

# Day Break

Thursday, February 1, 2024



SERVING YOU SINCE 1994

## Earnings Preview 2QFY24

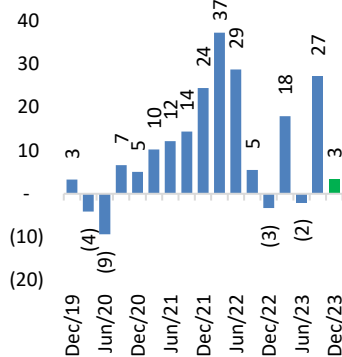
### EPS Estimate for 2QFY24

PKR	2Q24e	y/y	1H'24e	y/y
PSO	2.17	n/m	48.79	n/m
APL	18.82	88%	61.09	37%

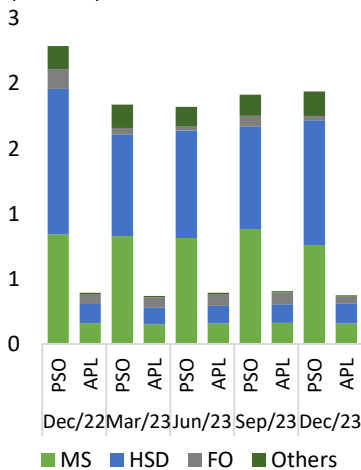
### DPS Estimate for 2QFY24

PKR	2QFY24e	1HFY24e
PSO	-	-
APL	15.0	-

### Exhibit: OMC Sector Historical Earnings (PKRbn)



### Exhibit: Quarterly sales volumes - (mnTons)



### Analyst

Abdullah Farhan  
[Abdullah.farhan@igi.com.pk](mailto:Abdullah.farhan@igi.com.pk)

## Oil & Gas Marketing Companies

# Sector Profitability to Grow During 2QFY24 Amid Lower Inventory Losses and Higher Margins

- IGI OMC universe is expected to post a profit of PKR 3.4bn in 2QFY24 compared to loss of PKR 3.3bn in the same period last year. Earnings growth is expected on the back of a) increase in OMC margins for MS and HSD and, b) lower inventory losses. Growth in earnings is likely to be limited by higher finance cost and lower volumes.
- We expect Pakistan State Oil Company Limited (PSO) to register earnings of PKR 1.02bn (EPS: PKR 2.17) during 2QFY24 compared to loss of PKR 4.60bn (LPS: PKR 9.71) in the same period last year. On a quarterly basis, profit is expected to decline owing to inventory losses and 62%/14%q/q decline in FO/MS volumes.
- Attock Petroleum Limited's (APL) board meeting is scheduled on 05th-Feb-2024 to announce financial result for 2QFY24 where we expect the Company to report earnings of PKR 2.34bn (EPS: PKR 18.82) up by +88%y/y during 2QFY24 compared to PKR 1.25bn (EPS: PKR 10.03) in the same period last year. On a quarterly basis earnings are expected to decline by 55%q/q on the back of inventory loss and 43%/4%q/q decrease in FO and MS volumes.

### OMC Sector to report a earnings of PKR 3.4bn during 2QFY24

IGI OMC universe is expected to post a profit of PKR 3.4bn in 2QFY24 compared to loss of PKR 3.3bn in the same period last year. Earnings growth is expected on the back of a) increase in OMC margins for MS and HSD and, b) lower inventory losses. Growth in earnings is likely to be limited by higher finance cost and lower volumes. On sequential basis, earnings are expected to decline owing to inventory losses as against gains in 1QFY24.

### Exhibit: OMC sector profit after tax preview for 2QFY24 PKR per share

	2q'24e	1q'24	q/q	2q'23	y/y	1H'24e	1H'23	y/y
PSO	2.2	46.6	-95%	-9.7	n/m	48.8	-7.2	n/m
APL	18.8	42.3	-55%	10.0	88%	61.1	44.5	37%
<b>Total (PKRbn)</b>	<b>3.4</b>	<b>27.1</b>	<b>-88%</b>	<b>-3.3</b>	<b>n/m</b>	<b>30.5</b>	<b>2.2</b>	<b>15.5x</b>

Source: Company accounts, IGI Research

### PSO: Earnings to clock in at PKR 9.20/share during 2QFY24

We expect Pakistan State Oil Company Limited (PSO) to register earnings of PKR 1.02bn (EPS: PKR 2.17) during 2QFY24 compared to loss of PKR

4.60bn (LPS: PKR 9.71) in the same period last year. On a quarterly basis, profit is expected to decline owing to inventory losses and 62%/14%q/q decline in FO/MS volumes. We attribute the growth in earnings during 2QFY24 on yearly basis to a) lower inventory losses and, b) higher OMC margins for MS and HSD. However, lower MS/HSD/FO sales and higher finance cost are likely to keep the profitability growth limited during 2QFY24. This brings total profitability for 1HFY24 to PKR 22.91bn (EPS PKR 48.79) compared to loss of PKR 3.36bn (LPS PKR 7.16) in the similar period last year.

#### APL: Earnings to improve by +88%/y during 2QFY24 to PKR 18.82/share

Attock Petroleum Limited's (APL) board meeting is scheduled on 05<sup>th</sup>-Feb-2024 to announce financial result for 2QFY24 where we expect the Company to report earnings of PKR 2.34bn (EPS: PKR 18.82) up by +88%/y during 2QFY24 compared to PKR 1.25bn (EPS: PKR 10.03) in the same period last year. On a quarterly basis earnings are expected to decline by 55%q/q on the back of inventory loss and 43%/4%q/q decrease in FO and MS volumes. We attribute growth in earnings on yearly basis during 2QFY24 to a) higher OMC margins on MS and HSD and, b) 5%/y increase in HSD sales despite higher taxation and lower MS volumes. This brings total profitability for 1HFY24 to PKR 7.60bn (EPS PKR 61.1), up by +37%/y. We expect APL to announce cash dividend of PKR 15/share along with the result.

# Important Disclaimer and Disclosures

**Research Analyst(s) Certification:** The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

**Disclaimer:** The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

**Rating system:** IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

## Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

**Risk:** Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

**Basic Definitions and Terminologies used:** **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited

# Contact Details

## Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

## Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

## IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
 Fax: (+92-21) 35309169, 35301780

### Lahore Office

Shop # G-009, Ground Floor,  
 Packages Mall  
 Tel: (+92-42) 38303560-69  
 Fax: (+92-42) 38303559

### Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,  
 Block- B, Jinnah Avenue, Blue Area  
 Tel: (+92-51) 2604861-2, 2604864, 2273439  
 Fax: (+92-51) 2273861

### Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The  
 Regency International 949, The Mall  
 Faisalabad  
 Tel: (+92-41) 2540843-45

### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
 Model Town, Town Hall Road  
 Tel: (+92-68) 5871652-3  
 Fax: (+92-68) 5871651

### Multan Office

Mezzanine Floor, Abdali Tower,  
 Abdali Road  
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited