



# ***Pakistan State Oil***

**CORPORATE BRIEFING SESSION  
FINANCIAL RESULTS FOR THE YEAR ENDED  
JUNE 30, 2019**



# COMPANY PROFILE

Pakistan State Oil Company Ltd. is serving the nation as an innovative and dynamic energy Company with a vision of delivering value to the customers since 1976.

## INFRASTRUCTURE

3,487 retail outlets spread across Pakistan and 23 company operated retail outlets.

Over 55% of the nation's total storage capacity (1 MMTs approx.)

Over 200 Shop Stops at retail outlets with 40 revamped to state of the art design along with shop in shop

Network of 262 CNG facilities in more than 34 cities

2 Lubricant Manufacturing Facilities with a Blending Capacity of 70 KMTs / single shift operation per annum

ISO certified Mobile Quality Testing Units to ensure high quality standard fuel to customers

Non Fuel related facilities at retail outlets including C-stores, ATMs, Branchless Banking, Oil Change, Lubricants, Car Wash, Tyre Air Pressure Facility and QSR (Quick Service Restaurants) etc.



## GROUP STRUCTURE

The Group consists of Pakistan State Oil Company limited (the Holding Company) and Pakistan Refinery Limited (The Subsidiary Company).

On December 01, 2018 (the acquisition date) PSO acquired further 84,000,000 shares of PRL. Consequently, shareholding of PSO in Pakistan Refinery Limited (PRL) increased from 24.11% to 52.68% making PRL a subsidiary as at December 01, 2018.



PSO (the Holding Company)

52.68%

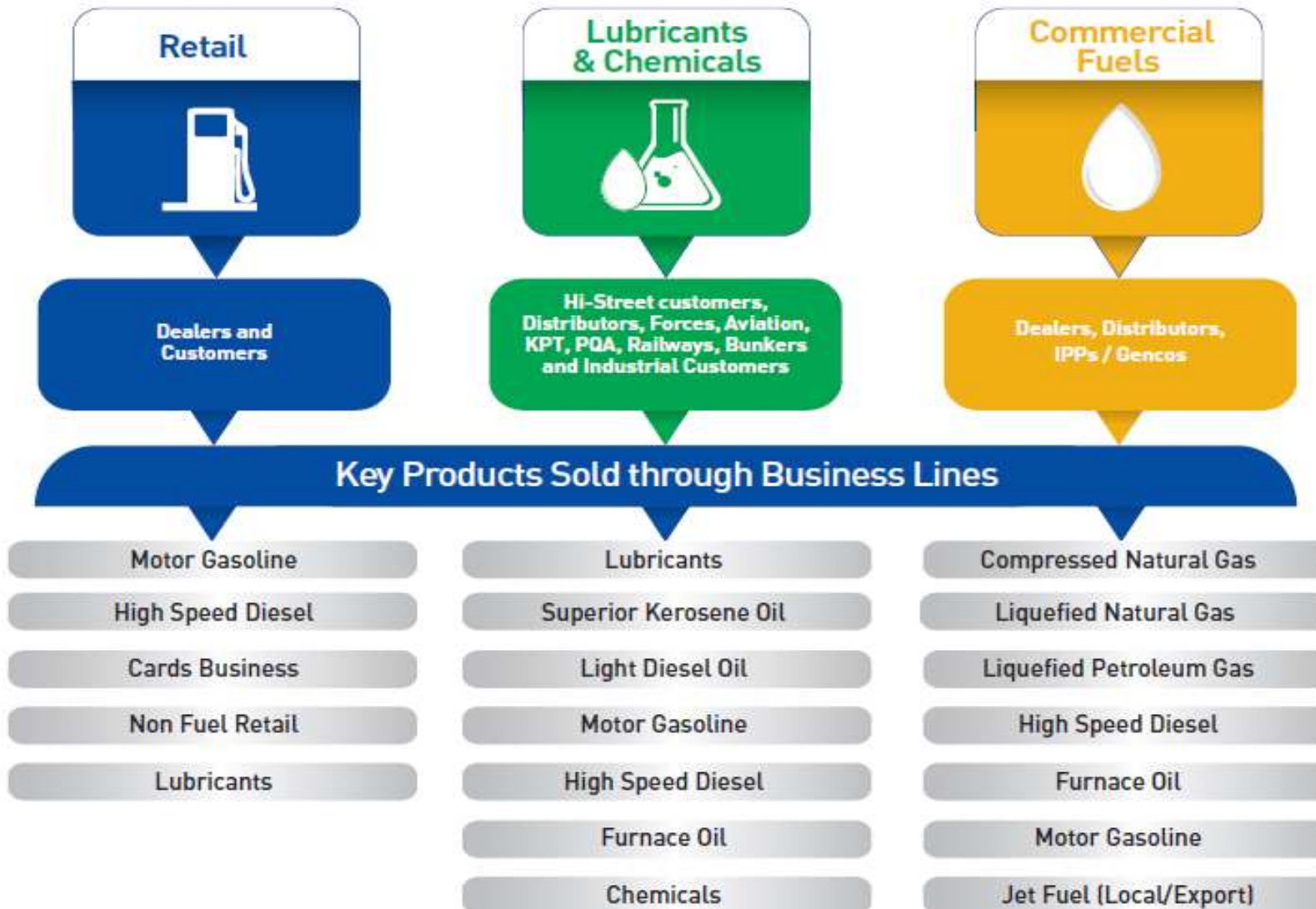


PRL (the Subsidiary Company)



