

## Sector Update

### IGI OMC result previews

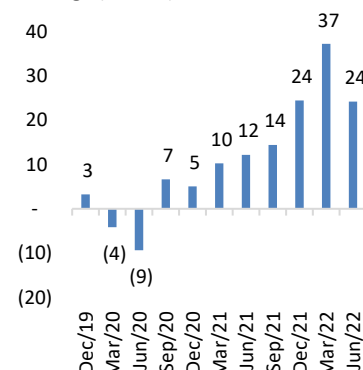
#### EPS Estimates for 4QFY22

	4Q22e	y/y	FY22e	y/y
PSO	45.4	96%	183.4	195%
APL	28.5	126%	141.5	186%

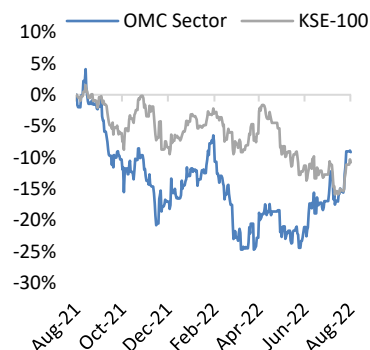
#### DPS Estimates for 4QFY22

	4Q22e	FY22e
PSO	-	-
APL	5.0	20.0

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



#### Relative Performance to KSE-100



#### Analyst

Abdullah Farhan  
abdullah.farhan@igi.com.pk  
Tel: +92 21 111 234 234 Ext: 912

Saad Khan  
saad.khan@igi.com.pk  
Tel: +92 21 111 234 234 Ext: 810

## Oil & Gas Marketing Companies

## Sector Earnings to rise during 4QFY22 amid hefty inventory gains despite higher taxation

- IGI OMC universe earnings is expected to augment by +99%y/y in 4QFY22 to PKR 24.2bn compared to PKR 12.2bn in the same period last year. Earnings accretion is expected on the back of a) hefty inventory gains and, b) higher volumes led by increase in FO volumes.
- Attock Petroleum Limited's (APL) board meeting is scheduled on 16th-Aug-22 to announce financial results for 4QFY22 where we expect Company to report earnings of PKR 2.8bn (EPS: PKR 28.5) up by +2.3xy/y compared to PKR 1.3bn (EPS: PKR 12.6) in the same period last year. On a quarterly basis earnings are expected to drop by 39%q/q on the back of higher taxation.
- We estimate Pakistan State Oil Company Limited (PSO) to post earnings of PKR 21.3bn (EPS: PKR 45.4) up by +96%y/y compared to PKR 10.9bn (EPS: PKR 23.2) in the same period last year. On a quarterly basis, earnings are expected to decline by 35%q/q on the back of higher taxation. This brings FY22E earnings to PKR 86.1bn (EPS: PKR 183.4) up by +2.9xy/y.

### OMC Sector: Earnings to increase by +99%y/y to PKR 24.2bn in 4QFY22

IGI OMC universe earnings is expected to augment by +99%y/y in 4QFY22 to PKR 24.2bn compared to PKR 12.2bn in the same period last year. Earnings accretion is expected on the back of a) hefty inventory gains and, b) higher volumes led by increase in FO volumes. Incline in earnings is likely to be limited by rise in finance cost (for PSO) and higher taxation. On sequential basis, earnings are expected to decline by 35%q/q on account of higher taxation.

#### Exhibit: OMC sector result preview for 4qFY22

PKR per share

Period end = Jun	Jun/22	Mar/22	q/q	Jun/21	y/y	FY22e	FY21	y/y
PSO	45.4	69.4	-35%	23.2	96%	183.4	62.1	195%
APL	28.5	46.6	-39%	12.6	126%	141.5	49.4	186%
<b>Total (in PKRbn)</b>	<b>24.2</b>	<b>37.2</b>	<b>-35%</b>	<b>12.2</b>	<b>99%</b>	<b>100.2</b>	<b>34.1</b>	<b>194%</b>

### APL: Earnings to improve by 2.3xy/y during 4QFY22E to PKR 28.5/share

Attock Petroleum Limited's (APL) board meeting is scheduled on 16<sup>th</sup>-Aug-22 to announce financial results for 4QFY22 where we expect Company to report earnings of PKR 2.8bn (EPS: PKR 28.5) up by +2.3xy/y compared to PKR 1.3bn (EPS: PKR 12.6) in the same period last year. On a quarterly basis earnings are expected to drop by 39%q/q on the back of higher taxation. This bring total FY22E earnings to PKR 14.1bn (EPS: PKR 141.5) up by +2.9xy/y. We attribute the growth in the earnings to a) higher MS, HSD and FO volumes up +22%y/y, +25%y/y and +68%y/y, b) higher FO margins due to rise in international prices and, c) hefty inventory gains. However, higher taxation is likely to limit earnings growth during 4QFY22. We expect APL to announce cash dividend of PKR 5/share during 4QFY22 bring total cash payout for FY22 to PKR 20/share.

**PSO: Earnings to inflate by +96%y/y to PKR 45.4/share during 4QFY22**

We estimate Pakistan State Oil Company Limited (PSO) to post earnings of PKR 21.3bn (EPS: PKR 45.4) up by +96%y/y compared to PKR 10.9bn (EPS: PKR 23.2) in the same period last year. On a quarterly basis, earnings are expected to decline by 35%q/q on the back of higher taxation. This brings FY22E earnings to PKR 86.1bn (EPS: PKR 183.4) up by +2.9xy/y. We attribute the incline in the earnings during 4QFY22 to a) higher LNG and FO margins, b) higher MS, HSD and FO sales up by +11%y/y, +24%y/y and +2.6xy/y and, c) hefty inventory gains. However, higher finance cost, taxation and other charges are likely to keep earnings growth limited during 4QFY22. Due to cash constraints we do not expect PSO to payout cash dividend, however, given exponential earnings for FY22, PSO may announce bonus issue along with 4QFY22 financial result.

# Important Disclaimer and Disclosures

**Research Analyst(s) Certification:** The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

**Disclaimer:** The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

**Rating system:** IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

## Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)  
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)  
Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

**Risk:** Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

**Basic Definitions and Terminologies used:** **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited  
Research Analyst(s)  
Research Identity Number: BRP009  
© Copyright 2022 IGI Finex Securities Limited

## 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 Mahrugh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrugh.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
Ajay Kumar	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	ajay.kumar@igi.com.pk
Huzaifa Yaseen	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	huzaifa.yaseen@igi.com.pk

### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: [www.igisecurities.com.pk](http://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

#### 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

#### Faisalabad Office

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

#### Rahim Yar Khan Office

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

#### Multan Office

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

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2022 IGI Finex Securities Limited