

# Company Analysis

## JAMUNA OIL COMPANY LIMITED (JOCL)

<b>Current Market Price</b>	:	<b>BDT 240.60 (As on 18<sup>th</sup> Aug, 2013)</b>
<b>Dividend Adjusted Cost</b>	:	<b>BDT 136.79 (At the end of Dec, 2014)</b>
<b>Fair Value Estimate</b>	:	<b>BDT 252.41 (At the end of Dec, 2014)</b>

### Company Snapshots

Sector	:	<b>Fuel &amp; Power</b>
Sector Market Capitalization	:	<b>BDT 248,990.41 Million</b>
Paid Up Capital	:	<b>BDT 913.00 Million</b>
Free Float Share	:	<b>36.45 Million</b>
Reserve & Surplus	:	<b>BDT 4198.00 Million</b>
Current EPS	:	<b>BDT 13.11 (Third Quarter)</b>
NAVPS	:	<b>BDT 11.61</b>
Sectoral P/E	:	<b>13.14 Times</b>
Company Beta	:	<b>1.039</b>

### Prior year Dividend Information

Dividend Information		
Declaration Year	Cash	Bonus
2007	15%	
2008	40%	
2009	40%	
2010	30%	20%
2011	30%	30%
2012	45%	30%

### Expected Dividend

Dividend Information		
Declaration Year	Cash	Bonus
2013	50%	30%
2014	45%	30%

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### Investment Opportunities:

#### Industry Specific

1. Albeit the huge cost involved with liquid fuel based power generation, GoB has no alternative of this because of scarcity of Gas & Coal and for that reason we have experienced massive increases in power generation through oil over the last three years. In particular, because of public sentiment, electricity generation may reach a new high at the end of year 2013 in response to the upcoming election. As such all the oil marketing companies will be benefitted from increased usage of furnace oil and diesel for electricity generation.
2. Government increased the commission rates, ranging from 11%-25%, for several categories of products from February 1, 2013. As a result, all the oil market companies are likely to report good top-line and bottom-line numbers in the second half of FY'13. Increase in commission rate for Diesel will have the biggest impact for these companies as Diesel is the major contributor to the top-line numbers.
3. Furnace Oil consumption went up from 194,165 MT in FY'10 to 883,735 MT in FY'12. For the current fiscal year, it is projected to be over 1.2 million MT, to be (approximately) equally shared by the three marketing companies.
4. The LPG (Liquefied Petroleum Gas) sales will increase as the 100,000 MT capacity of BPC's LPG bottling plant in Mongla will be in operation at the end of year 2014. MJLBD has already setup a bottling plant with capacity of 50,000 MT.

#### Company Specific

1. For FY'12, Jamuna Oil handled 32.3% of total petroleum product sale - 1,685,286 MT out of total 5,213,646 MT of petroleum products.
2. JOCL has the highest lone market share holder of FO marketing, which is 41.4% in last year and this is the 14.1% contributor of its total revenue.
3. JOCL has the second highest market share holder of HSD marketing, which is 33.3% in last year and this is the 28.4% contributor of its total revenue.
4. The company is also the significant shareholder of 19.1% & 25% respectively for MJL Bangladesh Limited (MJLBL) and Omera Fuels Limited (OFL) where MJLBL is listed with the stock exchange last year. The JOCL has been received good dividend from the MJLBD last year and it will receive the same in current year. OFL will start its venture at the mid of year 2014.
5. Huge Cash in hand and Bank balance which earns moderate interest income every year.
6. Beside of its own marketing operation, JOCL's subsidiary, MJL Bangladesh, is engaged in blending and marketing of lubricants and greases. MJLBD holds the top market share (more than 30%) in lubricants market and their brand, Mobil, is the most popular brand in the industry. MJLBD achieved 26.7% Revenue growth and 25.2% earnings growth annually over the last four years (2008-2012).
7. Jamuna Oil has storage capacity of 132,948 MT located at various depots across the country. The company has already taken initiative to increase the capacity in view of higher demand in the coming years. They have recently bought land at several districts and started setting up fuel storage tanks and reservoirs over there.