# BUSINESS LINES

Key Business Segments & Product-lines



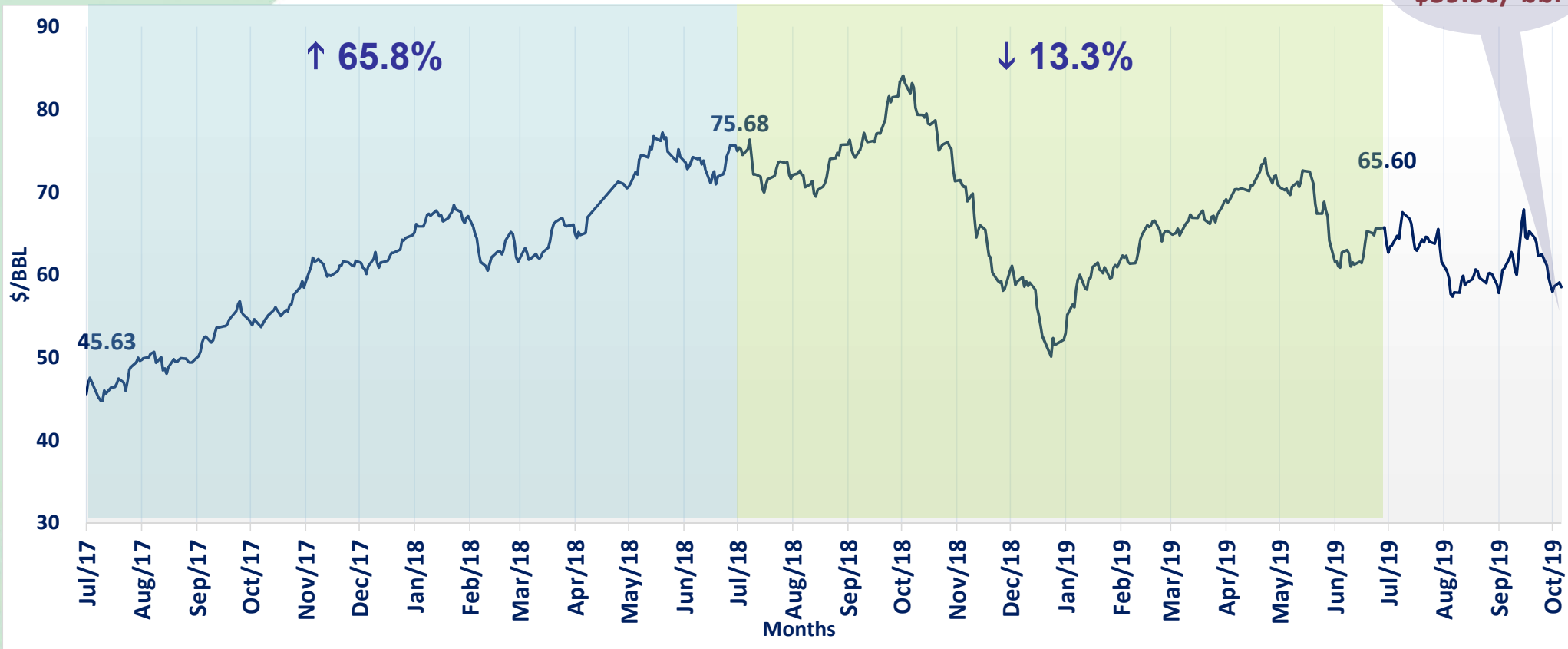
# Economic Highlights FY19

- GDP of the country was **3.3%** in FY2019 vs. 5.5% in FY2018.
- Per capita income reduced from \$1,652 to \$1,497
- CPI increased by **7.34%** in FY2019 vs. 3.92% in FY2018.
- Interest rates increased from 6.50% to **13.25%**.
- USD rates went up from Rs. 121.6/\$ to **163.85/\$**. (devaluation of 34.7%).

Source: Economic Survey 2019, Pakistan Bureau of Statistics and State bank of Pakistan.



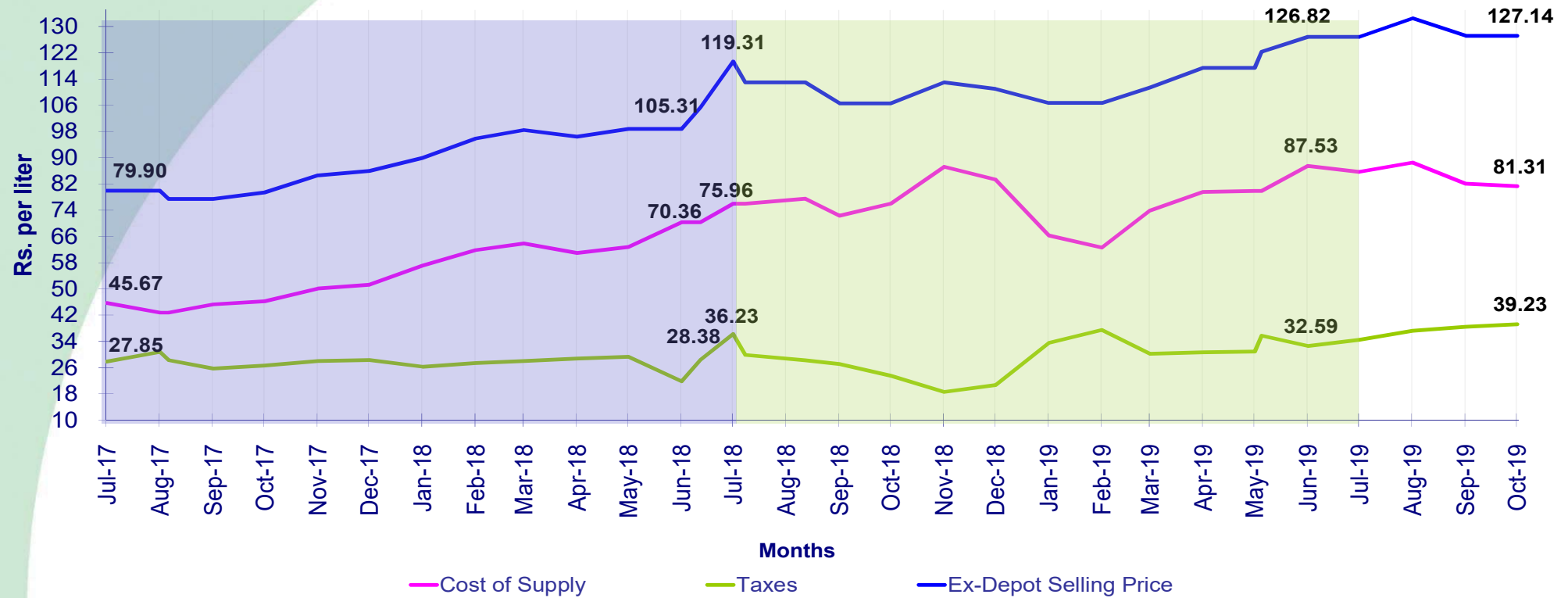
# OPEC Basket – Crude Price Trend



<u>Jul – Jun 2018</u>		<u>Jul – Jun 2019</u>	
Average: \$ 61.16 / bbl		Average: \$ 68.43 / bbl	
Max \$ 77.19 /bbl	May 22, 2018	Max \$ 84.09 /bbl	Oct 04, 2018
Min \$ 44.77 /bbl	Jul 11, 2017	Min \$ 50.11 /bbl	Dec 26, 2018



# HSD - Price Trend



HSD Price (Rs / liter)	July 01, 17	Jun 12, 18	July 01, 18	Jun 01, 19	Oct 01, 19
<b>Cost of Supply</b>	<b>45.67</b>	<b>70.36</b>	<b>75.96</b>	<b>87.53</b>	<b>81.31</b>
IFEM	1.30	1.49	1.55	1.13	1.03
OMC Margin	2.41	2.41	2.64	2.64	2.64
Dealer Margin	2.67	2.67	2.93	2.93	2.93
PL	7.80	8.00	8.00	18.00	20.76
Sales Tax	20.05	20.38	28.23	14.59	18.47
<b>Taxes</b>	<b>27.85</b>	<b>28.38</b>	<b>36.23</b>	<b>32.59</b>	<b>39.23</b>
<b>Selling Price</b>	<b>79.90</b>	<b>105.31</b>	<b>119.31</b>	<b>126.82</b>	<b>127.14</b>
<b>Sales Tax Rate</b>	<b>33.5%</b>	<b>24.0%*</b>	<b>31.0%**</b>	<b>13.0%</b>	<b>17.0%</b>

