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REP 019

PSO 4QFY26 Review: Healing liquidity leads to continued cash payout

AKD Securities Limited

Pakistan State Oil Company Ltd (PSO) announced its 4QFY26 financial results, wherein the company posted standalone net loss of PkR23.1bn (LPS: PkR49.1), compared to profit of PkR5.6bn (EPS: PkR12.02) in SPLY. The result came in below our expectations on account of lower gross margins, coupled with elevated finance costs. This takes full-year FY26 cumulative NPAT to PkR15.1bn (EPS: PkR32.1), down 28% YoY compared to PkR20.9bn (EPS: PkR44.54) in FY25. In addition to the result, the company announced a final cash dividend of PkR10.0/sh.

- Net revenues clocked in at PkR809.0bn (flatYoY/+9%QoQ), compared to PkR812.8bn in 4QFY25. The sequential uptick was price-led, where total offtakes declined by 9% on a QoQ basis.
- Company reported a gross loss of PkR33.7bn (margin of -4.2%), down from a gross profit of PkR86.5bn (+11.7% margin) in 3QFY26. The gross loss was driven by inventory markdowns following the drop in international crude and fuel prices amid easing Middle East tensions and global oil demand concerns during 4QFY26.
- Finance costs rose to PkR8.4bn (+22%YoY/+42%QoQ), coming in above our expectations due to elevated short-term borrowings necessitated by higher fuel input costs and trade creditor repayments. Notably, trade receivables also contracted by PkR40bn QoQ, leading to a strong collection ratio of 149% during the quarter.
- Other expenses came in at a net credit of PkR8.5bn during the quarter (against the PkR12.5bn charge in 3QFY26), while other income stood at PkR4.8bn (-31% YoY/+17%QoQ).
- Taxation posted a net credit of PkR15.3bn on account of tax shield benefits against quarterly pre-tax loss of PkR38.3bn. Full-year ETR stood at 72% compared to 60% in FY25.
- We maintain our 'BUY' call on PSO with a Dec'26 TP of PkR900/sh. Our investment thesis is supported by i) pending margin revisions on regulated products, ii) volumetric recovery on improving mobility and industrial activity in FY27, iii) easing financing costs in declining interest rate environment, and iv) ongoing IMF-backed resolution of gas sector circular debt improving cash flow.

PSO: Income Statement

(PKRmn)	4QFY26	4QFY25	YoY	3QFY26	QoQ	FY26	FY25	YoY
Net Sales	808,970	812,837	0%	742,457	9%	3,050,026	3,149,389	-3%
Gross Profit	(33,682)	23,417	n.m	86,518	n.m	99,938	96,710	3%
Operating expenses	9,534	8,633	10%	7,430	28%	31,411	28,509	10%
Other Income	4,788	6,967	-31%	4,095	17%	17,516	22,131	-21%
Other Expenses	(8,485)	(48)	177.8x	12,453	n.m	6,076	4,135	47%
Finance Cost	8,369	6,854	22%	5,887	42%	25,655	33,718	-24%
Tax	(15,259)	8,774	n.m	38,799	n.m	39,135	31,881	23%
PAT	(23,050)	5,643	n.m	25,995	n.m	15,068	20,911	-28%
EPS	(49.10)	12.02	n.m	55.37	n.m	32.10	44.54	-28%
DPS	10.0	10.0	0%	-	n.m	10.0	10.0	0%

Source: PSX & AKD Research

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