

# Flash Note

Wednesday, 30 August 2017

## Oil & Gas - Marketing Companies

### HASCOL: Earnings remain flat at PKR 3.43/share during 2QCY17 as effective tax rate remains on the higher side

- Hascol Petroleum Limited (HASCOL) announced financial results for 2QCY17 with earnings clocking in at PKR 414Mn (EPS PKR 3.43) up by +1%YoY as compared to PKR 410mn (EPS PKR 3.40) in the same period last year. On quarterly basis, earnings increased by +10%QoQ, taking 1HCY17 earnings to PKR 791mn (EPS PKR 6.55) up by +29%YoY.
- The company announced cash dividend of PKR 3.50/share along with the result.
- For 2QCY17, revenues increased +86%YoY to PKR 42.8bn as compared to PKR 23.02bn in the corresponding period last year owing to a) +64%/+68%/+10%YoY rise in MS/HSD/FO sales, b) +47%YoY rise in FO prices and, c) +15%/+14%YoY increase in MS/HSD average price during 2QCY17.
- Gross margins declined to 3.8% in 2QCY17 compared to 6.1% in the same period last year likely owing to higher discounts offered and inventory losses incurred during the period.
- Selling and distribution expense increased by +52%YoY to PKR 628mn in 2QCY17 compared to PKR 414mn in the same period last year.
- Finance cost increased by +37%YoY to PKR 148mn in 2QCY17 compared to PKR 108mn in the corresponding period last year.
- Effective tax rate stood at 45.6% during 2QCY17 compared to 45.4% in the same period last year, taking effective tax rate for 1HCY17 to 44.7% (2QCY16: 37.9%).

Exhibit:

#### Financial Highlights

PKRmn	2QCY17	2QCY16	YoY	QoQ	1HCY17	1HCY16	YoY
Net Sales	42,848	23,015	86%	23%	77,743	43,367	79%
Gross Profit	1,622	1,407	15%	14%	3,050	2,170	41%
S&D exp	628	414	52%	16%	1,168	772	51%
Admin Exp	152	137	11%	3%	301	258	17%
Other Charges	0	35	-99%	-102%	(23)	37	-161%
Operating Costs	781	586	33%	17%	-	-	N/M
Other Op. Income	67	37	81%	0%	134	90	48%
EBIT	908	893	2%	13%	1,715	1,229	39%
Finance Cost	148	108	37%	30%	262	211	24%
Profit Before Taxation	760	750	1%	14%	1,430	986	45%
Taxation	347	340	2%	18%	639	374	71%
Profit After Taxation	414	410	1%	10%	791	612	29%
<b>EPS (PKR)</b>	<b>3.43</b>	<b>3.40</b>			<b>6.55</b>	<b>5.07</b>	
DPS (PKR)	3.50	3.50			3.50	3.50	

Source: IGI Research, Company Financials

Shares mn: 120.68 mn

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**Time Horizon:** Dec - 2017

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DCF (Discounted Cash Flow)

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