ARIF HABIB LIMITED

REP-300

Pakistan Oil Marketing sector profitability

25-Sep-2026

OMC Earnings Rise 8% YoY in FY26

EUROMONEY
Best Broker: '25
Best Bank for Research:'25
Best Investment Bank for M&A: '25
Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

CFA Society Pakistan
Best Corporate Finance House: '25, '23-'13
Best Brokerage House: '23 – '21
Best Brokerage House (Runner-up): '25–'24
Best Economic Research House: '23–'21
Best Economic Research House (Runner-up): '25–'24

FinanceAsia
Best Broker:'26
Best Equity Capital Market House:'26
Best Investment Bank:'26

Asset Asian Awards Triple A
Best Gender Equality Bond: '24
Best Equity Advisor: '21

ASIAMONEY
Best Securities House: '23
Best Investment Bank: '23

INTERNATIONAL FINANCE
Best Brokerage House: 2023

PSX Pakistan Stock Exchange Limited
Top 25 Companies ('17-'19)

Central Depository Company
Excellence Award Leading Brokerage House for RDA '21

Menka Kirpalani I Zayan Babar Khan
D: +92 21 38280264
E: menka.kumari@arifhabibltd.com
zayan.babar@arifhabibltd.com

OMC Sector Profitability

FY26: Earnings increased by 8.0% to PKR 37.0bn

- The OMC sector recorded a 8% YoY increase in earnings during FY26, reaching PKR 37.0bn.
- Sector sales declined 1% YoY to PKR 3,716bn in FY26, primarily driven by PSO amid lower OMC volumes and reduced RLNG segment contribution.
- **Industry OMC sales:** OMC industry sales declined 0.8% YoY during FY26, with MS sales increasing a meager 1%, while HSD dispatches declined 0.6% YoY. In contrast, PSO's MS and HSD volumes declined 4.8% and 5.6%, respectively, while APL's MS and HSD volumes fell 1.6% and 4.5%, respectively, as GO and other smaller players continued to gain market share.
- **MS/HSD price surge in FY26:** During FY26, MS and HSD prices surged 17% and 19% YoY to PKR 299.24/litre and PKR 309.54/litre, respectively, driven by a sharp increase in ex-refinery prices. MS ex-refinery prices rose 14% YoY to PKR 191.33/litre, while HSD ex-refinery prices surged 32% YoY to PKR 232.54/litre, amid the onset of the US-Iran war in Mar'26, which drove a sharp increase in international oil, gasoil and gasoline prices.
- **LNG segment:** During FY26, 79 cargos were handled by PSO compared to 110 cargos in SPLY, amid the onset of the US-Iran war in Mar'26. Additionally, the DES price declined to USD 8.49/mmbtu from USD 9.13/mmbtu.
- Sector gross margins clocked in at 3.8% in FY26, with gross profit rising 16% YoY to PKR 140bn.
- Finance cost tumbled by 24% YoY during the period owing to i) lower interest rates, and ii) improved liquidity leading to reduced short-term debt.
- Effective taxation of the sector stood at 58.0% in FY26.
- During FY26, PSO's market share contracted by 1.6% to 42.4% versus 44.0% in SPLY. Moreover, the market share of APL also declined by 0.5% arriving at 8.2% YoY in FY26. In contrast, Gas & Oil Pakistan Ltd (GO) and other smaller OMC's continued to gain market share in FY26.

OMC's sector result summary (FY26)

	Unit	PSO	APL	SPSL	Sector
Income Statement					
Net Revenue	PKR mn	3,050,026	533,097	133,225	3,716,348
Growth YoY		*-3.2%*	*12.4%*	*9.2%*	*-1%*
Gross Profit	PKR mn	99,938	32,075	8,045	140,058
Growth YoY		*3.3%*	*70.3%*	*45.9%*	*16%*
Others Income	PKR mn	17,516	3,185	186	20,886
Growth YoY		*-20.9%*	*43.9%*	*300.5%*	*-14%*
Finance Cost	PKR mn	25,655	3,735	1,011	30,401
Growth YoY		*-23.9%*	*-28.7%*	*-12.5%*	*-24%*
Profit before Tax	PKR mn	54,202	27,713	6,117	88,032
Growth YoY		*2.7%*	*63.2%*	*54.3%*	*19%*
Taxation	PKR mn	39,135	10,754	1,142	51,030
Growth YoY		*22.8%*	*63.3%*	*12.7%*	*29%*
Profit after Tax	PKR mn	15,068	16,959	4,976	37,002
Growth YoY		*-27.9%*	*63.2%*	*68.6%*	*8%*
EPS*	PKR	32.10	136.31	2.96	
DPS	PKR	10.00	60.00	1.00	
Ratio Analysis					
BVPS	PKR	555.6	606.7	10.7	
Gross Margins	%	3.3%	6.0%	6.0%	3.8%
Net Margins	%	0.5%	3.2%	3.7%	1.0%
Effective Tax Rate	%	72.2%	38.8%	18.7%	58.0%

