Flash Note

Thursday, October 29, 2026

Oil & Gas Marketing Companies

Pakistan State Oil Company Limited (PSO)

Earnings: Pakistan State Oil Company Limited (PSO) announced its 1QFY27 result. The Company reported unconsolidated earnings of PKR 25.56bn (EPS PKR 54.44) during 1QFY27 compared to earnings of PKR 9.39bn (EPS PKR 20.0) in the similar period last year. During 4QFY26, PSO reported loss of PKR 23.05bn (LPS PKR 49.10).

Dividend/Payout: The Company did not announce any cash dividend along with the result.

Operating Performance: PSO's revenue increased by +15%y/y to PKR 846.14bn during 1QFY27 as POL price increased substantially owing to Middle East Conflict along with +18%y/y increase in total volumes. PSO reported gross profit of PKR 57.51bn during 1QFY27 likely owing to hefty inventory gains led by substantial increase in POL prices. Finance cost increased by +6%y/y to PKR 6.30bn during 1QFY27 mainly owing to higher borrowings. On quarterly basis, finance cost declined by 25%q/q likely owing to lower borrowings. Other income dropped by 5%y/y to PKR 4.32bn during 1QFY27 compared to PKR 4.56bn in the similar period last year likely owing to lower penal income. Effective tax rate stood at 37.9% during 1QFY27 against 54.4% recorded in the same period last year. However, PSO's receivables increased by PKR 1.5bn on a quarterly basis to PKR 416.27bn while short term borrowing declined to PKR 344bn against PKR 384bn as at Jun-26.

Recommendation: We have a 'BUY' stance on PSO with Dec-26 Target Price of PKR 582/share offering 60% upside from last close. PSO is trading at FY27 P/E of 5.1x.

Exhibit: PSO Financial Highlights
For the period 1QFY27

PKRmn	1QFY27	1QFY26	y/y	4QFY26	q/q
Net Sales	846,141	737,186	15%	808,970	5%
Gross Profit	57,510	30,051	91%	(33,682)	n/m
S&D Expense	6,327	4,895	29%	6,648	-5%
Admin Expense	1,699	1,533	11%	2,886	-41%
Other Charges / (Income)	6,468	1,577	310%	(8,485)	n/m
Other Op. Income	4,318	4,556	-5%	4,788	-10%
EBIT	47,334	26,603	78%	(29,942)	n/m
Finance Cost	6,297	5,953	6%	8,369	-25%
Profit Before Taxation	41,135	20,601	100%	(38,309)	n/m
Taxation	15,575	11,211	39%	(15,259)	n/m
Profit After Taxation	25,560	9,390	172%	(23,050)	n/m
EPS (PKR)	**54.44**	**20.00**		**(49.10)**	
DPS (PKR)	0.0	0.0		10.0	
Source: IGI Research and Company Financials				No of Shares: 469.47mn	

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- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
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