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

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