

# Flash Note

Wednesday, August 23, 2023



## Oil & Gas Marketing Companies

### Pakistan State Oil Company Limited (PSO)

**Earnings:** Pakistan State Oil Company Limited (PSO) announced its 4QFY23 result. The Company reported 4QFY23 loss of PKR 4.62bn (LPS PKR 9.85) compared to profit of PKR 21.45bn (EPS PKR 45.70) in the similar period last year. This brings total FY23 earnings to PKR 5.66bn (EPS PKR 12.06) compared to PKR 86.22bn (EPS PKR 183.66) in the same period last year, down by 93%/y.

**Dividend/Payout:** The Company announced cash dividend of PKR 7.5/share along with the result compared to PKR 10.0/share last year.

**Operating Performance:** Loss incurred during 4QFY23 is mainly attributable to hefty inventory losses, lower volumes, lower other income and higher finance cost. However, earnings decline was limited due to higher margins on MS/HSD, lower admin expense and other income compared to other expense last year same period. PSO reported 3%/y decline in revenue during 4QFY23 on the back of lower volumes despite increase in domestic prices. Company's gross margins dropped to 1.9% during 4QFY23 likely on the back of hefty inventory losses compared to 7.6% in 4QFY22 and 5.7% in 3QFY23. Finance cost increased by +7.5x/y to PKR 15.19bn during 4QFY23 mainly owing to higher interest rates and borrowings. Other income dropped by 21%/y to PKR 1.96bn during 4QFY23 compared to PKR 2.49bn in the similar period last year likely owing to lower penal income. Effective tax rate was higher during 4QFY23 due to minimum turnover tax.

Exhibit: PSO Financial Highlights								
For the period 4QFY23								
PKRmn	4QFY23	4QFY22	y/y	3QFY23	q/q	FY23	FY22	y/y
Net Sales	874,159	901,658	-3%	811,689	8%	3,391,112	2,451,581	38%
Gross Profit	16,621	68,370	-76%	46,665	-64%	74,847	160,995	-54%
S&D Expense	4,836	3,621	34%	4,444	9%	15,235	12,634	21%
Admin Expense	1,417	1,715	-17%	1,027	38%	5,243	4,178	25%
Other Charges / (Income)	(166)	3,718	n/m	2,010	n/m	1,880	12,010	-84%
Other Income	1,963	2,486	-21%	1,938	1%	13,507	24,813	-46%
EBIT	12,537	56,331	-78%	40,911	-69%	65,560	151,882	-57%
Finance Cost	15,192	2,039	7.5x	12,682	20%	40,335	4,721	8.5x
Profit Before Taxation	(2,502)	54,425	n/m	26,742	n/m	24,366	147,855	-84%
Taxation	2,121	32,972	-94%	13,096	-84%	18,704	61,633	-70%
Profit After Taxation	(4,623)	21,453	n/m	13,646	n/m	5,662	86,223	-93%
<b>EPS (PKR)</b>	<b>(9.85)</b>	<b>45.70</b>		<b>29.07</b>		<b>12.06</b>	<b>183.66</b>	
DPS (PKR)	7.5	10.0		0.0		7.5	10.0	

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

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