

Flash Note

Wednesday, 03 April 2019

Oil & Gas - Marketing Companies

Hascol Petroleum Limited (HASCOL)

Hefty exchange loss wipes off earnings in 4QCY18; 10% bonus declared

- Hascol Petroleum Limited (HASCOL) announced financial result for 4QCY18 where the Company reported loss of PKR 1.30bn (LPS PKR 6.89) against earnings of PKR 0.31bn (EPS PKR 1.69) in the same period last year. This brings total CY18 earnings to PKR 0.21bn (EPS PKR 1.44) compared to PKR 1.40bn (EPS PKR 7.74) in the corresponding period last year.
- The Company also announced bonus issue of 10% along with the result bringing total bonus issue to 35% for CY18 along with PKR 2.5/share cash dividend.
- We attribute this decline in earnings to hefty exchange losses, 38%YoY decline in total volumes and higher selling & distribution expense.
- Revenues inched up by +2%YoY to PKR 50.61bn during 4QCY18 owing to significant rise in domestic MS, HSD and FO prices on the back of rise in international oil price and PKR depreciation despite drop in volumes. This brings total revenues for CY18 to PKR 234.44bn against PKR 173.74bn in the same period last year.
- Selling and distribution expense increased by +45%YoY to PKR 1.27bn during 4QCY18 compared to PKR 0.88bn in the corresponding period last year.
- HASCOL incurred exchange loss of PKR 1.39bn during 4QCY18 compared to PKR 0.63bn in the same period last year owing to substantial depreciation of PKR against greenback. This brings total exchange losses for CY18 to PKR 3.90bn against PKR 0.80bn in the similar period last year.
- Finance costs also leaped up by +2.8xYoY to PKR 0.54bn during 4QCY18 as against PKR 0.19bn in the same period last year owing to higher mark up on short term borrowing and long term loan amid rise in interest rates and increased borrowings .

Exhibit:

Financial Highlights

PKRmn	4QCY18	4QCY17	YoY	3QCY18	QoQ	CY18	CY17	YoY
Net Sales	50,607	49,503	2%	61,956	-18%	234,444	173,739	35%
Gross Profit	2,064	2,947	-30%	2,399	-14%	10,277	7,389	39%
S&D Expense	1,270	876	45%	995	28%	3,925	2,667	47%
Admin Expense	235	145	63%	201	17%	883	611	44%
Other Op. Income	186	175	6%	142	31%	527	417	26%
EBIT	745	2,101	-65%	1,345	-45%	5,996	4,528	32%
Finance Cost	542	194	179%	347	56%	1,324	583	127%
Exchange loss	1,386	630	120%	663	109%	3,903	796	390%
Profit Before Taxation	(1,299)	801	n/m	335	n/m	652	2,659	-75%
Profit After Taxation	(1,300)	305	-n/m	479	n/m	207	1,401	-85%
EPS (PKR)	(6.89)	1.69		2.65		1.44	7.74	
EPS (PKR) @ 199.12mn	(6.53)	1.53		2.41		1.04	7.04	
DPS (PKR)	2.50	3.50		-		2.50	7.00	
Bonus / Right	10% B	0%		25% B		35% B	20% R	

Source: IGI Research, Company Financials

No of Shares: 181.02mn

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