

Hascol Petroleum (HASCOL)

2Q2018 EPS Rs2.06, down by 26% YoY; 1H2018 EPS Rs7.1 up by 32% YoY

Cash Dividend of Rs3.5/share

Below expectations

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Higher exchange losses restricted earnings

HASCOL: Consolidated Financial highlights						
Rsmn	2Q2018	2Q2017	YoY	QoQ	1H2018	YoY
Net Revenue	66,451	42,848	55%	19%	122,108	57%
Cost of Sales	63,372	41,226	54%	20%	116,294	56%
Gross Profit	3,079	1,622	90%	13%	5,814	91%
Distribution Expenses	798	628	27%	-7%	1,661	42%
Administrative Expenses	257	167	53%	35%	446	39%
Other Income	130	67	94%	90%	199	48%
Other Operating Expenses	-	-	NM	NM	-	NM
Finance Cost	241	148	62%	24%	435	66%
Exchange Loss	1,455	-	NM	264%	1,855	NM
Profit Before Taxation	459	746	-38%	-60%	1,616	15%
Profit After Taxation	299	399	-25%	-59%	1,028	33%
Owners of the Holding Company	299	405	-26%	-59%	1,028	32%
EPS	2.06	2.79			7.1	

Source: PSX Notice, Topline Research

- Hascol Petroleum (HASCOL) announced earnings of Rs2.06/share during 2Q2018, down by 26% YoY due to exchange losses incurred by company on foreign payables amidst rupee devaluation (amounting to Rs1.4bn). Total exchange losses during 1H2018 clocked in at Rs1.9bn.
- Company reported 55% YoY growth in net revenues to Rs66bn during 2Q2018 due to higher petrol and diesel prices and increase of around 19% YoY in total volumetric sales.

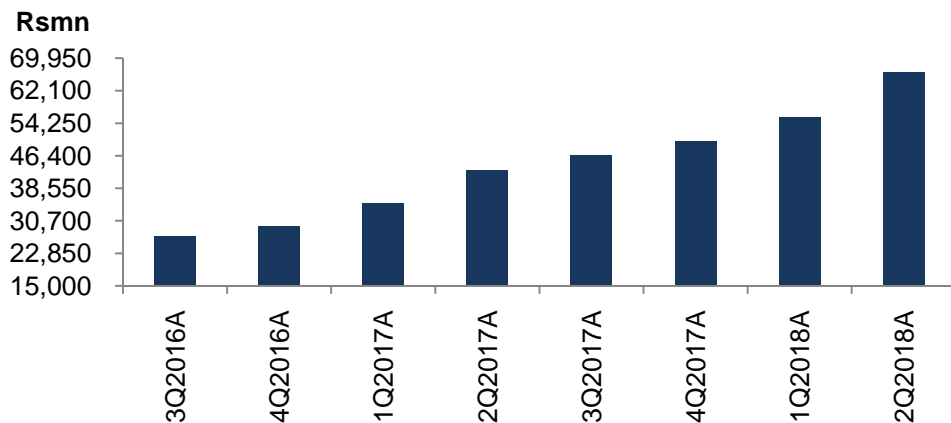
Higher exchange losses restricted earnings

- During 2Q2018, gross profit of the company surged by 90% YoY to Rs3bn due to higher volumetric sales & likely inventory gains, while admin and distribution cost was increased by 53% and 27%, respectively.
- Finance cost of the company increased to Rs241mn, up by 62% YoY due to higher debt borrowing by the company coupled with higher interest rates.
- Key risks to the stock includes: 1) rise in pump prices & slowdown in sales growth, 2) rupee depreciation & inability of the company to pass on the impact, 3) volatility in oil prices and inventory losses, & 4) increasing competition.

HASCOL: Key Numbers					
	2013A	2014A	2015A	2016A	2017A
EPS	2.7	4.4	7.8	8.3	9.2
Earnings Growth	79%	63%	77%	7%	10%
PE at Rs295.7	109.4	66.9	37.8	35.5	32.2
Dividend Yield	0%	1%	2%	2%	3%
ROE	27%	23%	25%	23%	14%
PBV	29.7	15.4	9.5	8.1	4.6

