

## Result announcement 1QFY23

### Oil & Gas Marketing Companies

## Pakistan State Oil Company Limited

**Earnings:** Pakistan State Oil Company Limited (PSO) announced its 1QFY23 result. The Company reported unconsolidated 1QFY23 earnings of PKR 1.12bn (EPS PKR 2.55), down by 90%y/y compared to PKR 11.99bn (EPS PKR 25.55) in the similar period last year. On quarterly basis, profitability declined by 94%q/q during 1QFY23.

**Dividends/Payouts:** Company did not announce any cash dividend along with the result.

**Operating performance:** Decline in earnings is mainly attributable to hefty inventory losses, lower volumes, higher finance cost and taxation, however, earnings decline was limited due to higher other income and lower other expenses. PSO reported +88%y/y increase in revenue during 1QFY23 on the back of rise in domestic prices for MS, HSD and FO despite lower volumes. Company's gross margins dropped to 0.8% during 1QFY23 likely on the back of hefty inventory losses compared to 4.8% in 1QFY22 and 7.6% in 4QFY22. PSO booked provision for impairment on financial asset of PKR 0.21bn during 1QFY23 compared to PKR 0.22bn in the corresponding period last year. Other income augmented by +3.6xy/y to PKR 6.45bn during 1QFY23 compared to PKR 1.79bn in the similar period last year likely owing to higher penal income. Effective tax stood at 70.1% during 1QFY23 (4QFY22: 60.6%) compared to 32.6% in the same period last year likely owing to applicability of minimum turnover tax.

Exhibit: PSO Financial Highlights - Unconsolidated					
For the period 1QFY23					
PKRmn	1QFY23	1QFY22	y/y	4QFY22	q/q
Net Sales	862,264	459,224	88%	901,658	-4%
Gross Profit	6,720	22,054	-70%	68,370	-90%
Distribution and Marketing Expense	2,998	3,047	-2%	3,621	-17%
Administrative Expense	1,082	908	19%	1,715	-37%
Other Expenses	308	1,353	-77%	3,718	-92%
Provision for impairment on financial assets	210	216	-3%	5,471	-96%
Other Income	6,449	1,786	3.6x	2,486	2.6x
EBIT	8,571	18,314	-53%	56,331	-85%
Finance Cost	4,796	626	7.7x	2,039	2.4x
Profit Before Taxation	4,008	17,802	-77%	54,425	-93%
Taxation	2,810	5,808	-52%	32,972	-91%
Profit After Taxation	1,198	11,994	-90%	21,453	-94%
<b>EPS (PKR)</b>	<b>2.55</b>	<b>25.55</b>		<b>45.70</b>	
DPS (PKR)	-	-		10.0	
Source: IGI Research and Company Financials			No of Shares: 469.47mn		

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