Source (s): Company Financials, AHL Research

OMC Sector Profitability

ARIF HABIB LIMITED

FY26: Earnings increased by 8.0% to PKR 37.0bn

Pakistan State Oil

- **PSO reported FY26 earnings of PKR 15.1bn (EPS: PKR 32.1), down 27.9% YoY, with 4QFY26 swinging to a PKR 23bn loss on higher inventory losses and finance costs and lower other income.**
- FY26 sales declined 3.2% YoY to PKR 3.05trn on lower MS (-5%) and HSD (-6%) volumes and reduced RLNG contribution.
- Finance costs fell 24% YoY to PKR 25.7bn amid lower interest rates and reduced short-term debt.
- Receivables declined PKR 40bn QoQ to PKR 415bn in Jun'26, with a 105% recovery ratio in 4QFY26 and a PKR 133bn decline since Dec'23.

Attock Petroleum Limited

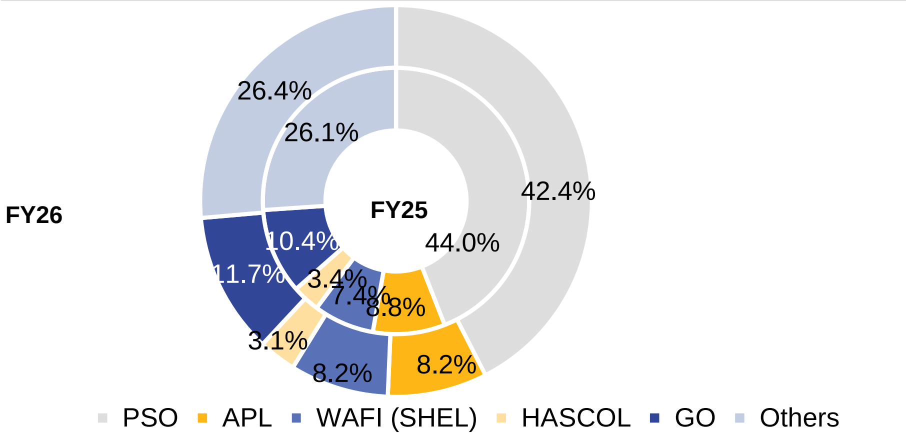
- **APL posted FY26 earnings of PKR 17.0bn (EPS: PKR 136.3), up 63% YoY, driven by higher gross margins and other income, with a PKR 60/share dividend taking payout to 44%.**
- FY26 sales rose 12% YoY to PKR 533.1bn despite lower MS (-1.6%) and HSD (-4.5%) volumes, supported by higher prices.
- Gross margins improved to 6.0% from 4.0%, aided by better inventory management and gains.
- Net finance income declined to PKR 3.7bn from PKR 5.2bn, mainly due to lower line-fill costs and interest rates.

Sitara Petroleum Service Limited

- **SPSL reported FY26 earnings of PKR 5.0bn (EPS: PKR 3.0), up 69% YoY, supported by improved gross margins. The company's gross margin rose to 6.0% from 4.5%, while sales increased 9% YoY to PKR 133.2bn.**
- In 4QFY26, earnings declined 10% YoY to PKR 570mn, mainly due to inventory losses amid geopolitical tensions and lower supplies from GO, which also resulted in the absence of volumetric discounts. 4QFY26 also faced a higher base from inventory gains in 3QFY26.
- SPSL declared a final cash dividend of PKR 1/share, taking FY26 payout to 34%, while dealer margins remained unchanged at PKR 8.64/liter throughout FY26.

