

## PSO & Petrol Price Break up...

Friday, 01 August 2025

- The Government of Pakistan has announced a reduction in the petrol price by PKR 7.54 per liter, bringing it down to PKR 264.61/liter.
- Consequently, the ex-refinery price has decreased to PKR 158.9/liter from PKR 168.7/liter.
- Meanwhile, the petroleum levy has been increased to PKR 78/liter from the previous PKR 75.5/liter.
- Additionally, the Inland Freight Equalization Margin (IFEM) has been reduced by PKR 0.2/liter, now standing at PKR 8.7/liter

In the oil marketing (OMC) sector, we are focusing on Pakistan State Oil (PSO). We are covering it and our FY25 EPS estimation is PKR 44/sh plus a dividend forecast of PKR 10-20/sh. Whilst our FY26 EPS target is PKR 120/sh based on 1) our probable thrust of an increase in OMC margin by the government to benefit Saudi based companies viz. Aramco sites & WAFI 2) incremental other income 3) reduction in financial charges 4) an improved profile of the balance sheet once there is improvement in intercorporate circular debt situation at the behest of IMF from time to time.

We will shortly release a report on PSO once the board meeting date is announced.

### Petrol Price Breakup

| PKR/Litre     | 1-Aug-25      | 16-Jul-25     | Change       |
|---------------|---------------|---------------|--------------|
| Ex-Refinery   | 158.9         | 168.7         | -5.8%        |
| PL            | 78.02         | 75.52         | 3.3%         |
| CSL           | 2.5           | 2.5           | 0.0%         |
| OMC Margin    | 7.87          | 7.87          | 0.0%         |
| IFEM          | 8.7           | 8.89          | -2.1%        |
| Dealer Margin | 8.64          | 8.64          | 0.0%         |
| PBT           | 264.63        | 272.12        | -2.8%        |
| Sales Tax     | -             | -             |              |
| <b>Total</b>  | <b>264.63</b> | <b>272.12</b> | <b>-2.8%</b> |

Source: OGRA, SCS Trade

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- (Target Price, if any/Current Price - 1) < -10% Negative

The time duration is the financial reporting period of Subject Company

### Valuation method

Following research techniques adopted to calculate target price/recommendation

- Price to earnings & Price to Book, EV-EBITDA multiple
- Discounted Cash flows or Dividend Discount Model or Enterprise Value