

# Flash Note

Thursday, February 15, 2024

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## Oil & Gas Marketing Companies

### Pakistan State Oil Company Limited (PSO)

**Earnings:** Pakistan State Oil Company Limited (PSO) announced its 2QFY24 result. The Company reported 2QFY24 loss of PKR 14.14bn (LPS PKR 30.12) compared to loss of PKR 4.56bn (LPS PKR 9.71) in the similar period last year. On quarterly basis, Company reported loss compared to earnings of PKR 21.89bn (EPS PKR 46.62) in the preceding quarter. This brings total profitability for 1HFY24 to PKR 7.75bn (EPS PKR 16.51) compared to loss of PKR 3.36bn (LPS PKR 7.16) in the same period last year.

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

**Operating Performance:** Loss incurred during 2QFY24 is mainly attributable to hefty inventory losses and higher finance cost despite higher OMC margins and other income. PSO reported +8%/y/y incline in revenue during 2QFY24 on the back of higher domestic prices despite lower volumes. PSO reported gross loss of PKR 3.23bn during 2QFY24 likely owing to hefty inventory losses. Finance cost increased by +97%/y/y to PKR 15.09bn during 2QFY24 mainly owing to higher interest rates and borrowings. On quarterly basis, finance cost increased by +47%/q/q likely owing to higher short-term borrowings. Other income leaped up by +2.5x/y/y to PKR 7.76bn during 2QFY24 compared to PKR 3.16bn in the similar period last year likely owing to higher penal income. The Company booked net tax income of PKR 2.18bn during 2QFY24 bringing total effective tax rate for 1HFY24 to 70.8%.

Exhibit: PSO Financial Highlights								
For the period 2QFY24								
PKRmn	2QFY24	2QFY23	y/y	1QFY24	q/q	1HFY24	1HFY23	y/y
Net Sales	907,189	843,000	8%	920,081	-1%	1,827,271	1,705,264	7%
Gross Profit	(3,229)	4,841	n/m	58,450	n/m	55,221	11,561	378%
S&D Expense	4,704	2,956	59%	4,021	17%	8,725	5,955	47%
Admin Expense	1,738	1,716	1%	1,288	35%	3,026	2,799	8%
Other Charges / (Income)	(665)	(272)	n/m	3,236	n/m	2,571	36	71.8x
Prov. / (Rev.) of impairment	311	57	445%	548	-43%	860	267	3.2x
Other Op. Income	7,761	3,158	146%	3,348	132%	11,109	9,607	16%
EBIT	(1,557)	3,541	n/m	52,704	n/m	51,147	12,112	322%
Finance Cost	15,086	7,665	97%	10,283	47%	25,369	12,460	104%
Profit Before Taxation	(16,315)	(3,881)	n/m	42,863	n/m	26,548	126	211x
Taxation	(2,177)	678	n/m	20,975	n/m	18,798	3,487	5.4x
Profit After Taxation	(14,138)	(4,559)	n/m	21,888	n/m	7,750	(3,361)	n/m
<b>EPS (PKR)</b>	<b>(30.12)</b>	<b>(9.71)</b>		<b>46.62</b>		<b>16.51</b>	<b>(7.16)</b>	
DPS (PKR)	0.0	0.0		0.0		0.0	0.0	

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

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