

# Flash Note

Monday, 29 October 2018

## Oil & Gas - Marketing Companies

### Pakistan State Oil Company Limited (PSO)

#### Lower volumes drag 1QFY19 EPS down by 17%YoY to PKR 12.82 amid respite from likely hefty inventory gains

- Pakistan State Oil Company Limited (PSO) announced financial results for 1QFY19 with earnings clocking in at PKR 4.18bn (EPS PKR 12.82, Diluted EPS PKR 10.69 @ 391.2mn shares) down by 17%YoY compared to PKR 5.03bn (EPS PKR 15.43, Diluted EPS PKR 12.86 @ 391.2mn shares) in the same period last year. On quarterly basis, earnings are up by +87%QoQ on the back of lower exchange loss and lower effective tax rate.
- We attribute this decline in earnings during 1QFY19 likely on the back of 84%/32%/13%YoY drop in FO/HSD/MS volumes.
- Net Revenues increased by +8%YoY to PKR 280.0bn during 1QFY19 likely on the back of substantial increase in LNG, MS, HSD and FO prices due to PKR depreciation and rise in international oil prices.
- Gross profit increased by +19%YoY to PKR 10.91bn during 1QFY19 as against PKR 9.17bn in similar period last year likely owing to rise in MS, HSD, FO margins and likely inventory gains.
- Operating costs increased by +6%YoY to PKR 3.58bn during 1QFY19 compared to PKR 3.37bn in the corresponding period last year likely owing to exchange loss incurred due to PKR depreciation.
- Finance cost leaped up by +2.4xYoY to PKR 1.8bn during 1QFY19 likely owing to higher mark-up cost on short term borrowings amid substantial rise in circular debt.
- Effective tax rate stood at 36.6% during 1QFY19 compared to 32.2% reported in the corresponding period last year.

Exhibit:

#### Financial Highlights

PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	280,028	258,645	8%	312,261	-10%
Gross Profit	10,906	9,172	19%	10,742	2%
Operating Costs	3,581	3,368	6%	5,124	-30%
Other Income	970	2,213	-56%	2,416	-60%
EBIT	8,296	8,018	3%	8,035	3%
Finance Cost	1,826	756	142%	1,437	27%
Profit Before Taxation	6,590	7,420	-11%	6,745	-2%
Taxation	2,409	2,390	1%	4,491	-46%
Profit After Taxation	4,181	5,029	-17%	2,237	87%
EPS (PKR)	12.82	15.43		8.23	
EPS (PKR) – Diluted @ 391.2mn shares	10.69	12.86		5.72	
DPS (PKR)	-	-		-	

Source: IGI Research, Company Financials

No of Shares: 391.23mn

#### Analyst

**Abdullah Farhan**

[abdullah.farhan@igi.com.pk](mailto:abdullah.farhan@igi.com.pk)

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

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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
Suleman Ashraf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	suleman.ashraf@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Umesh Solanki	Database Manager	Tel: (+92-21) 111-234-234 Ext: 974	umesh.solanki@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) 35777863-70	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	mehtab.ali@igi.com.pk
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@igi.com.pk

### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of  
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, PSX Building,  
Stock Exchange Road, Karachi.  
Tel: (+92-21) 32429613-4, 32462651-2,  
Fax: (+92-21) 32429607

### Lahore Office

Shop # G-009, Ground Floor,  
Packages Mall  
Tel: (+92-42) 35777863-70, 35876075-76  
Fax: (+92-42) 35763542

### Faisalabad Office

Room #: 515-516, 5th Floor, State Life  
Building, 2- Liaquat Road  
Tel: (+92-41) 2540843-45  
Fax: (+92-41) 2540815

### Multan Office

Mezzanine Floor, Abdali Tower,  
Abdali Road  
Tel: (92-992) 408243 - 44

### Peshawar Office

2nd Floor, The Mall Tower,  
35 The Mall Peshawar Cantt.  
Tel: (92-91) 5253035, 5278448

### 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

### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
Model Town, Town Hall Road  
Tel: (+92-68) 5871653-6, 5871652  
Fax: (+92-68) 5871651

### Abbottabad Office

Ground Floor, Al Fatah Shopping Center,  
Opp. Radio Station, Mansehra Road  
Tel: (+92-99) 2408243 - 44

### Sialkot Office

Suite No. 10 & 11, 1st Floor, Soni Square,  
Mubarik Pura  
Tel: (+92-52) 3258437, 3258762

IGI Finex Securities Limited

### Research Analyst(s)

Research Identity Number: BRP009

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