

## Sector Update

### IGI OMC result previews

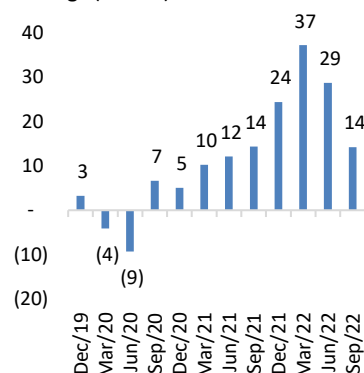
#### EPS Estimates for 1QFY23

	1Q23e	y/y	4Q22	y/y
PSO	24.9	-2%	45.7	-45%
APL	18.8	-2%	58.6	-68%

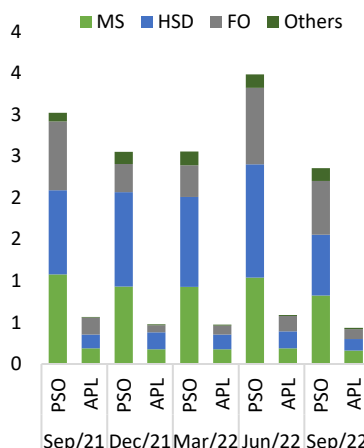
#### DPS Estimates for 1QFY23

	1QFY23e	4QFY22
PSO	-	10.0
APL	-	30.0

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



**Quarterly sales volumes - (mnTons)**



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## Oil & Gas Marketing Companies

## Sector Earnings to fall slightly during 1QFY23 amid lower volumes

- IGI OMC universe earnings is expected to slightly drop by 2%/y in 1QFY23 to PKR 14.0bn compared to PKR 14.4bn in the same period last year. Earnings attrition is expected on the back of a) drop in total volumes, b) higher taxation and, c) lower inventory gains.
- Attock Petroleum Limited's (APL) board meeting is scheduled on 25th-Oct-22 to announce financial results for 1QFY23 where we expect Company to report earnings of PKR 2.34bn (EPS: PKR 18.82) down by 2%/y compared to PKR 2.39bn (EPS: PKR 19.20) in the same period last year. On a quarterly basis earnings are expected to drop by 68%q/q on the back of lower volumes.
- Pakistan State Oil Company Limited's (PSO) board meeting is scheduled on 27th-Oct-22 to announce financial results for 1QFY23 where we expect the Company to register earnings of PKR 11.70bn (EPS: PKR 24.91) down by 2%/y compared to PKR 12.0bn (EPS: PKR 25.55) in the same period last year. On a quarterly basis, earnings are expected to decline by 45%q/q in the absence of hefty inventory gains and lower volumes, however, decline is likely to be limited by lower taxation.

### OMC Sector: Earnings to drop by 2%/y to PKR 14.0bn in 1QFY23

IGI OMC universe earnings is expected to slightly drop by 2%/y in 1QFY23 to PKR 14.0bn compared to PKR 14.4bn in the same period last year. Earnings attrition is expected on the back of a) drop in total volumes, b) higher taxation and, c) lower inventory gains. Decline in earnings is likely to be limited by higher margins on FO and LNG. On sequential basis, earnings are expected to decline by 51%q/q in the absence of substantial inventory gains and lower volumes.

**Exhibit:** OMC sector result preview for 1qFY23

PKR per share

Period end = Jun	Sep/22	Jun/22	q/q	Sep/21	y/y
PSO	11.7	21.5	-45%	12.0	-2%
APL	2.3	7.3	-68%	2.4	-2%
<b>Total (in PKRbn)</b>	<b>14.0</b>	<b>28.7</b>	<b>-51%</b>	<b>14.4</b>	<b>-2%</b>

### APL: Earnings to drop by 2%/y during 1QFY23e to PKR 18.8/share

Attock Petroleum Limited's (APL) board meeting is scheduled on 25<sup>th</sup>-Oct-22 to announce financial results for 1QFY23 where we expect Company to report earnings of PKR 2.34bn (EPS: PKR 18.82) down by 2%/y compared to PKR 2.39bn (EPS: PKR 19.20) in the same period last year. On a quarterly basis earnings are expected to drop by 68%q/q on the back of lower volumes. We attribute the decline in the earnings on yearly basis during 1QFY23 to a) lower MS, HSD and FO volumes down by 14%/y, 18%/y and 40%/y, b) higher taxation and, c) higher operating costs. However, higher margin on FO and Asphalt is likely to limit earnings decline during 1QFY23.

**PSO: Earnings to decline by 2%y/y to PKR 24.9/share during 1QFY23**

Pakistan State Oil Company Limited's (PSO) board meeting is scheduled on 27<sup>th</sup>-Oct-22 to announce financial results for 1QFY23 where we expect the Company to register earnings of PKR 11.70bn (EPS: PKR 24.91) down by 2%y/y compared to PKR 12.0bn (EPS: PKR 25.55) in the same period last year. On a quarterly basis, earnings are expected to decline by 45%q/q in the absence of hefty inventory gains and lower volumes, however, decline is likely to be limited by lower taxation. We attribute the decline in the earnings during 1QFY23 on yearly basis to a) lower inventory gains, b) lower MS, HSD and FO sales down by 24%y/y, 28%y/y and +22%y/y and, c) higher finance cost. However, higher margins on FO and LNG are likely to keep earnings decline limited during 1QFY23.

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