

Oil & Gas Marketing Companies: Pakistan State Oil Limited

Result Review: Inventory losses drag down EPS to PKR 32.10/share

REP-300

4QFY26 loss arrived at PKR 48.63/share

Pakistan State Oil Limited (PSO) reported FY26 earnings of PKR 15.1bn which translates into PKR 32.10/share, down by 28% YoY attributable to lower sales volumes due to higher inventory losses, higher petroleum prices and lower contribution from LNG segment amid geopolitical tensions.

In 4QFY26, PSO recorded a loss of PKR 22.8bn (LPS: PKR 48.63). In addition to this, PSO declared a final dividend of PKR 10/share in 4QFY26, taking its FY26 payout ratio to 31% in FY26.

Result Highlights

- In 4QFY26, PSO's sales remained stable to PKR 809bn, mainly due to a 15% YoY contraction in MS volumes and a 21% YoY decline in HSD volumes amid elevated fuel prices. Average MS and HSD prices increased by 49.5% YoY and 50.2% YoY to PKR 380.42/ltr and PKR 386.87/ltr, respectively. The RLNG segment also remained under pressure, as PSO's average DES price increased to USD 11.17/mmbtu from USD 8.56/mmbtu in the corresponding period last year, amid higher international oil prices. During the quarter, the company handled 6 cargoes (with no cargoes in Apr'26 due to supply disruptions arising from global tensions), compared to 28 cargoes in SPLY.
- Gross loss was recorded during the quarter at PKR 22.8bn vs gross profit of PKR 23.4bn in SPLY driven by inventory losses.
- Other expenses recorded a reversal of PKR 8.5bn, compared to PKR 180mn previously, mainly driven by reversals of provisions, in our view.
- Finance costs increased by 22% YoY to PKR 8.4bn in 4QFY26 from PKR 6.9bn, mainly due to higher short-term borrowings of PKR 384bn as of 4QFY26 (PKR 356bn SPLY).
- The company booked tax reversal of PKR 15.3bn 4QFY26 compared to PKR 8.8bn tax expense in 4QFY25.
- PSO's receivables decreased by PKR 40bn QoQ as of Jun'26 (recovery ratio standing at 105% as of 4QFY26).
- We have a "BUY" call on PSO. The stock is trading at FY27 and FY28 P/E of 4.5 and 4.4x.

Exhibit: Financial Highlights

(PKR mn)	FY26	FY25	YoY	4QFY26	4QFY25	YoY	QoQ
Income Statement							
Net Revenue	3,050,026	3,149,389	-3%	808,970	812,837	0%	9%
Cost of Sales	2,950,088	3,052,679	-3%	842,652	789,421	7%	28%
Gross Profit / Loss	99,938	96,710	3%	(33,682)	23,417	nm	nm
Distribution Expens	23,006	21,078	9%	6,648	6,558	1%	18%
Admin Expense	8,405	7,432	13%	2,886	2,208	31%	60%
Others Operating Expense	6,076	4,135	47%	(8,485)	(180)	nm	0%
Others Income	17,516	22,131	-21%	4,788	6,967	-31%	17%
EBIT	79,968	86,197	-7%	(29,942)	21,799	nm	nm
Finance Cost	25,655	33,718	-24%	8,369	6,854	22%	42%
PBT / LBT	54,202	52,793	3%	(38,088)	13,788	nm	nm
Tax reversal / (expense)	(39,135)	(31,881)	nm	15,259	(8,774)	nm	nm
PAT / LAT	15,068	20,911	-28%	(22,829)	5,014	nm	nm
EPS / LPS (PKR)	32.1	44.5		(48.6)	10.7		
DPS (PKR)	10	10		10	10		

Ratio Analysis

BVPS (PKR)	556	533		556	533		
Gross Margins	3.28%	3.07%		nm	2.88%		
Payout Ratio	31.20%	22.50%		nm	93.60%		
Effective Tax Rate	72.20%	60.40%		nm	63.60%		

Source (s): Company Financials, AHL Research

Oil & Gas Marketing Companies: Pakistan State Oil Limited

Result Review: Inventory losses drag down EPS to PKR 32.10/share

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.