

Flash Note

Friday, 26 March 2021

Oil & Gas - Marketing Companies

Hascol Petroleum Limited (HASCOL)

Inventory and impairment losses drag 3QCY20 LPS to PKR 3.04 despite higher sales

- Hascol Petroleum Limited (HASCOL) announced financial result for 3QCY20 where the Company reported loss of PKR 3.04bn or PKR 3.04/share based on fully diluted shares 999.12mn, against loss of PKR 2.58bn (LPS PKR 2.59) in the same period last year. This brings total loss for 9MCY20 to PKR 20.94bn (LPS PKR 20.96) compared to loss of PKR 14.41bn (LPS PKR 14.42) in the same period last year.
- We attribute this loss to a) inventory loss in our view and, b) impairment loss on financial assets.
- Overall company's revenues increased by +2%y/y to PKR 25.85bn during 3QCY20 owing to +16%y/y rise in total volumes led by MS sales during the quarter despite substantial decline in MS and HSD prices and no FO sales. While, selling and distribution expense dropped by 16%y/y to PKR 0.90bn during 3QCY20 compared to PKR 1.1bn in the corresponding period last year whereas admin expenses declined by 15%y/y to PKR 0.26bn against PKR 0.31bn.
- In addition company booked an impairment loss of PKR 0.5bn during 3QCY20 compared no expense reported in the same period last year. Moreover, company reported an exchange gain of PKR 0.39bn during 3QCY20 compared to PKR 0.20bn in the corresponding period last year. Finance cost declined by 45%y/y to PKR 1.34bn during 3QCY20 compared to PKR 2.44bn in the similar period last year owing to drop in interest rates, which kept a lid on further addition of losses.
- Company booked tax charge of PKR 0.05bn during 3QCY20 against tax income of PKR 0.95bn 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 9MCY20.

Exhibit: Financial Highlights								
PKRmn	3QCY20	3QCY19	y/y	3QCY20	q/q	9MCY20	9MCY19	y/y
Net Sales	25,846	25,366	2%	24,057	7%	84,597	111,400	-24%
Gross Profit	(504)	(9)	n/m	(242)	n/m	(2,604)	(34)	n/m
S&D Expense	899	1,069	-16%	545	65%	2,311	2,956	-22%
Admin Expense	263	311	-15%	358	-27%	803	821	-2%
Other Charges	-	-	n/m	59	n/m	59	6,327	-99%
Impairment loss on financial assets	495	-	n/m	7,604	-93%	8,099	838	866%
Other Op. Income	115	99	16%	210	-45%	426	294	45%
EBIT	(2,047)	(1,290)	n/m	(8,599)	n/m	(13,448)	(10,683)	n/m
Finance Cost	1,335	2,439	-45%	1,761	-24%	5,050	5,247	-4%
Exchange loss	389	196	99%	(209)	n/m	(1,708)	(3,093)	n/m
Profit Before Taxation	(2,993)	(3,534)	n/m	(10,569)	n/m	(20,205)	(19,023)	n/m
Taxation	47	(951)	n/m	482	-90%	734	(4,618)	n/m
Profit After Taxation	(3,040)	(2,583)	n/m	(11,051)	n/m	(20,940)	(14,405)	n/m
EPS (PKR)	(3.04)	(2.59)		(11.06)		(20.96)	(14.42)	

Source: IGI Research, Company Financials

No of Shares: 999.12mn

Analyst

Abdullah Farhan

abdullah.farhan@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 912

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Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Areesha Ishrat	Trainee Analyst	Tel: (+92-21) 111-234-234 Ext: 810	areesha.ishrat@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

IGI Finex Securities Limited

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Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

<p>Lahore Office Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559</p>	<p>Islamabad Office Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861</p>
<p>Faisalabad Office Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road Tel: (+92-41) 2540843-45 Fax: (+92-41) 2540815</p>	<p>Rahim Yar Khan Office Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651</p>
<p>Multan Office Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183</p>	

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Research Analyst(s)

Research Identity Number: BRP009

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