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## JAMUNA OIL COMPANY LIMITED (JOCL)

**DBLSECURITIES**  
L I M I T E D

Research & Development Unit

### Investment Threats:

1. The margin of the business is pretty low due to the fact that cost of sales has been historically very high. The company has no control over the price of the petroleum products since the industry is fully regulated and controlled by the GoB.
2. Industry's recent growth is driven by its robust sale of FO (Furnace Oil) to quick rental plant but recently GoB has given the approval to import fuel independently by private power producer. So the market share may decrease as this step may remove the monopoly business in importing and distributing oil.
3. In the longer run when coal-fired power plants are installed to mass scale, dependence on liquid fuel will become steady and may even post negative growth.
4. Bitumen sales may further decrease due to persisting poor infrastructural and real estate activities in the country.
5. Because of the lower price, a big number of automobiles converted into CNG-run vehicles and many industries began operating on gas-based captive power plants which may lower the consumption of petroleum products.
6. With the increased usage of LPG, the usage of Kerosene will be decreased as a result.

### Product-wise revenue breakup

Net Earnings (BDT Mn)	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Major Products</b>	<b>392.32</b>	<b>392.32</b>	<b>517.98</b>	<b>780.12</b>	<b>1,588.77</b>
HOBC	(1.08)	(1.08)	1.33	17.21	15.594
MS	108.46	108.46	112.42	201.01	624.228
SKO	39.37	39.37	67.18	89.42	172.994
HSD	214.30	214.30	277.22	364.28	515.968
LDO	-	-	-	(0.65)	-
FO	29.13	29.13	57.69	105.74	255.6
JBO	2.12	2.12	2.14	3.10	4.387
<b>Minor Product</b>	<b>149.15</b>	<b>149.15</b>	<b>141.86</b>	<b>187.17</b>	<b>226.43</b>
Bitumen	142.38	142.38	134.36	176.08	5.035
Lubricants & Grease	3.39	3.39	3.75	5.54	215.437
LPG	3.39	3.39	3.75	5.54	5.959
<b>Total</b>	<b>541.47</b>	<b>541.47</b>	<b>659.84</b>	<b>967.29</b>	<b>1,815.20</b>

### Growth based performance

Earnings Growth	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (E)	2013-14 (E)
Gross Income Growth	25.35%	-34.55%	22.30%	45.98%	88.37%	-11.66%	49.70%
Operating Expense Growth	2.49%	8.67%	4.92%	28.48%	2.43%	46.43%	30.62%
Operating Profit Growth	42.15%	-65.89%	65.28%	98.34%	152.34%	-35.07%	69.20%
Net Profit Growth	68.92%	-18.01%	34.56%	79.85%	104.94%	-6.73%	17.54%

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## JAMUNA OIL COMPANY LIMITED (JOCL)

