

Flash Note

Thursday, 11 March 2021

Oil & Gas - Marketing Companies

Hascol Petroleum Limited (HASCOL)

Inventory and impairment losses drag 2QCY20 LPS to PKR 11.06

- Hascol Petroleum Limited (HASCOL) announced financial result for 2QCY20 where the Company reported loss of PKR 11.05bn (LPS PKR 11.06 – fully diluted at 999.12mn shares) against loss of PKR 6.04bn (LPS PKR 6.04 - fully diluted at 999.12mn shares) in the same period last year. This brings total loss for 1HCY20 to PKR 17.90bn (LPS PKR 17.92 - fully diluted at 999.12mn shares) compared to loss of PKR 11.82bn (LPS PKR 11.83 - fully diluted at 999.12mn shares) in the same period last year.
- We attribute this loss to a) 3%/y decline in total volumes, b) inventory loss of PKR 1.5bn in our view and, c) impairment loss on financial assets.
- Revenues dropped by 34%/y/y to PKR 24.06bn during 2QCY20 owing to 3%/y/y drop in total volumes led by no FO sales during the quarter and substantial decline in MS and HSD prices as international oil prices tumbled post global outbreak of Covid-19.
- Selling and distribution expense dropped by 45%/y/y to PKR 0.55bn during 2QCY20 compared to PKR 1.0bn in the corresponding period last year whereas admin expenses increased by +7%/y/y to PKR 0.36bn against PKR 0.33bn.
- HASCOL booked an impairment loss of PKR 7.60bn during 2QCY20 compared to PKR 0.84bn reported in the same period last year.
- The Company reported exchange loss of PKR 0.21bn during 2QCY20 compared to PKR 3.05bn in the corresponding period last year which kept a lid on further addition of losses.
- HASCOL also booked tax charge of PKR 0.48bn during 2QCY20 against tax income of PKR 3.96bn in the same period last year. To note, the auditors in CY19 annual financial statements highlighted going concern and uncertainty on future profits. As a result the Company cannot utilize its deferred tax asset thus leading to net tax charge realized in profit and loss statement during 1HCY20.

Exhibit: HASCOL Financial Highlights

PKRmn	2QCY20	2QCY19	y/y	1QCY20	q/q	1HCY20	1HCY19	y/y
Net Sales	24,057	36,396	-34%	34,694	-31%	58,751	86,034	-32%
Gross Profit	(242)	(9)	n/m	(1,857)	n/m	(2,100)	(25)	n/m
S&D Expense	545	992	-45%	866	-37%	1,411	1,846	-24%
Admin Expense	358	334	7%	181	98%	539	549	-2%
Other Charges	59	2,863	-98%	-	n/m	59	6,327	-99%
Impairment loss on financial assets	7,604	838	807%	-	n/m	7,604	838	807%
Other Op. Income	210	86	143%	102	106%	312	195	60%
EBIT	(8,599)	(4,950)	n/m	(2,802)	n/m	(11,401)	(9,390)	n/m
Finance Cost	1,761	2,002	-12%	1,953	-10%	3,714	2,808	32%
Exchange loss	(209)	(3,045)	n/m	(1,888)	n/m	(2,097)	(3,289)	n/m
Profit Before Taxation	(10,569)	(9,997)	n/m	(6,643)	n/m	(17,213)	(15,487)	n/m
Taxation	482	(3,962)	n/m	206	134%	688	(3,667)	n/m
Profit After Taxation	(11,051)	(6,035)	n/m	(6,849)	n/m	(17,900)	(11,819)	n/m
EPS (PKR) - Fully Diluted at 999.12mn shares	(11.06)	(6.04)		(6.85)		(17.92)	(11.83)	
DPS (PKR)	-	-		-		-	-	

Source: IGI Research, Company Financials

No of Shares: 999.12mn

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