Flash Note

Friday, September 25, 2026

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Oil & Gas Marketing Companies

Pakistan State Oil Company Limited (PSO)

Earnings: Pakistan State Oil Company Limited (PSO) announced its 4QFY26 result. The Company reported unconsolidated loss of PKR 23.05bn (LPS PKR 49.10) during 4QFY26 compared to earnings of PKR 5.64bn (EPS PKR 12.02) in the similar period last year. During 3QFY26, PSO reported earnings of PKR 55.37/share. This brings total profitability for FY26 to PKR 15.07bn (EPS PKR 32.1), down by 28%y/y, compared to PKR 20.91bn (EPS PKR 44.54) in the same period last year.

Dividend/Payout: The Company announced cash dividend of PKR 10/share along with the result.

Operating Performance: PSO's revenue remained stable during 4QFY26 as POL price increased substantially owing to Middle East Conflict despite 15%y/y decline in total volumes. PSO reported gross loss of PKR 33.68bn during 4QFY26 likely owing to hefty inventory losses led by substantial increase in international oil prices. Finance cost increased by +22%y/y to PKR 8.37bn during 4QFY26 mainly owing to higher borrowings. On quarterly basis, finance cost leaped up by +42%q/q. Other expense recorded a reversal of PKR 8.49bn during 4QFY26 against PKR 0.18bn in 4QFY25. Other income dropped by 31%y/y to PKR 4.79bn during 4QFY26 compared to PKR 6.97bn in the similar period last year likely owing to lower penal income. PSO booked tax reversal of PKR 15.26bn during 4QFY26 against tax expense of 8.77bn in 4QFY25 (effective tax rate of 60.9%) bringing total effective tax rate for FY26 to 72.2% against 60.4% in FY25. However, PSO's receivables declined by PKR 40.4bn on a quarterly basis to PKR 414.8bn while short term borrowing leaped up to PKR 384bnbn against PKR 288.0bn as at Mar-26.

Recommendation: We have a 'BUY' stance on PSO with Dec-26 Target Price of PKR 582/share offering 66% upside from last close. PSO is trading at FY27 P/E of 4.9x.

Exhibit: PSO Financial Highlights
For the period 4QFY26

PKRmn	4QFY26	4QFY25	y/y	3QFY26	q/q	FY26	FY25	y/y
Net Sales	808,970	812,837	0%	742,457	10%	3,050,026	3,149,389	-3%
Gross Profit	(33,682)	23,417	n/m	86,518	n/m	99,938	96,710	3%
S&D Expense	6,648	6,558	1%	5,626	18%	23,006	21,078	9%
Admin Expense	2,886	2,208	31%	1,804	60%	8,405	7,432	13%
Other Charges / (Income)	(8,485)	(180)	n/m	12,453	n/m	6,076	4,135	47%
Other Op. Income	4,788	6,967	-31%	4,095	17%	17,516	22,131	-21%
EBIT	(29,942)	21,799	n/m	70,730	-142%	79,968	86,197	-7%
Finance Cost	8,369	6,854	22%	5,887	42%	25,655	33,718	-24%
Profit Before Taxation	(38,309)	14,417	n/m	64,794	n/m	54,202	52,793	3%
Taxation	(15,259)	8,774	n/m	38,799	n/m	39,135	31,881	23%
Profit After Taxation	(23,050)	5,643	n/m	25,995	n/m	15,068	20,911	-28%
EPS/ (LPS) – PKR	**(49.10)**	**12.02**		**55.37**		**32.10**	**44.54**	
DPS (PKR)	10.0	10.0		0.0		10.0	10.0	
Source: IGI Research and Company Financials							No of Shares: 469.47mn	

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- Justified Price to Book
- Residual Income (RI)
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