

## PSO Statistics

As on	29/8/2013
Avg Volume (52 Weeks)	1.73mn
Current price	299.00
52 Weeks High	337.9
52 Weeks Low	183.65
Market Capitalization	77.3bn
Beta	1.37
Total No of Shares	246.98mn
Free-Float Shares	77.49mn

Source: [www.scstrade.com](http://www.scstrade.com)

## PSO - Financial Highlights

PKR bn	FY12	FY13	Change
Net Revenue	1,024.42	1,100.12	7%
Cost of sales	990.10	1,063.61	7%
Gross Profit	34.32	36.51	6%
Other Income	9.68	5.94	-39%
Operating Income	24.68	26.11	6%
Finance cost	11.66	7.59	-35%
PAT	9.06	12.56	39%
EPS(Rs.)	36.67	50.84	39%
DPS	5.50	5.00	-9%
Bonus	-	20%	-
Dividend Yield	1.8%	1.7%	-
P/E (x)	8.18	5.90	-

Source: Company Data & SCS Research

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## PSO: A value investment; Rs. 5/sh dividend for FY13

Pakistan State Oil Company (PSO) announced financial results for FY13. PSO reported net profit of Rs 12.56bn (EPS: Rs 50.84) increased by 39% against Rs 9.06bn (EPS: Rs 36.67) in FY12.

Along with incremental EPS company also announced a year ended final cash dividend of Rs. 2.5 per share which is addition to interim cash dividend of Rs 2.5 per share and 20% bonus share making the cumulative cash dividend of Rs 5 per share of FY13 against Rs 5.5 per share in FY12.

## Financial highlights:

PSO reported net revenue of Rs 1,100bn in FY13, 7% higher than the last year's revenue of Rs 1,024bn. The Gross profit margin stood same at 3.33% and posted a gross profit of Rs 36.51bn for FY13 against Rs 34.32bn in last year.

With a massive decline in other income, company reported 39% lower other income as Rs 5.94bn in FY13 against Rs 9.68bn in FY12.

Where in 35% lower finance cost in FY13 supported the other income decline.

## PSO- A value Investment

Overall company's earnings were as per our forecast and mentioned in our last detailed report of PSO on July 9. Through company does not announced higher dividend, but it is value investment based on the future earnings.

We believe that currently company is not in position to increase its payout and paying the higher dividend and also no additional bonus was expected for FY13, but we were very positive in future.

## Valuations

PSO yields FY14 PE of 4.82x (based on our pretext of Rs 62.19/sh EPS forecast). And with a dividend yield of 5% for FY14 we sustain our BUY stance, since PSO is undervalued from our revised targeted Price of Rs 375. So we maintain our recommend BUY in PSO.