

PSO & HASCOL: Result Previews

PSO expected to post NPAT of PkR6.3bn for 1HFY19, down 26%YoY: Board of Management of PSO is scheduled to meet tomorrow (Feb 16 '19) to announce 1HFY19 results. For 2QFY19, the company is expected to post an EPS of PkR5.45 vs. PkR8.93 in 2QFY18. A 46/3% YoY/QoQ decline in volumes (in-line with an industry-wide down cycle) will soften the topline as economic cyclicity dampens demand, leading to a YoY decline while the QoQ decline was on the back of seasonality (worsened by smuggled product). Declining oil prices will also drag the bottom-line as we expect the company to incur inventory loss of PkR1.2bn for the quarter vs. an inventory gain of PkR1.8bn in 1QFY19, taking the total for 1HFY19 to PkR0.6bn. Moreover, a 12% depreciation of PkR vs. USD is expected to induce exchange loss of PkR0.3bn for PSO. For 1HFY19, the EPS is expected to come out at PkR16.1 vs. PkR21.8 in 1HFY18, down 26%YoY on the back of decreased volumes, higher inventory/exchange loss.

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PSO: 1HFY19 Result Preview

(Pkrmn)	2QFY19	YoY	QoQ	1HFY19	1HFY18	YoY
Sales	303,332	-6.54%	-8.39%	634,457	649,302	-2.29%
Cost of Sales	296,064	18.35%	10.01%	565,186	499,623	13.12%
Gross Profit	7,268	-23.81%	-33.36%	18,175	18,730	-2.96%
Selling and Dist	2,368	5.39%	14.50%	4,436	4,311	2.89%
Admn. Exp.	779	48.25%	8.11%	1,500	1,206	24.36%
Finance Cost	1,185	15.83%	-35.10%	3,011	1,779	69.24%
Other op. Exp	673	-24.62%	-15.05%	1,465	1,533	-4.43%
Other Income	895	18.34%	-7.78%	1,865	2,969	-37.18%
PBT	3,278	-42.08%	-50.25%	9,868	13,080	-24.56%
Tax	1,147	-47.07%	-52.37%	3,556	4,558	-21.98%
PAT	2,131	-38.99%	-49.03%	6,312	8,522	-25.94%
EPS (Pkr)	5.45	-	-	16.13	21.78	-
DPS (Pkr)	-	-	-	-	-	-

Source: Company Report & AKD Research

HASCOL is set to record an EPS of PkR9.16 in CY18, down 14%YoY: We expect the company to record NPAT of PkR1.2bn (EPS: PkR9.16) in CY18 vs. PkR1.4bn (EPS: PkR9.68) in the corresponding period last year. The results could be accompanied by a dividend of PkR2.5/sh. For 4QCY18, we expect the company to post an EPS of PkR-1.25, -159/-138% YoY/QoQ driven by 57.23%YoY decrease in gross profit on the back of decrease in market share to 9.5% in 4QCY18 vs. 10.9% in 4QCY17 as sales volume receded by 37%YoY, dropping significantly from the high-growth trajectory witnessed previously. Exchange loss has been a major drag on company's earnings, totaling to PkR2.5bn in 9MCY18 where we expect the exchange loss for 4QCY18 to the tune of ~PkR0.5mn, taking the total to ~PkR3bn for CY18. On other hand, weak global crude and refined product price volatility imply an inventory loss of ~PkR400mn for 4QCY18, where a reliance on imported sourcing and sourcing prowess (timing of shipments) could deliver upsides to our estimates.

HASCOL: CY18 Result Preview

(Pkrmn)	4QCY18E	YoY	QoQ	CY18E	CY17	YoY
Sales	62,035	-2.06%	-14.85%	282,411	215,662	30.95%
Cost of Sales	61,016	1.03%	-13.39%	272,938	208,273	31.05%
Gross Profit	1,260	-57.23%	-47.47%	9,473	7,389	28.21%
Selling and Dist	792	-9.62%	-20.37%	3,447	2,667	29.27%
Admn. Exp.	196	35.52%	-2.70%	844	611	37.96%
Other Income	205	17.40%	44.45%	547	417	30.91%
Operating Profit	478	-77.26%	-64.49%	5,729	4,528	26.51%
Finance Cost	307	58.03%	-11.78%	1,089	583	86.89%
PBT	-279	-134.82%	-183.19%	1,549	2,659	-41.74%
Tax	-98	-119.70%	-32.12%	347	1,257	-72.44%
PAT	-181	-159.33%	-137.84%	1,202	1,401	-14.19%
EPS (Pkr)	-1.25	-	-	9.16	9.68	-
DPS (Pkr)	2.5	-	-	2.5	2.8	-

Source: Company Report & AKD Research



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Buy	> 19% expected total return (Rf: 13% + Rp: 6%)
Neutral	> 13% to < 19% expected total return
Sell	< 13% expected total return (Rf: 13%)

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Buy	> 20% upside potential
Accumulate	> 5% to < 20% upside potential
Neutral	< 5% to > -5% potential
Reduce	< -5% to > -20% downside potential
Sell	< -20% downside potential
Not Rated	No investment opinion or recommendation

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