

Company Update

Pakistan State Oil Company Limited (PSO)

Target Price: PKR 321/share;

Upside: 87.2%

2022: Dividend yld: 12%, P/E: 1.2x

Market Price: PKR 171.5

52 weeks: 165.5 — 171.5

Return: (3M) 2.6%, (6M) 1.2%,

(12M) 1.5%

Outstanding Shares: 0.47bn (FF%: 45)

Market Capitalisation: PKR 77.7bn,

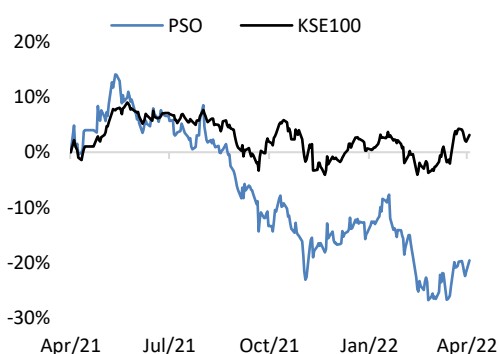
US\$ 0.42bn

Exchange: KSE100, KSEALL, MSCI FM

Key Financial Highlights

PKR/ Share	2021a	2022e	2023f
EPS	62.1	145.9	60.8
DPS	15.0	20.0	18.0
BVPS	298.2	403.2	445.8
ROE%	21%	36%	14%
P/E	2.8x	1.2x	2.8x
DY	8.7%	11.7%	10.5%
P/B	0.6x	0.4x	0.4x

Relative Price performance



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Oil & Gas Marketing Companies

PSO: EPS to clock in at PKR 42.53 during 3QFY22, up by +2.3xy/y

- Pakistan State Oil Company Limited (PSO) board meeting is scheduled on 28th-Apr-22 to announce financial results for 3QFY22, where we expect the Company to report earnings of PKR 19.97bn (EPS PKR 42.53) during 3QFY22, up by +2.3xy/y.
- This will bring total 9MFY22E earnings to PKR 52.16bn (EPS PKR 111.1), up by +2.9xy/y, compared to PKR 18.24bn (EPS PKR 38.86) similar period last year.
- We attribute growth in the earnings primarily on the back of substantial inventory gains due to increase in international oil prices amid Russia-Ukraine crisis and supply disruptions. Furthermore, upward revision in OMC margins is also likely to provide support to earnings.

Earnings to clock in at PKR 42.53/share during 3QFY22

Pakistan State Oil Company Limited (PSO) board meeting is scheduled on 28th-Apr-22 to announce financial results for 3QFY22, where we expect the Company to report earnings of PKR 19.97bn (EPS PKR 42.53) during 3QFY22, up by +2.3xy/y, compared to profitability of PKR 8.72bn (EPS PKR 18.57) in the same period last year. On quarterly basis, earnings are expected to decline by 1%q/q. This will bring total 9MFY22E earnings to PKR 52.16bn (EPS PKR 111.1), up by +2.9xy/y, compared to PKR 18.24bn (EPS PKR 38.86) in the similar period last year.

Hefty inventory gains to drive earnings growth

We attribute growth in the earnings primarily on the back of substantial inventory gains due to increase in international oil prices amid Russia-Ukraine crisis and supply disruptions. Furthermore, upward revision in OMC margins and higher FO prices are also likely to provide support to earnings. Total volumes increased by +26%/y growth mainly led by +44%/+15%/+5%/y rise in HSD/MS/FO sales. On quarterly basis earnings are expected to decline on the back of lower other income as the company received penal income through IPPs are part of circular debt payments

Exhibit: PSO Financial Highlights For the period 3QFY22

PKRmn	3QFY22E	3QFY21	y/y	2QFY22	q/q	9MFY22E	9MFY21	y/y
Net Sales	574,887	285,529	101%	522,749	10%	1,556,860	852,962	83%
Gross Profit	31,164	17,251	81%	26,663	17%	79,880	37,740	112%
S&D Expense	3,006	2,287	31%	2,961	2%	9,014	8,061	12%
Admin Expense	650	1,004	-35%	626	4%	2,184	2,484	-12%
Other Charges	1,032	937	10%	2,305	-55%	4,690	1,971	138%
Other Income	2,951	740	299%	8,921	-67%	13,658	5,152	165%
EBIT	29,628	13,855	114%	30,024	-1%	77,966	29,246	167%
Finance Cost	844	1,064	-21%	784	8%	2,255	2,502	-10%
PBT	28,939	12,925	124%	29,386	-2%	76,127	27,174	180%
PAT	19,968	8,720	129%	20,195	-1%	52,157	18,242	186%
EPS (PKR)	42.53	18.57		43.02		111.10	38.86	
DPS (PKR)	-	-		-		-	5.00	

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