



Pakistan State Oil: 3QFY15 EPS estimations ~ Rs 7.12

Pakistan State Oil (PSO) is scheduled to announce its financial result for 9MFY15 on April 27, 2015.

We give our preview ~ PSO could clock 3QFY15 earning of Rs 7.12, down by 46% QoQ against actual 3QFY14 EPS of Rs 13.25. While PSO to post cumulative 9MFY15 EPS of Rs 22.9 against Rs 71.4 reported in same period last year, translating 68% YoY decline.

Pakistan State Oil

Profit and Loss Account

In million Rs	3QFY15E	3QFY14	Change	9MFY15E	9MFY14	Change
Sales	209,743	296,306	-29.2%	814,313	1,023,266	-20.4%
Sales tax & IFEM	33,559	46,761	-28.2%	129,841	161,809	-19.8%
Net sales	176,184	249,545	-29.4%	684,472	861,457	-20.5%
COGS	170,417	243,054	-29.9%	666,196	831,914	-19.9%
Gross profit	5,768	6,491	-11.1%	18,276	29,543	-38.1%
Other income	3,516	2,898	21.3%	10,238	17,565	-41.7%
Operating expenses	3,563	1,851	92.4%	11,346	10,876	4.3%
Profit from operation	5,721	7,538	-24.1%	17,168	36,232	-52.6%
Finance cost	2,971	2,141	38.8%	8,912	7,413	20.2%
PBT	2,886	5,537	-47.9%	8,415	29,242	-71.2%
PAT	1,934	3,600	-46.3%	6,217	19,400	-68.0%
EPS	7.12	13.25	-46.3%	22.88	71.41	-68.0%

Source: SCS Research

- We preview 29% QoQ decline in topline owing to some decline in petroleum product prices during this quarter and also PSO's slight shrinking market share. During 3QFY15 volumetric sales decreased by 9% QoQ against 3QFY14 sales.
- Pilling up burden of circular debt is biggest burden for PSO which is restraining volumetric sales and increasing trade receivables.
- We expect PSO will not report huge inventory loss in 3QFY15 unlike reported in previous quarter results.
- While lower margin on furnace oil will be set-off with increasing FO volumetric sales, owing higher demand from power generation sector.
- Interest income on PIBs is worth Rs 43bn. This will also support PSO bottom line.

Future outlook ~ PSO may ride on increased demand

Ongoing demand from IPPs, growing demand from automobile sector and stable economic scenario shall boost PSO's volumetric sales. We expect international oil prices to rebound in coming days (since conflict in Yemen is flaring up tensions between arch rivals). PSO could record inventory gain in the ongoing final quarter.

PSO Market Statistics

Avg Volume (52 Weeks)	1.86mn
Close	383.20
52 Weeks High	427.5
52 Weeks Low	322
Market Capitalization	104.11bn
Beta	1.4
Total No of Shares	271.69mn
Free-Float Shares	126.19mn

Source: www.scstrade.com

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