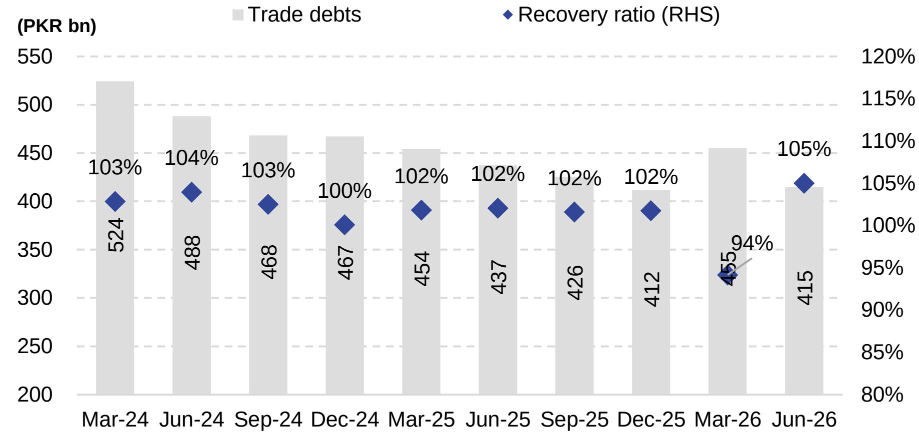
OMC Sector Profitability
Sector at a glance

Exhibit: Market share of OMC companies



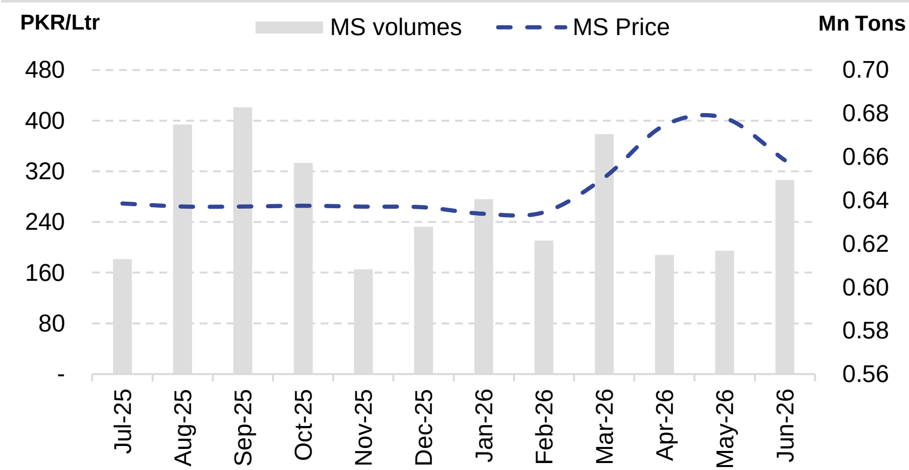
Source (s): OCAC, AHL Research

Exhibit: PSO's trade debts and Finance cost trend



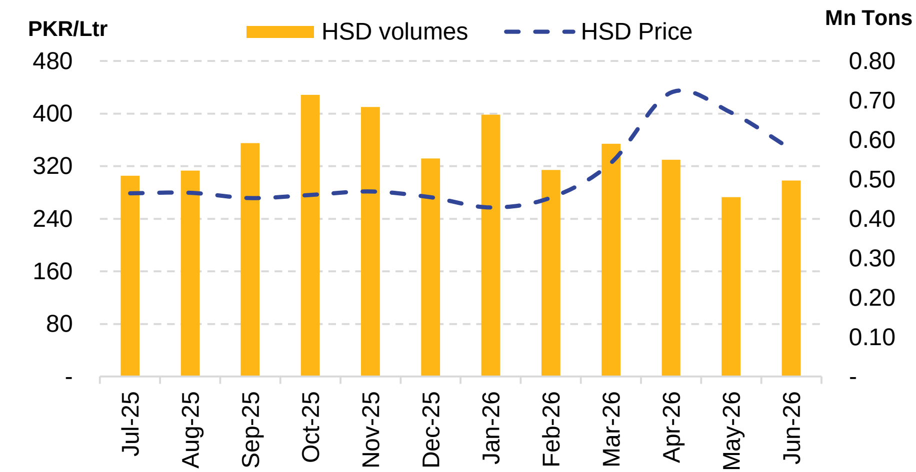
Source (s): Company Financials, AHL Research

Exhibit: Historical Trend of MS sales and Price



Source (s): OGRA, AHL Research

Exhibit: : Historical Trend of HSD sales and Price



Source (s): OGRA, AHL Research

Analyst Certification and Disclaimer

ARIF HABIB LIMITED

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +10% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -5% and +10% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -5% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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.

Disclosure required under Research Analyst Regulations, 2015:

In order to avoid any conflict of interest, we hereby disclosed that;

Arif Habib Limited (AHL) has a shareholding in SPSL