

**PSO- FY18 Analyst Briefing Takeaways**

- PSO held its analyst briefing today to discuss its FY18 result
- PSO posted FY18 profit after tax of Rs15.4bn (EPS: Rs47.42) as compared to profit after tax of Rs18.22bn (EPS: Rs55.90) in same period last year, down by 15.2% YoY. Decline in earning is due to higher effective tax rate which emanated from deferred tax (Rs1.3bn) and super tax
- Overall volumes declined by around 12%, mainly because of FO sales by 30%. On the other hand volumes of Mogas and HSD grew by 10.1% and 2.4% respectively
- PSO recorded inventory gain of Rs206mn in FY18, as compared to inventory gain of Rs1.06bn in FY17
- Management plan to open 70 to 80 new retail outlets in FY19, as compared to 68 outlets in FY18
- PSO total receivables stand at Rs238bn at the end of June 2018 which includes Rs200bn from power sector
- Company intends to spend around Rs7bn to 8bn on CAPEX in FY19

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**Valuation Methodology**

To arrive at period end target price, Abbasi Securities uses different valuation methodologies:

- Comparable Method ( P/E, P/B etc.)
- Discounted Cash flow Method
- Sum of the parts {SOTP}
- Equity and Asset based valuation

**Rating**

- BUY Total return more than 20% from last closing of market price
- HOLD Total return is in between 10% and 20% from last closing of market price
- REDUCE Total return is less than 10% from last closing market price



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