

# Day Break

Monday, October 9, 2023



## Earnings Preview 1QFY24

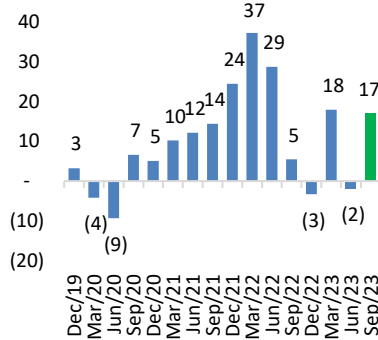
### EPS Estimate for 1QFY24

| PKR | 1Q24e | y/y   | 4Q23   | q/q |
|-----|-------|-------|--------|-----|
| PSO | 26.82 | 10.5x | (9.85) | n/m |
| APL | 35.87 | 4%    | 21.09  | 70% |

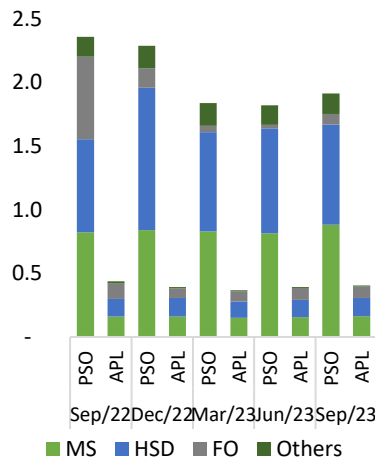
### DPS Estimate for 1QFY24

| PKR | 1QFY24e |
|-----|---------|
| PSO | -       |
| APL | -       |

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



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



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## Oil & Gas Marketing Companies

# Sector Profitability to Grow During 1QFY24 Due to Inventory Gains and Higher Margins

- IGI OMC universe is expected to post a profit of PKR 17.1bn in 1QFY24 compared to profit of PKR 5.5bn 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) inventory gains. Growth in earnings is likely to be limited by higher finance cost and lower volumes.
- We expect Pakistan State Oil Company Limited to register earnings of PKR 12.59bn (EPS: PKR 26.82) during 1QFY24 compared to earnings of PKR 1.20bn (EPS: PKR 2.55) in the same period last year. On a quarterly basis, profit is expected owing to substantial inventory gains and +3.0x/q and +8%q/q increase in FO and MS volumes.
- Attock Petroleum Limited's (APL) board meeting is scheduled on 09th-Oct-2023 to announce financial result for 1QFY24 where we expect the Company to report earnings of PKR 4.46bn (EPS: PKR 35.9) up by +4%/y during 1QFY24 compared to PKR 4.29bn (EPS: PKR 34.48) in the same period last year. On a quarterly basis earnings are expected to augment by +70%q/q on the back of inventory gains and +4%/+5%q/q increase in MS and HSD volumes.

### OMC Sector to report a earnings of PKR 17.1bn during 1QFY24

IGI OMC universe is expected to post a profit of PKR 17.1bn in 1QFY24 compared to profit of PKR 5.5bn 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) inventory gains. Growth in earnings is likely to be limited by higher finance cost and lower volumes. On sequential basis, profit is expected owing to hefty inventory gains as against losses in 4QFY23.

**Exhibit: OMC sector profit after tax preview for 1qFY24**

| PKR per share           |             |             |            |            |             |
|-------------------------|-------------|-------------|------------|------------|-------------|
| Period end = Jun        | Sep/23      | Jun/23      | q/q        | Sep/22     | y/y         |
| PSO                     | 26.8        | -9.8        | n/m        | 2.6        | 10.5x       |
| APL                     | 35.9        | 21.1        | 70%        | 34.5       | 4%          |
| <b>Total (in PKRbn)</b> | <b>17.1</b> | <b>-2.0</b> | <b>n/m</b> | <b>5.5</b> | <b>211%</b> |

Source: Company accounts, IGI Research

### PSO: Earnings to clock in at PKR 26.82/share during 1QFY24

We expect Pakistan State Oil Company Limited to register earnings of PKR 12.59bn (EPS: PKR 26.82) during 1QFY24 compared to earnings of PKR 1.20bn (EPS: PKR 2.55) in the same period last year. On a quarterly basis,

profit is expected owing to substantial inventory gains and +3.0xq/q and +8%q/q increase in FO and MS volumes. We attribute the growth in earnings during 1QFY24 on yearly basis to a) inventory gains and, b) higher OMC margins for MS and HSD. However, lower LNG margins and higher finance cost are likely to keep the profitability growth limited during 1QFY24.

#### APL: Earnings to improve by +4%/y during 1QFY24 to PKR 35.9/share

Attock Petroleum Limited's (APL) board meeting is scheduled on 09<sup>th</sup>-Oct-2023 to announce financial result for 1QFY24 where we expect the Company to report earnings of PKR 4.46bn (EPS: PKR 35.9) up by +4%/y during 1QFY24 compared to PKR 4.29bn (EPS: PKR 34.48) in the same period last year. On a quarterly basis earnings are expected to augment by +70%q/q on the back of inventory gains and +4%/+5%q/q increase in MS and HSD volumes. We attribute growth in earnings on yearly basis during 1QFY24 to a) higher OMC margins on MS and HSD and, b) higher Finance income despite lower volumes and inventory gains.

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