,639	629,508	18%
Gross Profit	10,182	9,232	10%	28,912	27,123	7%
Operating Costs	3,089	2,904	6%	10,139	9,670	5%
Other Op. Income	2,112	1,703	24%	5,081	8,019	-37%
EBIT	9,204	8,031	15%	23,853	25,472	-6%
Finance Cost	1,907	1,485	28%	3,686	4,331	-15%
Profit Before Taxation	7,353	6,716	9%	20,433	21,677	-6%
Taxation	2,651	2,574	3%	7,209	7,521	-4%
Profit After Taxation	4,703	4,141	14%	13,225	14,156	-7%
<b>EPS (PKR)</b>	<b>14.42</b>	<b>12.70</b>		<b>40.56</b>	<b>43.42</b>	
DPS (PKR)	10.00	10.00		10.00	10.00	

Source: IGI Research, Company Financials

No of Shares: 326.02mn

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**Time Horizon:** Dec – 2018

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