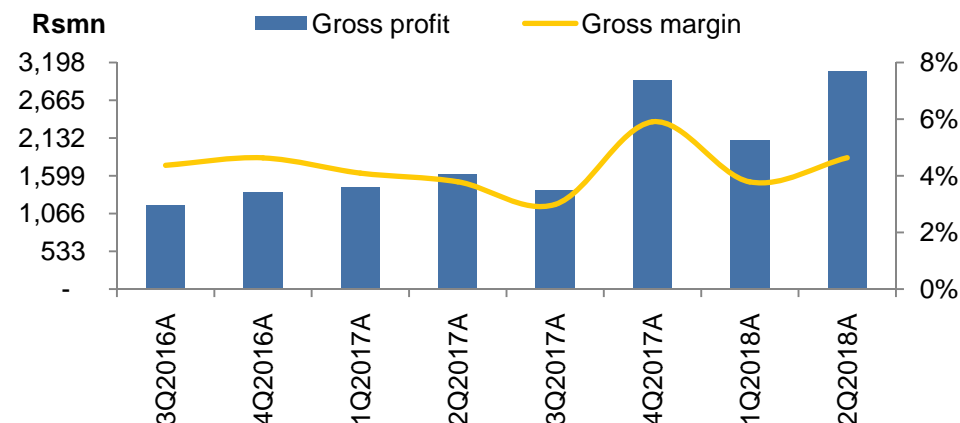
Source: Company Accounts, Topline Research

HASCOL: Quarterly Sales



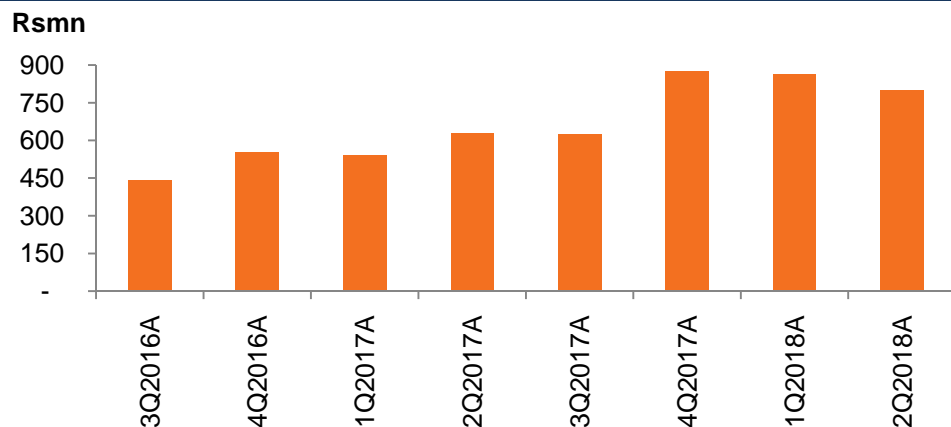
Source: Company Accounts, Topline Research

HASCOL: Quarterly Gross Profit & Gross Margins



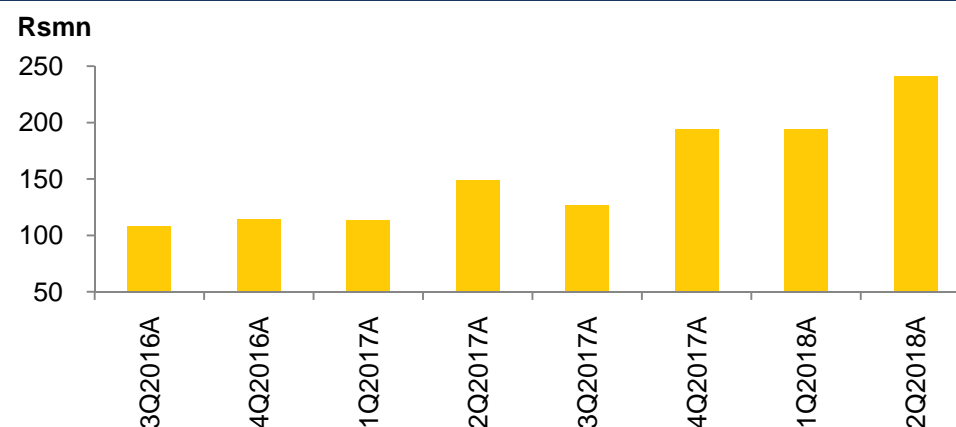
Source: Company Accounts, Topline Research

HASCOL: Quarterly Distribution & Marketing Expense



Source: Company Accounts, Topline Research

HASCOL: Finance Cost



Source: Company Accounts, Topline Research

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