

Result announcement: 2QFY22

Oil & Gas Marketing Companies

Pakistan State Oil Company Limited

Earnings: Pakistan State Oil Company Limited (PSO) announced its 2QFY22 result. The Company reported 2QFY22 earnings of PKR 20.2bn (EPS PKR 43.02), up by +4.6x/y compared to PKR 4.38bn (EPS PKR 9.32) in the similar period last year. This brings total profitability for 1HFY22 to PKR 32.2bn (EPS PKR 68.56), up by +3.4x/y, compared to PKR 9.52bn (EPS PKR 20.28) in the corresponding period last year.

Dividends/Payouts: The Company did not announce any cash dividend along with the result compared to PKR 5/share announced for 1HFY21. In our view, PSO curtailed cash payout on the back of cash requirement for PRL expansion and upgradation project announced in Dec-21 with estimated cost of USD 1.2bn despite receipt of cash through IPPs post disbursement of funds under the second installment.

Operating performance: During the period under review, PSO reported an incline of +82%/y in revenue on the back of +13%/y rise in total volumes and 37%/y and 69%/y rise in average domestic prices of HSD and MS respectively. Company's gross profit increased by ~3x/y on account of hefty inventory gains, higher margins applicable mid of Dec-21 and increase in total volumes. Higher FO and LNG prices also provided further boost to margins. As a result gross margins stood at 5.1% for 1QFY22 against 3.1% in the same period last year. Other income increased by +2.8x/y during 2QFY22 likely on account of higher penal income booked under payments received through IPPs as part of second installment. Effective tax stood at 31.3% during 2QFY22 (1QFY22: 32.6%) compared to 33.4% in the same period last year.

Exhibit: Financial Highlights Pakistan State Oil Company Limited (PSO)								
Latest result published for 1st half 2022								
PKRmn	2QFY22	2QFY21	YoY	1QFY22	QoQ	1HFY22	1HFY21	YoY
Net Sales	522,749	286,667	82%	459,224	14%	981,973	567,432	73%
Gross Profit	26,663	8,993	196%	22,054	21%	48,716	20,489	138%
S&D Expense	2,961	3,238	-9%	3,047	-3%	6,008	5,774	4%
Admin Expense	626	705	-11%	908	-31%	1,534	1,480	4%
Other Charges	2,305	474	386%	1,353	70%	3,659	1,035	254%
Other Income	8,921	3,175	181%	1,786	399%	10,707	4,412	143%
EBIT	30,024	7,008	328%	18,314	64%	48,338	15,391	214%
Finance Cost	784	579	36%	626	25%	1,410	1,437	-2%
Profit Before Taxation	29,386	6,573	347%	17,802	65%	47,188	14,249	231%
Taxation	9,191	2,196	319%	5,808	58%	14,999	4,727	217%
Profit After Taxation	20,195	4,378	361%	11,994	68%	32,189	9,522	238%
EPS (PKR)	43.02	9.32		25.55		68.56	20.28	
DPS (PKR)	-	5.00		-		-	5.00	
Source: IGI Research, Company Financials						No of Shares: 469.47mn		

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

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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
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

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

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

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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Jama Punji
سرمایہ کاری سمجھداری کے ساتھ