

## Pakistan OMCs

### PSO PA: 1QFY24 EPS clocked in at PKR46.6 – Above expectations

Pakistan State Oil (PSO) has announced its 1QFY24 result in which company posted PAT of ~PKR21.9bn (EPS: PKR46.6) against PAT of ~PKR1.2bn (EPS: PKR2.6) in SPLY, up by 18.3x YoY. The result is above our expectation where deviation stems from higher than expected inventory gains and lower finance cost.

- 📌 On sequential basis, company witnessed turnaround in profitability due to lower finance cost and higher inventory gains during the period. To highlight, average ex-refinery prices of MS and HSD increased by 29% and 35% in 1QFY24 on quarter end basis, respectively.
- 📌 Topline increased by 7%/5% YoY/QoQ in 1QFY24 on the back of higher petroleum product prices.
- 📌 Gross margins of the company clocked in at 6.4% in 1QFY24, up by 5.6 ppts YoY due to higher inventory gains recorded in the quarter. As per our estimates, inventory gains clocked in at PKR36bn in 1QFY24.
- 📌 Finance cost recorded an increase of 114% YoY in 1QFY24, possibly due to higher short term borrowings and elevated interest rates.
- 📌 Other income decreased by 48% YoY to ~PKR3.3bn likely due to decrease in delayed payment surcharge booked on circular debt related payments.
- 📌 Effective tax charge clocked in at 49% in 1QFY24 against 70% in SPLY.

PSO (PKRmn)	1QFY24	1QFY23	4QFY23	YoY	QoQ
Net sales	920,081	862,264	874,159	7%	5%
Cost of sales	861,632	855,544	857,539	1%	0%
<b>Gross profit</b>	<b>58,450</b>	<b>6,720</b>	<b>16,620</b>	<b>770%</b>	<b>252%</b>
Other Income	3,348	6,449	1,963	-48%	71%
Dist. Expenses	4,021	2,998	4,836	34%	-17%
Admin Expenses	1,288	1,082	1,418	19%	-9%
Other Expenses	3,236	308	(166)	952%	NM
Finance cost	10,282	4,796	15,192	114%	-32%
<b>Profit before tax</b>	<b>42,863</b>	<b>4,008</b>	<b>(2,503)</b>	<b>969%</b>	<b>NM</b>
Tax	20,975	2,810	2,120	646%	889%
<b>Profit after tax</b>	<b>21,889</b>	<b>1,198</b>	<b>(4,624)</b>	<b>1727%</b>	<b>NM</b>
<b>EPS / (LPS)</b>	<b>46.6</b>	<b>2.6</b>	<b>(9.8)</b>		

Source: Company accounts, Insight research

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- Discounted cash flow (DCF)
- Relative Valuation (P/E, P/Bv, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

## Frequently Used Acronyms

<b>TP</b>	Target Price	<b>DCF</b>	Discounted Cash Flows	<b>FCF</b>	Free Cash Flows
<b>FCFE</b>	Free Cash Flows to Equity	<b>FCFF</b>	Free Cash Flows to Firm	<b>DDM</b>	Dividend Discount Model
<b>SOTP</b>	Sum of the Parts	<b>P/E</b>	Price to Earnings ratio	<b>P/Bv</b>	Price to Book ratio
<b>P/S</b>	Price to Sales	<b>EVA</b>	Economic Valued Added	<b>BVPS</b>	Book Value per Share
<b>EPS</b>	Earnings per Share	<b>DPS</b>	Dividend per Share	<b>DY</b>	Dividend Yield
<b>ROE</b>	Return on Equity	<b>ROA</b>	Return on Assets	<b>CAGR</b>	Compounded Annual Growth Rate

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