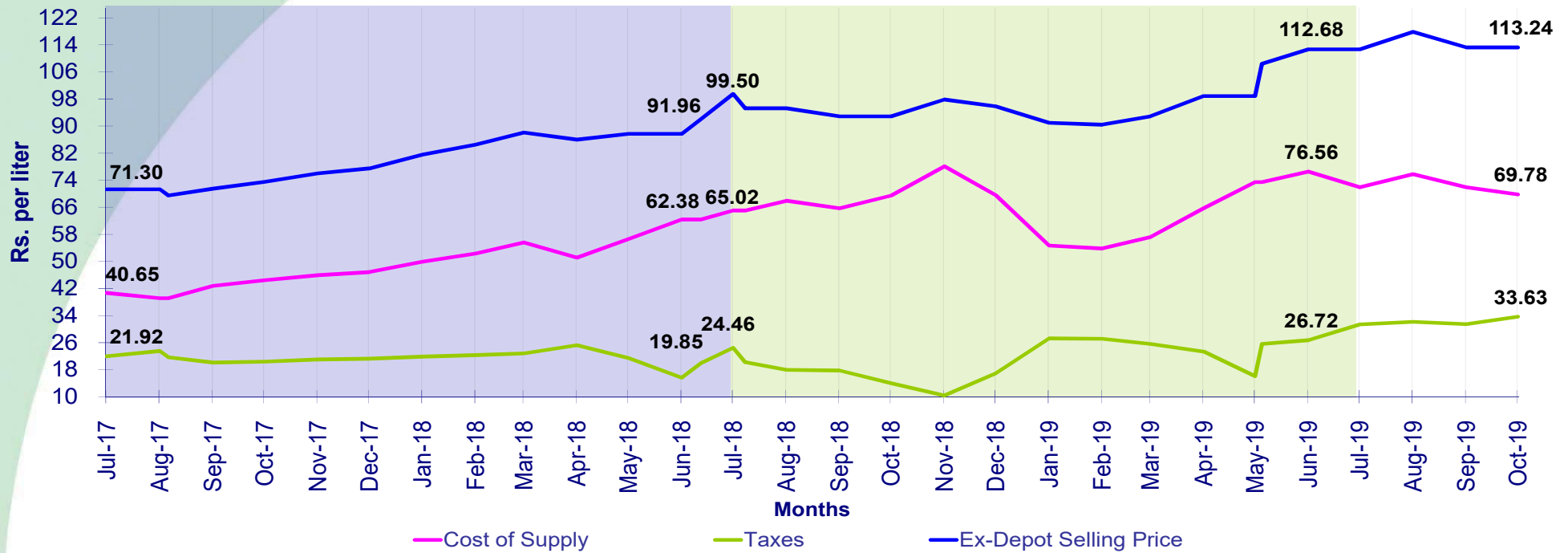
- Increase in cost of supply by Rs. 11.57/ liter (i.e. 15.2%) till June 2019 vs. July 2018.
- Increase in selling price by Rs. 7.51/ liter (i.e. 6.3%) till June 2019 vs. July 2018.

\*S.Tax Rate was 17% from 1 - 11 June 2018.

\*\*S.Tax Rate was 24% from 8 - 31 July 2018.



# PMG - Price Trend



PMG Price (Rs / liter)	July 01, 17	Jun 12, 18	July 01, 18	Jun 01, 19	Oct 01, 19
<b>Cost of Supply</b>	40.65	62.38	65.02	76.56	69.78
IFEM	3.16	3.83	3.91	3.29	3.72
OMC Margin	2.41	2.55	2.64	2.64	2.64
Dealer Margin	3.16	3.35	3.47	3.47	3.47
PL	9.79	10.00	10.00	13.76	17.18
Sales Tax	12.13	9.85	14.46	12.96	16.45
<b>Taxes</b>	21.92	19.85	24.46	26.72	33.63
<b>Selling Price</b>	71.30	91.96	99.50	112.68	113.24
<b>Sales Tax Rate</b>	20.5%	12.0%*	17.0%**	13.0%	17.0%

- Increase in cost of supply by Rs. 11.54/ liter (i.e. 17.8%) till June 2019 vs. July 2018.
- Increase in selling price by Rs. 13.18/ liter (i.e. 13.2%) till June 2018 vs. July 2018.

\*S.Tax Rate was 7% from 1 - 11 June 2018

\*\*S.Tax Rate was 12% from 8 - 31 July 2018

\*\*\*S.Tax Rate was 2% from 1 - 04 May 2019 & was 12% in the remaining month



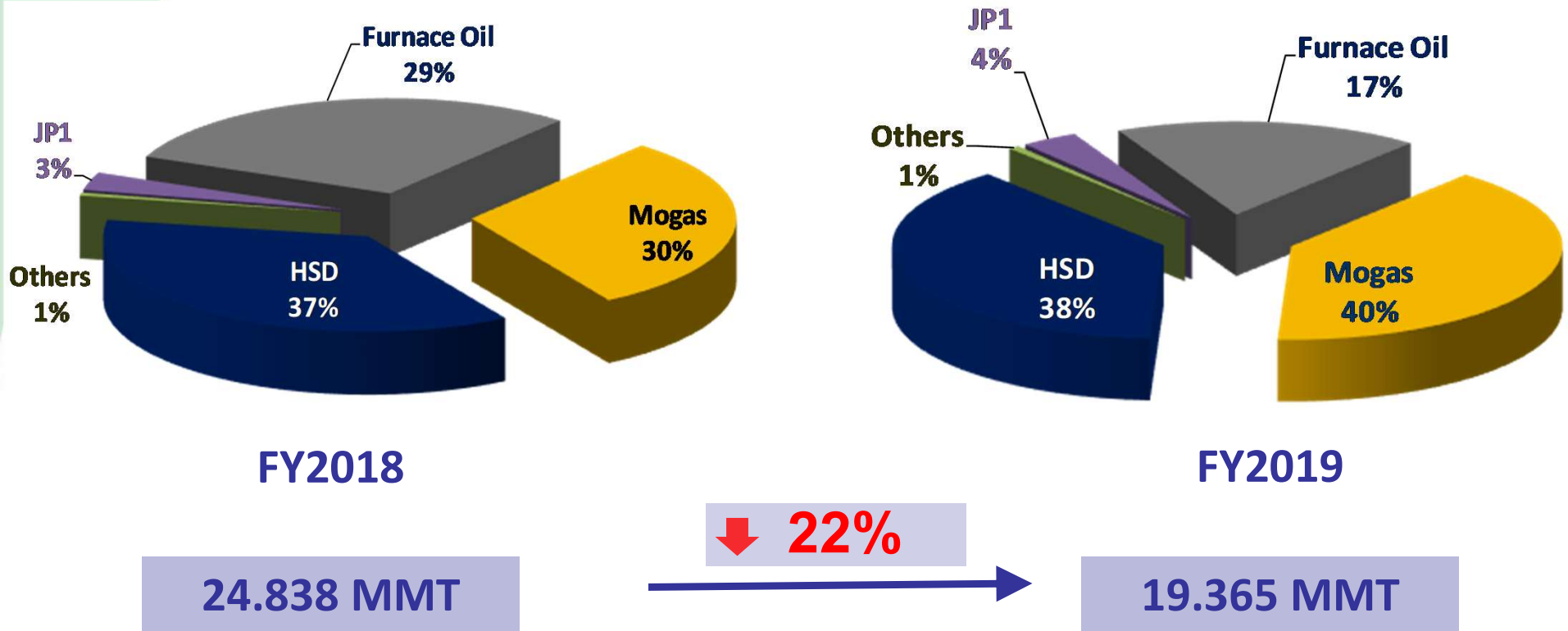


# Industry Highlights

- Overall liquid fuel industry volumes down by 22%.
- White Oil demand down by 9.3 %.
  - HSD 18.6% ↓
  - PMG 2.3% ↑
  - Local JP 12.7% ↓
- Black oil (FO) demand down by 52.2%.
- OPEC Crude fluctuated in a band of \$50.11 - \$84.09/bbl.  
Spot price October 21, 2019 was \$59.50/ bbl.



