Flash Note

Tuesday, October 28, 2025

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Oil & Gas Marketing Companies

Pakistan State Oil Company Limited (PSO)

Earnings: Pakistan State Oil Company Limited (PSO) announced its 1QFY26 result. The Company reported unconsolidated earnings of PKR 9.39bn (EPS PKR 20.0), up by +2.4xy/y, during 1QFY26 compared to PKR 3.97bn (EPS PKR 8.46) in the similar period last year. On quarterly basis, earnings increased by +67%q/q.

Dividend/Payout: The Company did not announce any cash dividend along with the result.

Operating Performance: PSO reported 6%y/y drop in revenue during 1QFY26 as volumes remained flat while MS and HSD prices increased. PSO reported gross profit of PKR 30.05bn, during 1QFY26 with gross margins clocking in at 4.1% compared to 3.1% in the similar period last year likely owing to inventory gains. Finance cost declined by 43%y/y to PKR 5.95bn during 1QFY26 mainly owing to lower borrowings and decline in interest rates. On quarterly basis, finance cost declined by 13%q/q. Other income increased by +7%y/y to PKR 4.56bn during 1QFY26 compared to PKR 4.25bn in the similar period last year likely owing to higher penal income. Effective tax rate stood at 54.4% during 1QFY26 (4QFY25: 61.0%) compared to 66.1% in the same period last year. However, PSO's receivables declined by PKR 11.8bn on a quarterly basis to PKR 425.6bn and short term borrowing also declining to PKR 324.1bn against PKR 356.1bn as at Jun-25.

Exhibit: PSO Financial Highlights
For the period 1QFY26

PKRmn	1QFY26	1QFY25	y/y	4QFY25	q/q
Net Sales	737,186	787,589	-6%	812,837	-9%
Gross Profit	30,051	24,739	21%	24,417	23%
S&D Expense	4,895	4,440	10%	6,558	-25%
Admin Expense	1,533	1,660	-8%	2,208	-31%
Other Charges / (Income)	1,577	1,006	57%	(145)	n/m
Other Op. Income	4,556	4,246	7%	5,967	-24%
EBIT	26,603	21,879	22%	21,763	22%
Finance Cost	5,953	10,424	-43%	6,854	-13%
Profit Before Taxation	20,601	11,710	76%	14,381	43%
Taxation	11,211	7,739	45%	8,774	28%
Profit After Taxation	9,390	3,971	136%	5,607	67%
EPS (PKR)	**20.00**	**8.46**		**11.94**	
DPS (PKR)	0.0	0.0		10.0	
Source: IGI Research and Company Financials				No of Shares: 469.47mn	

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Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
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- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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Basic Definitions and Terminologies used: Target Price: A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

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