**DBLSECURITIES**  
L I M I T E D

Research & Development Unit

Jamuna Oil Company Limited  
Statement of Comprehensive Income  
As at 30 June

Particulars in million tk	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (E)	2013-14 (E)
Earnings on Petroleum Products	657.88	824.65	539.77	660.13	963.65	1,815.21	1,603.64	2,400.61
Onther Operating Income	78.66	81.36	40.96	60.69	175.77	259.78	189.33	324.12
<b>Total Income</b>	<b>736.55</b>	<b>906.00</b>	<b>580.72</b>	<b>720.83</b>	<b>1,139.42</b>	<b>2,074.99</b>	<b>1,792.97</b>	<b>2,724.73</b>
<b>Gross Income Growth</b>	<b>25.35%</b>	<b>2.49%</b>	<b>-34.55%</b>	<b>22.30%</b>	<b>45.98%</b>	<b>88.37%</b>	<b>-11.66%</b>	<b>49.70%</b>
<b>Operating Expense Growth</b>	<b>2.49%</b>	<b>364.38</b>	<b>8.67%</b>	<b>4.92%</b>	<b>28.48%</b>	<b>2.43%</b>	<b>46.43%</b>	<b>30.62%</b>
<b>Total Expenses</b>	<b>355.52</b>	<b>269.14</b>	<b>395.99</b>	<b>415.49</b>	<b>533.81</b>	<b>546.80</b>	<b>800.69</b>	<b>1,045.84</b>
Administrative, Selling & Distributive	66.48	275.46	310.01	321.97	414.83	411.04	624.81	781.89
Financial Expenses	19.90	66.99	61.80	68.14	92.22	102.31	124.12	175.49
Depreciation	381.03	21.92	24.18	25.38	26.76	33.45	51.76	88.46
<b>Operating Profit/(Loss)</b>	<b>381.03</b>	<b>541.62</b>	<b>184.74</b>	<b>305.34</b>	<b>605.62</b>	<b>1,528.19</b>	<b>992.28</b>	<b>1,678.89</b>
<b>Operating Profit Growth</b>	<b>42.15%</b>	<b>183.31</b>	<b>-65.89%</b>	<b>65.28%</b>	<b>98.34%</b>	<b>152.34%</b>	<b>-35.07%</b>	<b>69.20%</b>
Other Income	141.62	724.93	399.18	485.38	813.36	1,372.64	1,679.23	1,500.05
<b>Net Profit</b>	<b>522.65</b>	<b>724.93</b>	<b>583.91</b>	<b>790.72</b>	<b>1,418.98</b>	<b>2,900.83</b>	<b>2,671.51</b>	<b>3,178.94</b>
Contribution to Workers' Profit Participation & Welfare Funds	26.13	36.25	29.20	39.54	70.95	145.04	133.59	158.98
<b>Profit before Income Tax</b>	<b>496.51</b>	<b>688.69</b>	<b>554.72</b>	<b>751.19</b>	<b>1,348.03</b>	<b>2,755.79</b>	<b>2,537.92</b>	<b>3,019.96</b>
Provision for Income Tax	193.85	177.41	135.52	187.12	333.55	676.68	598.76	740.64
Current	199.32	175.87	140.26	190.83	347.51	676.77	599.83	741.10
Deferred	5.48	(1.54)	4.74	3.71	13.96	0.09	1.07	0.46
<b>Profit after Income Tax</b>	<b>302.67</b>	<b>511.28</b>	<b>419.20</b>	<b>564.07</b>	<b>1,014.47</b>	<b>2,079.11</b>	<b>1,939.16</b>	<b>2,279.32</b>
<b>Net Profit Growth</b>	<b>68.92%</b>	<b>11.36</b>	<b>-18.01%</b>	<b>34.56%</b>	<b>79.85%</b>	<b>104.94%</b>	<b>-6.73%</b>	<b>17.54%</b>
<b>Basic EPS</b>	<b>30.27</b>	<b>11.36</b>	<b>9.32</b>	<b>12.53</b>	<b>18.79</b>	<b>29.62</b>	<b>21.25</b>	<b>24.98</b>
<b>Diluted EPS</b>	<b>6.73</b>	<b>11.36</b>	<b>9.32</b>	<b>10.45</b>	<b>14.45</b>	<b>22.78</b>	<b>21.25</b>	<b>#DIV/0!</b>
<b>Dividend</b>	<b>15 C</b>	<b>40 C</b>	<b>40 C</b>	<b>30 C 20 B</b>	<b>30 C 30 B</b>	<b>45 C 30 B</b>	<b>50 C</b>	<b>100 C</b>