# Liquid Oil Consumption in Pakistan

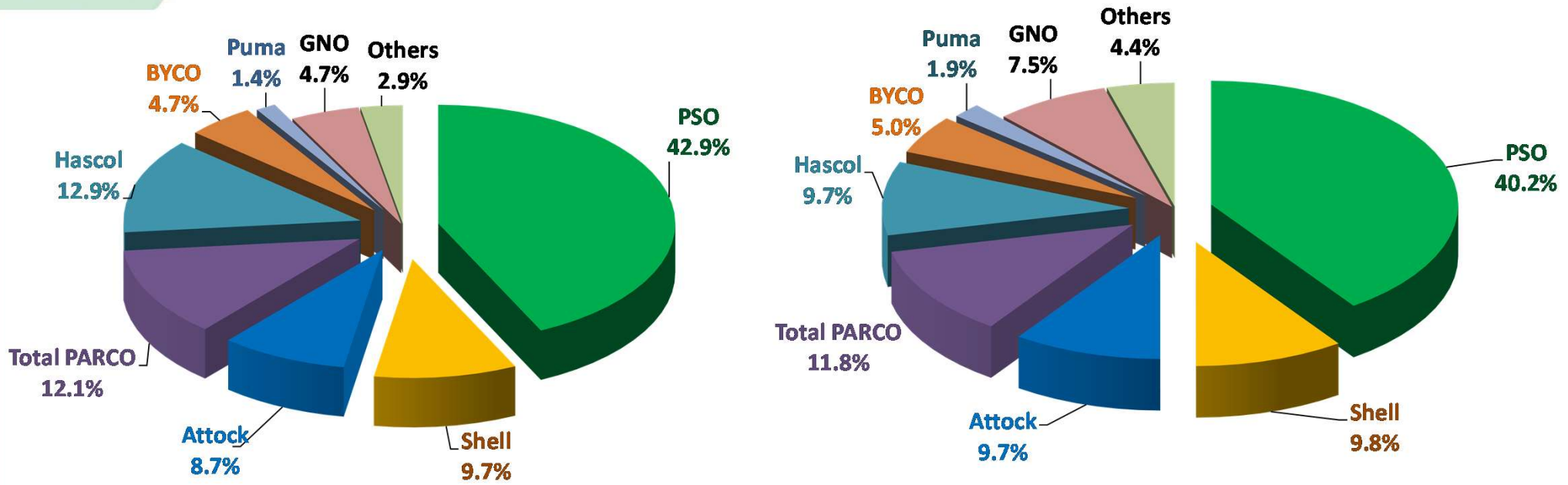


- Furnace oil volumes decreased by 3.8 MMT.
- HSD volumes decreased by 1.68 MMT.

Source: Oil Companies Advisory Committee



# White Oil Market Share



**FY18**

Volumes – 17.423 MMT

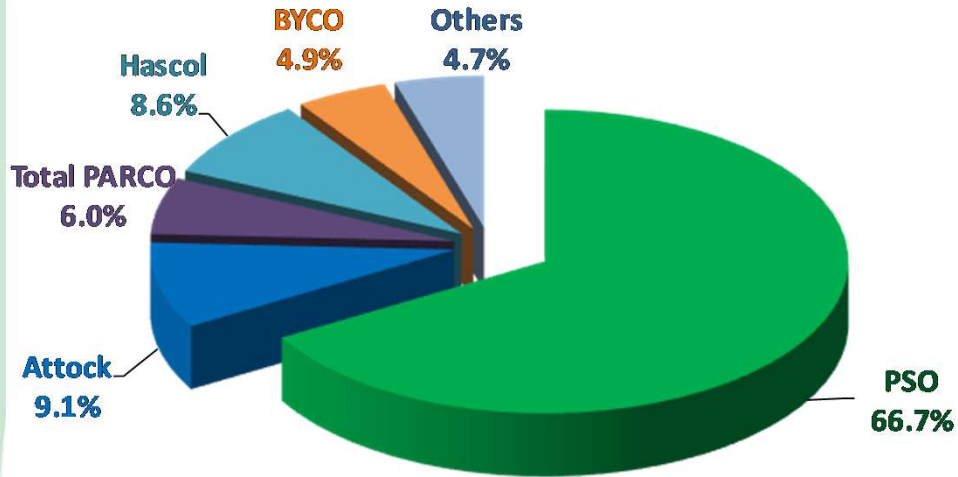
**↓ 9.3%**

**FY19**

Volumes – 15.804 MMT



# Black Oil Market Share



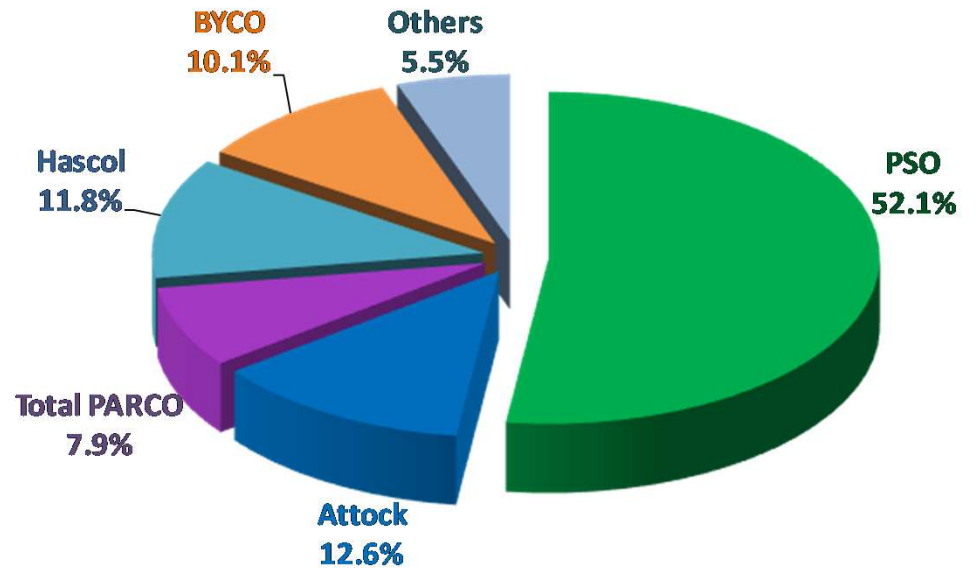
**FY18**

Volumes – 7.415 MMT

↓ **52%**

**FY19**

Volumes – 3.561 MMT



# PSO: Operational Highlights FY19

- Reduction in circular debt from power sector by Rs. 84 bn.
- Backward integration in supply chain:
  - Acquisition of control in PRL. (with a gain of Rs. 2.8 bn.)
  - Refinery project in collaboration with Saudi Aramco.
- Strengthening Supply Chain:
  - New storage developments.
  - Creating Pipeline Connectivity for multi grade WOPP.
- Introduction of first ever re-loadable fuel card for consumers - DIGICASH.
- Contribution to the society through CSR activities worth Rs. 230 mn.
- Winner of Best Corporate Report Awards held by ICAP, ICMAP and SAFA.
- First OMC to open retail outlet in Gwadar.

