

Earnings Preview 2QFY23

EPS Estimate for 2QFY23

PKR	2Q23e	y/y	1H23e	y/y
PSO	1.18	-97%	3.73	-95%
APL	4.27	-87%	38.75	-27%

DPS Estimate for 2QFY23

PKR	2QFY23e	1HFY23
PSO	-	-
APL	10.0	10.0

Exhibit: OMC Sector Historical Earnings (PKRbn)

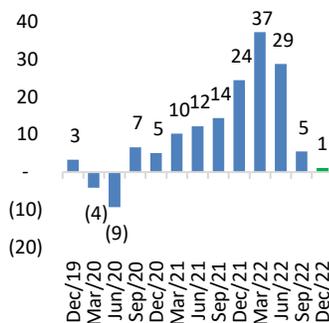
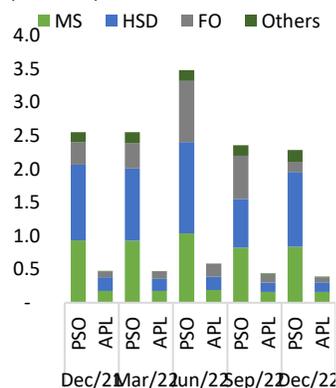


Exhibit: Quarterly sales volumes - (mnTons)



Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

Saad Khan
Saad.khan@igi.com.pk

Oil & Gas Marketing Companies

Earnings to fall substantially during 2QFY23 amid lower volumes and inventory losses

- IGI OMC universe earnings is expected to slightly drop by 96%/y/y in 2QFY23 to PKR 1.1bn compared to PKR 24.4bn in the same period last year. Earnings attrition is expected on the back of a) drop in total volumes, b) substantial inventory losses and, c) higher finance cost.
- Pakistan State Oil Company Limited's (PSO) board meeting is scheduled on 17th-Feb-23 to announce financial results for 2QFY23 where we expect the Company to register earnings of PKR 0.6bn (EPS: PKR 1.18) down by 95%/y/y compared to PKR 20.2bn (EPS: PKR 43.02) in the same period last year. On a quarterly basis, earnings are expected to decline by 54%/q/q.
- Attock Petroleum Limited's (APL) board meeting is scheduled on 27th-Feb-23 to announce financial results for 2QFY23 where we expect Company to report earnings of PKR 0.5bn (EPS: PKR 4.27) down by 87%/y/y compared to PKR 4.2bn (EPS: PKR 33.92) in the same period last year. On a quarterly basis earnings are expected to drop by 88%/q/q on the back of lower volumes and inventory losses.

OMC Sector: Earnings to drop by 96%/y/y to PKR 1.1bn in 2QFY23

IGI OMC universe earnings is expected to slightly drop by 96%/y/y in 2QFY23 to PKR 1.1bn compared to PKR 24.4bn in the same period last year. Earnings attrition is expected on the back of a) drop in total volumes, b) substantial inventory losses and, c) higher finance cost. Decline in earnings is likely to be limited by higher margins on MS and HSD. On sequential basis, earnings are expected to decline by 80%/q/q owing to lower volumes and lower FO/LNG margins.

Exhibit: OMC sector result preview for 2qFY23

PKR per share							
Period end Jun	Dec/22	Sep/22	q/q	Dec/21	y/y	1HFY23	y/y
PSO	1.18	2.55	-54%	43.02	-97%	3.73	-95%
APL	4.27	34.48	-88%	33.92	-87%	38.75	-27%
Total (in PKRbn)	1.1	5.5	-80%	24.4	-96%	6.6	-83%

Source: Company accounts, IGI Research

PSO: Earnings to decline by 97%/y/y to PKR 1.18/share during 2QFY23

Pakistan State Oil Company Limited's (PSO) board meeting is scheduled on 17th-Feb-23 to announce financial results for 2QFY23 where we expect

the Company to register earnings of PKR 0.6bn (EPS: PKR 1.18) down by 95%/y/y compared to PKR 20.2bn (EPS: PKR 43.02) in the same period last year. On a quarterly basis, earnings are expected to decline by 54%/q/q owing to lower volumes, higher finance cost, lower FO/LNG margins and inventory losses, however, decline is likely to be limited by higher margin on MS and HSD for the month of Dec-22. We attribute the decline in the earnings during 2QFY23 on yearly basis to a) substantial inventory losses against inventory gains in the same period last year, b) lower MS, HSD and FO sales down by 10%/y/y, 2%/y/y and 55%/y/y and, c) higher finance cost. However, higher margins on MS, HSD, FO and LNG are likely to keep earnings decline limited during 2QFY23. This will bring 1HFY23 profitability to PKR 1.8bn (EPS PKR 3.73), down by 95%/y/y, compared to PKR 32.2bn (EPS PKR 68.56) in the same period last year.

APL: Earnings to drop by 87%/y/y during 2QFY23e to PKR 4.27/share
Attock Petroleum Limited's (APL) board meeting is scheduled on 27th-Feb-23 to announce financial results for 2QFY23 where we expect Company to report earnings of PKR 0.5bn (EPS: PKR 4.27) down by 87%/y/y compared to PKR 4.2bn (EPS: PKR 33.92) in the same period last year. On a quarterly basis earnings are expected to drop by 88%/q/q on the back of lower volumes and inventory losses. We attribute the decline in the earnings on yearly basis during 2QFY23 to a) lower MS, HSD and FO volumes down by 10%/y/y, 27%/y/y and 13%/y/y, b) higher taxation and, c) inventory losses. However, higher margin on FO and Asphalt is likely to limit earnings decline during 2QFY23. This will bring 1HFY23 earnings to PKR 4.8bn (EPS PKR 38.75), down by 27%/y/y, compared to PKR 6.6bn (EPS PKR 53.12) in the same period last year. We expect APL to announce cash dividend of PKR 10.0/share along with the result.

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Aariz Raza	Analyst	Tel: (+92-21) 111-234-234 Ext: 810	Aariz.raza@igi.com.pk

IGI Finex Securities Limited

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Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
 Stock Exchange Road, Karachi.
 Tel: (+92-21) 32429613-4, 32462651-2
 Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (92-61) 4512003, 4571183

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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