

Flash Note

Friday, 23 February 2018

Power Generation & Distribution

KAPCO: Lower fuel losses and PKR depreciation lifts 2QFY18 EPS to PKR 2.52 in 2QFY18

- Kot Addu Power Company Limited (KAPCO) its announced financial results for 2QFY18 with earnings clocking in at PKR 2.21bn (EPS PKR 2.52) up by +19%YoY compared to PKR 1.85bn (EPS PKR 2.11) in the same period last year. This brings cumulative earnings for 1HFY18 to PKR 4.40bn (EPS PKR 5.00) up by +5%YoY compared to PKR 4.17bn (EPS PKR 4.74) in the corresponding period last year.
- The company announced cash dividend of PKR 4.35/share along with the result.
- Revenues for 2QFY18 increased by +21%YoY to PKR 18.45bn as compared to PKR 15.19bn in the corresponding period last year owing to +21%YoY rise in FO prices, higher load factor of 55% and 2%YoY PKR depreciation.
- Gross margins declined by 14bps to 17.4% during 2QFY18 as compared to 17.3% in the corresponding period last year likely owing to lower repairs and maintenance cost and PKR depreciation of 2%.
- Admin expenses declined by 12%YoY to PKR 101mn during 2QFY18 compared to PKR 115mn in the same period last year.
- Finance costs leaped up by +47%YoY to PKR 1.49bn during 2QFY18 as compared to PKR 1.01bn in the corresponding period last year likely owing to heavy reliance on short term borrowings.
- Effective tax rate dropped to 29.5% during 2QFY18 compared to 31.9% in the corresponding period last year.

Exhibit:

Financial Highlights

PKRmn	2QFY18	2QFY17	YoY	1HFY18	1HFY17	YoY
Revenue	18,445	15,191	21%	40,016	32,916	22%
Operating Costs	15,238	12,571	21%	33,365	26,958	24%
Gross Profit	3,207	2,620	22%	6,651	5,959	12%
Admin Expense	101	115	-12%	229	217	5%
Financial Charges	1,486	1,008	47%	3,085	1,964	57%
Other Income	1,584	1,225	29%	2,983	2,303	30%
PBT	3,141	2,722	15%	6,257	6,081	3%
PAT	2,214	1,853	19%	4,395	4,172	5%
EPS	2.52	2.11		5.00	4.74	
DPS	4.35	4.30		4.35	4.30	

Source: IGI Research, Company Financials

No of Shares: 880 mn

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