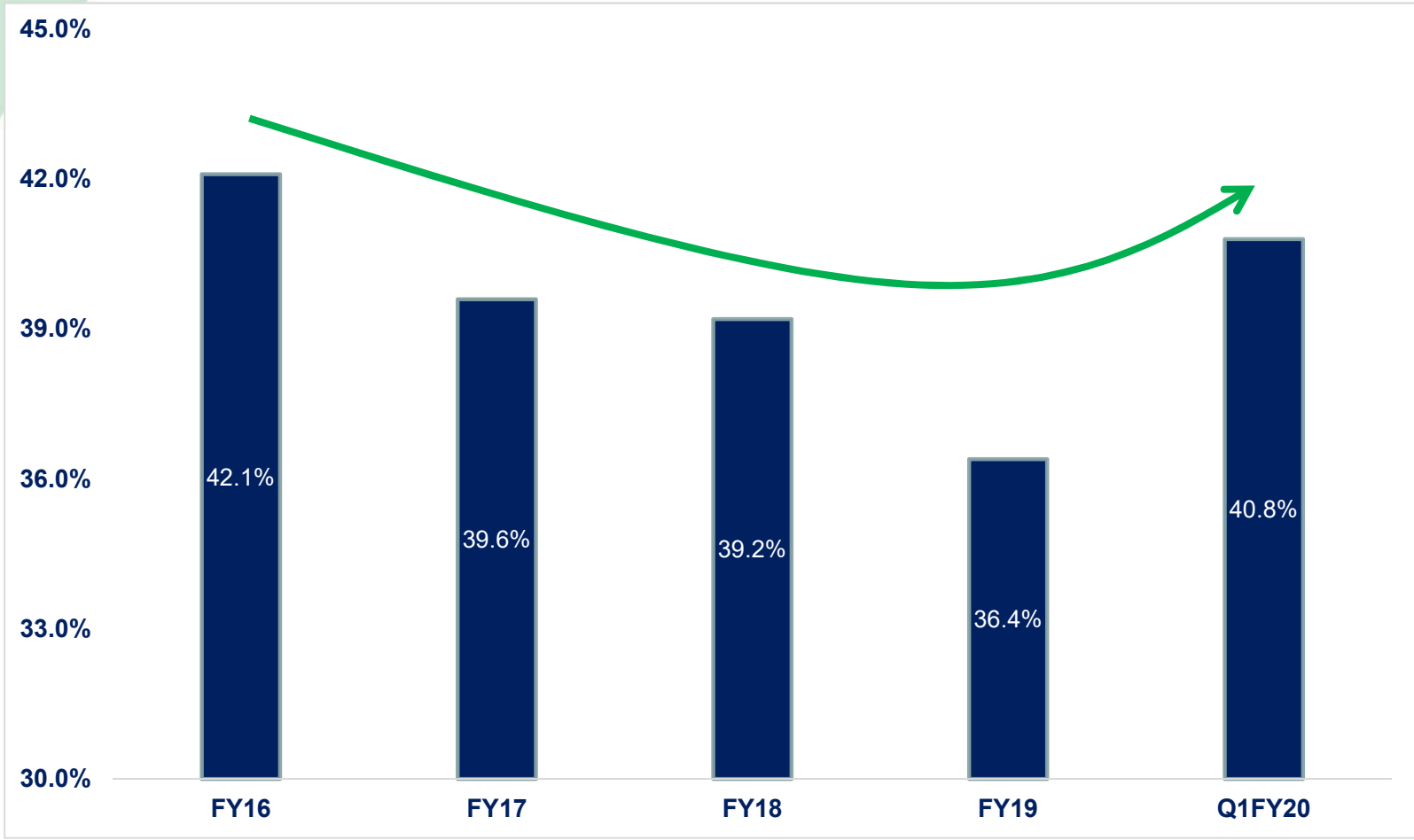


# PSO: Operational Highlights FY19

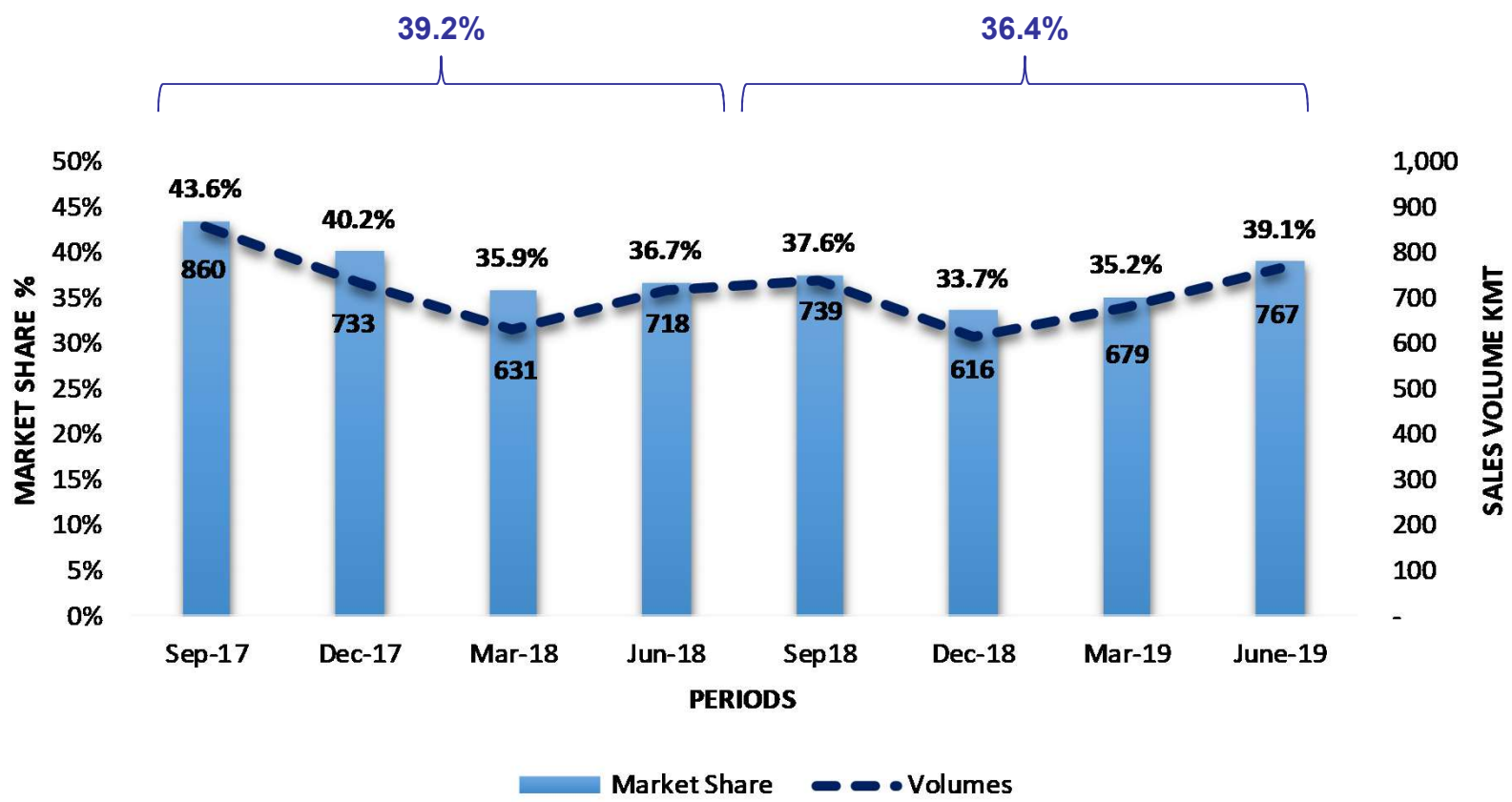
- PSO continued to lead the liquid fuel market with an overall market share of 42.4% (FY18: 50.0%).
  - 3.3% volumetric growth in Local Jet Fuel.
  - 4.8% volumetric decline in MOGAS.
  - 25.5% volumetric decline in HSD.
- LNG sales volume grew by 1.2%.
- Lubes went down by 11.1%.