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Product Handling (Metric Ton)	2008-09			2009-10			2010-11			2011-12		
	JOCL	POCL	MPL	JOCL	POCL	MPL	JOCL	POCL	MPL	JOCL	POCL	MPL
<b>Major Products</b>	<b>996,490</b>	<b>983,485</b>	<b>1,044,981</b>	<b>1,135,489</b>	<b>1,089,266</b>	<b>1,167,058</b>	<b>1,492,314</b>	<b>1,428,372</b>	<b>1,554,809</b>	<b>1,658,667</b>	<b>1,433,532</b>	<b>1,715,973</b>
HOBC	22,112	28,215	29,259	23,186	33,248	31,668	28,028	34,741	23,395	29,441	38,045	41,231
IMS	36,243	45,302	34,054	37,957	52,615	38,199	41,837	58,642	43,365	50,538	62,134	47,711
SKO	116,463	104,215	126,819	129,520	109,733	145,375	136,858	99,769	161,822	125,460	88,495	14,390
HSD	748,478	747,362	805,551	826,887	836,259	910,521	1,086,293	1,013,548	1,169,692	1,080,083	1,017,121	1,145,206
LDO	-	-	-	-	-	-	-	1,384	-	-	1,100	0
FO	68,729	50,045	45,999	112,960	47,005	36,243	192,322	208,791	150,817	365,878	216,423	330,134
JBO	4,465	8,346	3,299	4,979	10,406	5,052	6,976	11,497	5,718	7,267	10,214	7,701
<b>Minor Product</b>	<b>14,420</b>	<b>13,364</b>	<b>22,074</b>	<b>22,593</b>	<b>25,406</b>	<b>28,771</b>	<b>15,423</b>	<b>19,417</b>	<b>22,860</b>	<b>26,618</b>	<b>31,372</b>	<b>36,745</b>
LUB	4,486	4,753	6,823	4,473	4,415	7,523	4,977	4,756	8,322	4,841	4,312	7,484
GREASE	42	-	-	49	-	-	75	-	-	61	-	0
LPG	2,495	3,945	2,963	3,618	4,336	4,003	4,645	5,186	4,870	4,931	5,624	5,432
BITUMEN	7,397	4,666	12,288	14,453	16,655	17,245	5,726	9,475	9,668	16,785	21,436	23,829
<b>Total</b>	<b>1,010,910</b>	<b>996,849</b>	<b>1,067,055</b>	<b>1,158,082</b>	<b>1,114,672</b>	<b>1,195,829</b>	<b>1,507,737</b>	<b>1,447,789</b>	<b>1,577,669</b>	<b>1,685,285</b>	<b>1,464,904</b>	<b>1,752,718</b>

Year	Crude oil		Refined oil (HSD, SKO, Jet)		Lube Base Oil		FO		Total	
	Qty in MT	Value (Crore)	Qty in MT	Value (Crore)	Qty in MT	Value (Crore)	Qty in MT	Value (Crore)	Qty in MT	Value (Crore)
2003-04	1,252,424	1,848	2,262,348	4,016	6,516	18	-	3,521,288	5,883	
2004-05	1,063,208	2,262	2,691,750	7,214	10,189	38	39,859	3,805,006	9,576	
2005-06	1,253,285	3,751	2,380,533	9,383	5,137	36	-	3,638,955	13,169	
2006-07	1,211,037	3,985	2,536,535	10,446	4,287	25	-	3,751,859	14,456	
2007-08	1,040,084	5,094	2,273,263	14,343	5,006	30	-	3,318,353	19,467	
2008-09	860,877	3,431	2,507,819	10,945	4,828	24	29,920	3,403,444	14,461	
2009-10	1,136,567	4,702	2,634,212	12,028	7,262	52	-	3,778,041	16,782	
2010-11	1,409,302	7,037	3,259,344	20,281	4,745	44	230,431	4,903,822	28,484	
2011-12	1,083,467	7,054	3,409,934	27,111	4,980	53	680,982	5,179,363	38,037	