

Flash Note

Friday, October 20, 2023

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Oil & Gas Marketing Companies

Pakistan State Oil Company Limited (PSO)

Earnings: Pakistan State Oil Company Limited (PSO) announced its 1QFY24 result. The Company reported 1QFY24 earnings of PKR 21.89bn (EPS PKR 46.62), up by +18.3xy/y, compared to profit of PKR 1.20bn (EPS PKR 2.55) in the similar period last year. On quarterly basis, Company reported earnings compared to loss of PKR 4.62bn (LPS PKR 9.85) in the preceding quarter.

Dividend/Payout: The Company did not announce any cash dividend along with the result.

Operating Performance: Earnings growth incurred during 1QFY24 is mainly attributable to hefty inventory gain and higher OMC margins despite drop in volumes, higher finance cost and lower other income. PSO reported +7%/y incline in revenue during 1QFY24 on the back of higher domestic prices despite lower volumes. Company's gross margins dropped to 6.4% during 1QFY24 likely on the back of hefty inventory gains compared to 0.8% in 1QFY23 and 1.9% in 4QFY23. Finance cost increased by +114xy/y to PKR 10.28bn during 1QFY24 mainly owing to higher interest rates and borrowings. On quarterly basis, finance cost dropped by 32%q/q likely owing to lower short-term borrowings. Other income dropped by 48%/y to PKR 3.35bn during 1QFY24 compared to PKR 6.45bn in the similar period last year likely owing to lower penal income. Effective tax rate stood at 49% during 1QFY24 compared to 70% in the same period last year.

Exhibit: PSO Financial Highlights For the period 1QFY24					
PKRmn	1QFY24	1QFY23	y/y	4QFY23	q/q
Net Sales	920,081	862,264	7%	874,159	5%
Gross Profit	58,450	6,720	8.7x	16,621	3.5x
S&D Expense	4,021	2,998	34%	4,836	-17%
Admin Expense	1,288	1,082	19%	1,417	-9%
Other Charges / (Income)	3,236	308	10.5x	(166)	n/m
Provision / (Reversal) of impairment	548	210	2.6x	(41)	n/m
Other Income	3,348	6,449	-48%	1,963	71%
EBIT	52,704	8,571	6.2x	12,537	4.2x
Finance Cost	10,283	4,796	114%	15,192	-32%
Profit Before Taxation	42,863	4,008	10.7x	(2,502)	n/m
Taxation	20,975	2,810	7.5x	2,121	9.9x
Profit After Taxation	21,888	1,198	18.3x	(4,623)	n/m
EPS (PKR)	46.62	2.55		(9.85)	
DPS (PKR)	0.0	0.0		7.5	

Source: IGI Research and Company Financials No of Shares: 469.47mn

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