

Flash Note

Tuesday, 27 October 2020

Oil & Gas - Marketing Companies

Pakistan State Oil Company Limited (PSO)

Lower finance cost along with improved volumes and inventory gain lifts 1QFY21 EPS to PKR 10.96, up by +46%YoY

- Pakistan State Oil Company Limited (PSO) announced financial results for 1QFY21 with un-consolidated earnings clocking in at PKR 5.14bn (EPS: PKR 10.96), up by +46% YoY, compared to PKR 3.53bn (EPS: PKR 7.52) in the same period last year.
- We attribute this substantial growth in earnings during 1QFY21 to a) hefty inventory gains, b) 68% YoY drop in finance cost amid decline in interest rates and retirement of short term borrowing in 4QFY20 and, c) +10% YoY rise in total volumes.
- **Net Revenue** dropped by 15% YoY to PKR 281bn during 1QFY21, likely on the back of substantial decline in MS, HSD and FO prices despite +10% YoY growth in total volumes.
- **Gross profit** recorded growth of +7% YoY to PKR 11.50bn during 1QFY21 as against PKR 10.71bn in similar period last year likely owing to hefty inventory gains, increased margins on MS and HSD and growth in total volumes led by +28%/+17%/+12% YoY incline in FO/HSD/MS sales.
- **Other income** also declined by 23% YoY to PKR 1.24bn during 1QFY21 compared to PKR 1.60bn in the corresponding period last year likely owing to lower penal interest income booked during the quarter.
- **Finance cost** plummeted by 68% YoY to PKR 0.90bn during 1QFY21 against PKR 2.66bn in the same period last year likely owing to lower short term borrowings and drop in interest rates.
- **Effective tax rate** stood at 33.0% during 1QFY21 compared to 43.2% in the similar period last year.

Exhibit: Financial Highlights

PKRmn	1QFY21	1QFY20	YoY	4QFY20	QoQ
Net Sales	280,765	329,783	-15%	221,027	27%
Gross Profit	11,496	10,706	7%	(7,915)	n/m
S&D Expense	2,536	2,565	-1%	3,412	-26%
Admin Expense	775	725	7%	653	19%
Other Charges	561	507	11%	(135)	n/m
Other Income	1,236	1,603	-23%	1,928	-36%
EBIT	8,383	8,730	-4%	(9,917)	n/m
Finance Cost	859	2,658	-68%	2,919	-71%
PBT	7,676	6,216	23%	(12,749)	n/m
Taxation	2,532	2,688	-6%	(3,275)	n/m
PAT	5,144	3,528	46%	(9,474)	n/m
EPS (PKR)	10.96	7.56		(20.18)	
DPS (PKR)	-	-		-	

Source: IGI Research, Company Financials

No of Shares: 469.47mn

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