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Attock Refinery Limited

Annual Report Key Takeaways

REP-300

ATRL published its FY26 Annual Report today. Below are the key takeaways:

- During FY26, the refinery operated at ~71% utilization, up from 69% in FY25, with throughput increasing to 1.73mn tons from 1.66mn tons. However, crude distillation units were partially shut down on multiple occasions due to lower product offtake. Product supplies stood at 1.55mn tons, while ~172,500 tons of LSFO were exported to offset weak domestic furnace oil demand.
- Crude receipts from newly discovered oil reserves commenced in 4QFY26 (which in our view is Baragzai), which is expected to support higher utilization going forward.
- **Meanwhile, the company revalued its freehold land, resulting in a PKR 7.8bn revaluation surplus.**

Refinery Expansion & Upgrade Project (REUP)

- The US-Iran conflict highlighted the strategic importance of local refineries, prompting the Government to address long-standing issues in the Refining Policy 2023. Following consultations with relevant stakeholders, the amended policy was approved by CCoE and the Federal Cabinet in Jul'26, resolving the pending sales tax issue and introducing further amendments.
- The revised policy provides 10% tariff protection on MS and an additional 2.5% on HSD for seven years, with the incremental protection to be deposited into a Refinery Upgradation Account for approved upgrade projects. The policy aims to support refinery modernization, reduce import dependence and strengthen energy security, with NRL continuing to pursue its upgrade plans.
- **Euro-V Upgradation:** ATRL is pursuing plant upgrades to improve product quality and meet Euro-V fuel specifications.
- **CCR Unit:** The planned Continuous Catalyst Regeneration (CCR) unit is expected to increase PMG production, improve pool octane to Euro-V standards, eliminate the need for octane-boosting additives and reduce naphtha exports.
- **DHDS Revamp:** ATRL plans to revamp its existing DHDS unit to produce Euro-V diesel with maximum sulphur content of 10 ppm.
- **USD 600mn Upgradation Project:** Licensor FEED studies for the CCR and DHDS projects have been completed, with the overall upgradation project estimated to cost ~USD 600mn. ATRL has also appointed Studi Technologie Progetti SpA (STP), Italy, for FEED and Project Management Consultancy (PMC) services.
- **FEED Progress:** The FEED package is ~90% complete, with deliverables across management, process, mechanical, civil, electrical and instrumentation disciplines currently being finalized.

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- **EPCC Tendering:** Expressions of Interest (EOIs) have been sent to potential EPCC contractors, with positive responses received from leading international companies. Cost estimation and tender preparation are also progressing in parallel.
- **New Deep Conversion Refinery:** ATRL is also evaluating a new 50,000 BPD deep conversion refinery, subject to sustainable availability of additional local crude from the North and requisite government support.

Sales Breakup

- PMG RON differential declined 14.6% YoY to PKR 1.25bn, reflecting the price differential between PSO's imported 92 RON PMG and the 91 RON PMG sold by ATRL during the year, as prescribed by OGRA.
- HSD Euro-V price differential fell 9.6% YoY to PKR 951mn (this represents amount payable as per OGRA directives on account of HSD Euro-III and V price differential claim), taking the combined price differentials to PKR 2.21bn, down 12.5% YoY, thereby modestly lowering deductions from gross sales (a positive for ATRL).
- Custom duties increased 43.6% YoY to PKR 19.4bn, primarily due to the higher HSD customs-duty surrender rate, which increased from 2.5% to 5% under the amended Brownfield Refinery Policy. **Based on our estimates, ATRL surrendered PKR 3.7bn (PKR 34.3/sh pre-tax) in HSD customs duty due to the delayed signing of the agreement.**

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