

Earnings Preview 3QFY23

EPS Estimate for 3QFY23

PKR	3Q23e	y/y	9M23e	y/y
PSO	11.18	-84%	4.02	-97%
APL	15.31	-59%	59.82	-34%

DPS Estimate for 3QFY23

PKR	3QFY23e	9MFY23
PSO	-	-
APL	-	12.5

Exhibit: OMC Sector Historical Earnings (PKRbn)

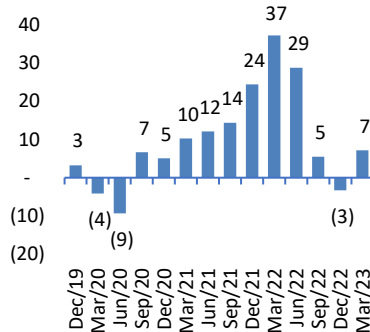
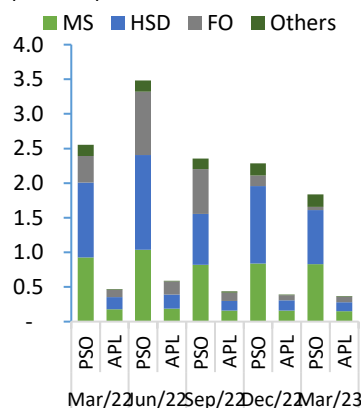


Exhibit: Quarterly sales volumes - (mnTons)



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Oil & Gas Marketing Companies

Profitability to Plummet during 3QFY23 Amid Lower Inventory Gains and Volumes

- IGI OMC universe earnings is expected to slightly drop by 81%/y/y in 3QFY23 to PKR 7.2bn compared to PKR 37.2bn in the same period last year. Earnings attrition is expected on the back of a) drop in total volumes, b) lower inventory gains and, c) higher finance cost.
- We expect Pakistan State Oil Company Limited's (PSO) to register earnings of PKR 5.25bn (EPS: PKR 11.18) down by 84%/y/y during 3QFY23 compared to PKR 32.58bn (EPS: PKR 69.4) in the same period last year. On a quarterly basis, earnings are expected to improve owing to higher OMC margins on MS and HSD and likely inventory gains compared to substantial inventory loss.
- We expect Attock Petroleum Limited's (APL) to report earnings of PKR 1.91bn (EPS: PKR 15.31) down by 59%/y/y during 3QFY23 compared to PKR 4.64bn (EPS: PKR 37.28) in the same period last year. On a quarterly basis earnings are expected to increase by +53%/q/q on the back of inventory gain and higher MS and HSD margins.

OMC Sector: Earnings to drop by 81%/y/y to PKR 7.2bn in 3QFY23

IGI OMC universe earnings is expected to slightly drop by 81%/y/y in 3QFY23 to PKR 7.2bn compared to PKR 37.2bn in the same period last year. Earnings attrition is expected on the back of a) drop in total volumes, b) lower inventory gains and, c) higher finance cost. Decline in earnings is likely to be limited by higher margins on MS and HSD. On sequential basis, earnings are expected to improve owing to higher margins and absence of substantial inventory loss.

Exhibit: OMC sector result preview for 3qFY23

PKR per share							
Period end = Jun	Mar/23	Dec/22	q/q	Mar/22	y/y	9MFY23e	y/y
PSO	11.2	-9.7	n/m	69.4	-84%	4.0	-97%
APL	15.3	10.0	53%	37.3	-59%	59.8	-34%
Total (in PKRbn)	7.2	-3.3	n/m	37.2	-81%	9.3	-88%

Source: Company accounts, IGI Research

PSO: Earnings to decline by 84%/y/y to PKR 11.18/share during 3QFY23

We expect Pakistan State Oil Company Limited's (PSO) to register earnings of PKR 5.25bn (EPS: PKR 11.18) down by 84%/y/y during 3QFY23 compared to PKR 32.58bn (EPS: PKR 69.4) in the same period last year. On a quarterly

basis, earnings are expected to improve owing to higher OMC margins on MS and HSD and likely inventory gains compared to substantial inventory loss, however, growth in earning is likely to be limited by lower sales and higher finance cost. We attribute the decline in the earnings during 3QFY23 on yearly basis to a) lower inventory gains compared to same period last year, b) lower MS, HSD and FO sales down by 11%/y/y, 28%/y/y and 87%/y/y and, c) higher finance cost. However, higher margins on MS, HSD, FO and LNG are likely to keep earnings decline limited during 3QFY23. This will bring 9MFY23 profitability to PKR 1.89bn (EPS PKR 4.020), down by 97%/y/y, compared to PKR 64.77bn (EPS PKR 137.96) in the same period last year.

APL: Earnings to drop by 59%/y/y during 3QFY23e to PKR 15.31/share

We expect Attock Petroleum Limited's (APL) to report earnings of PKR 1.91bn (EPS: PKR 15.31) down by 59%/y/y during 3QFY23 compared to PKR 4.64bn (EPS: PKR 37.28) in the same period last year. On a quarterly basis earnings are expected to increase by +53%q/q on the back of inventory gain and higher MS and HSD margins. We attribute the decline in the earnings on yearly basis during 3QFY23 to a) lower MS, HSD and FO volumes down by 15%/y/y, 29%/y/y and 24%/y/y, b) higher taxation and, c) lower inventory gain. However, lower margin on FO and Asphalt is likely to limit earnings growth during 3QFY23. This will bring 9MFY23 earnings to PKR 7.44bn (EPS PKR 59.82), down by 34%/y/y, compared to PKR 11.25bn (EPS PKR 90.40) in the same period last year.

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