# PMG – Market Share

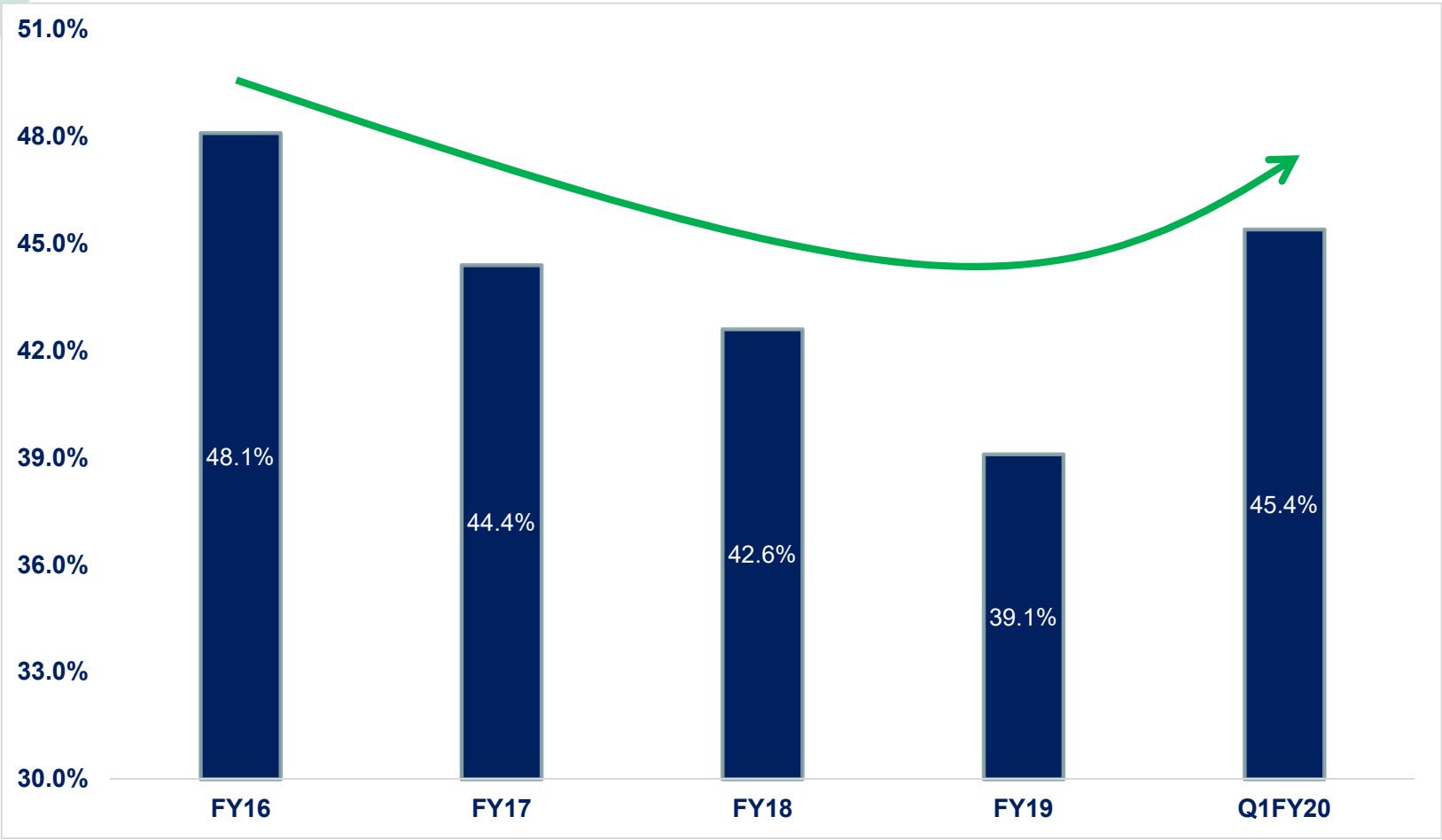


# PMG – Market Share vs. Volumes

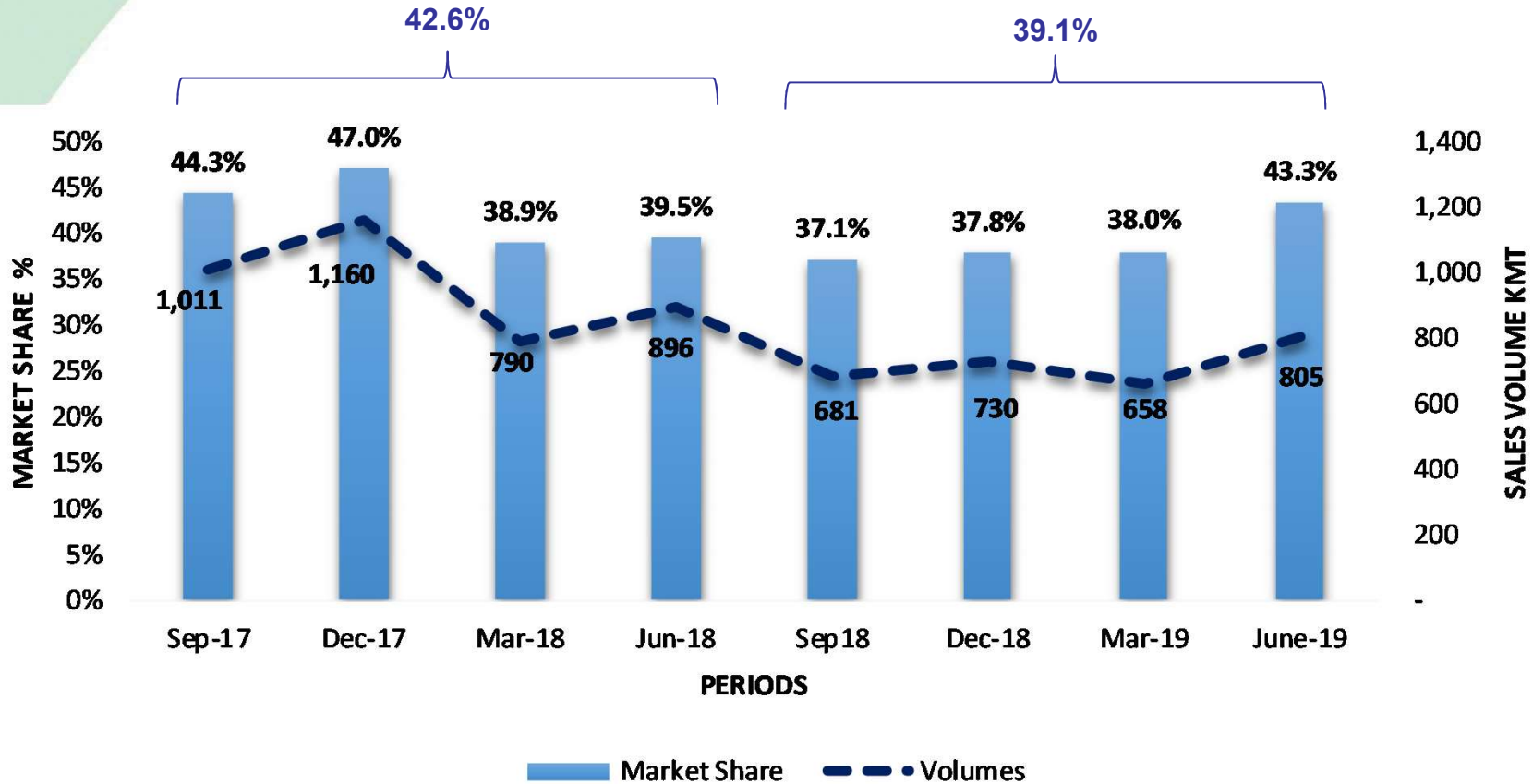




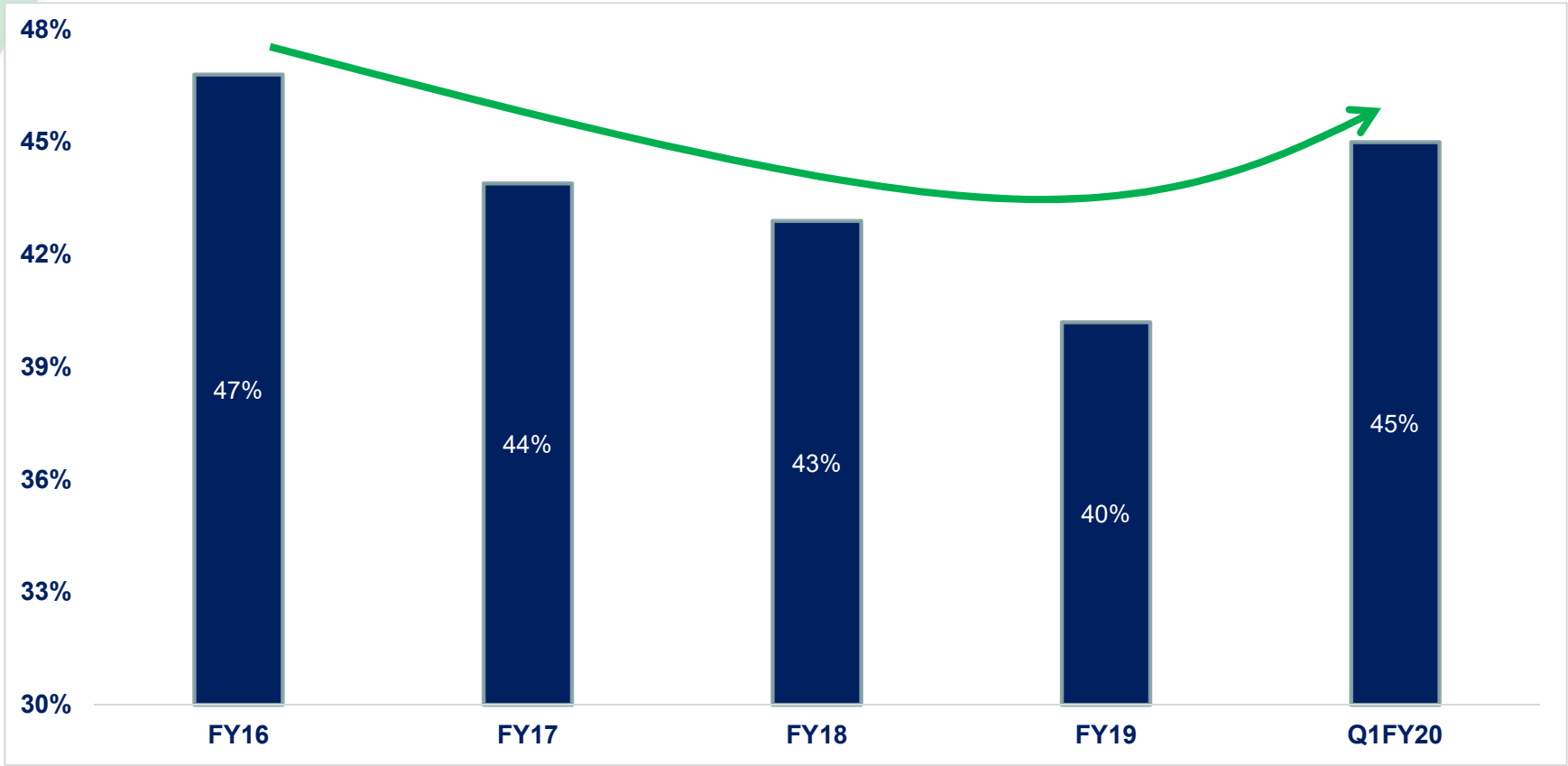
# HSD – Market Share



# HSD – Market Share vs. Volumes

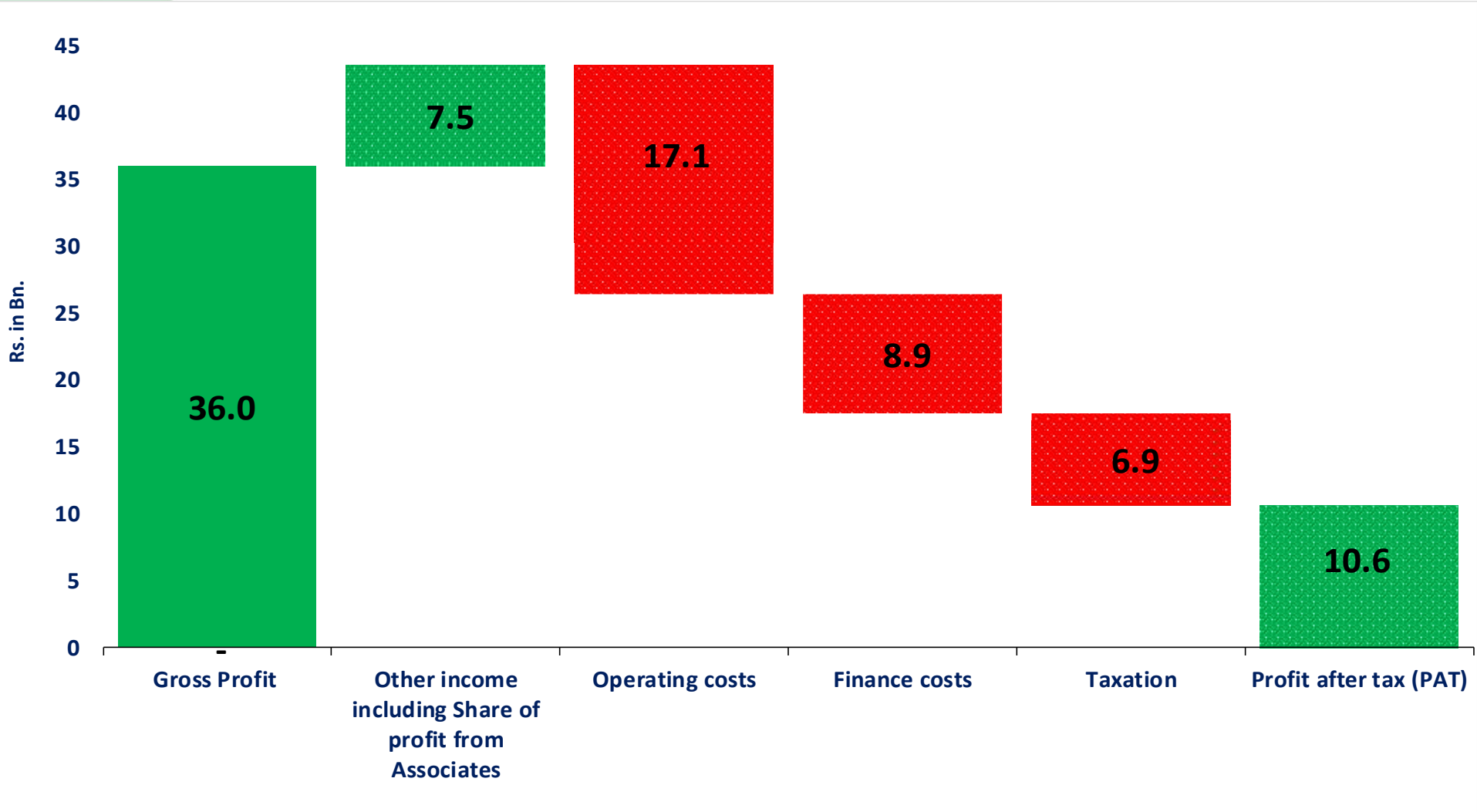


# White Oil – Market Share

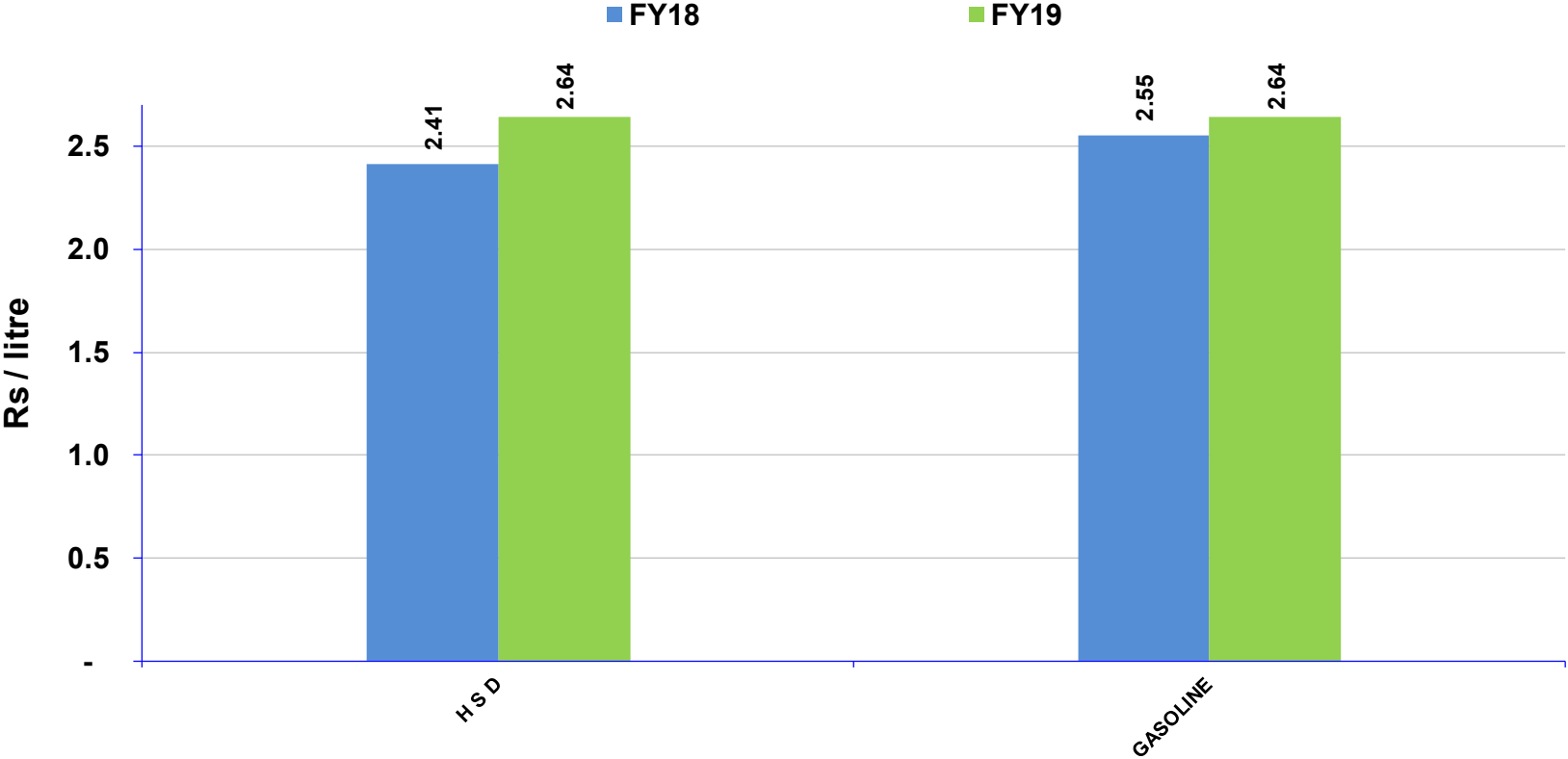


# Profit & Loss Account for FY19

(Rs in billion)



# Standard Margin Comparison



# Other Income

(Rs in million)

	July - June 18	July - June 19	Variance % vs. SPLY
Handling, storage and other services	1,919	1,984	3
Income from CNG Operations	173	167	(3)
Income from non-fuel retail business	139	136	(2)
Income from retail outlets - net	94	107	14
Interest Income	3,790	3,930	4
Dividend income - PAPCO	241	272	13
Reversal of provisions	911	-	(100)
Liabilities written back	-	250	100
Scrap Sales	21	14	(33)
Gain on disposal of operating assets	70	27	(61)
Penalties and other recoveries	120	169	41
Reversal of long outstanding stale cheques	-	94	100
Gain on revaluation of investment in PRL	-	91	100
Others	19	64	100
<b>Other income</b>	<b>7,497</b>	<b>7,305</b>	<b>(3)</b>



# Admin & Marketing Expenses

(Rs in million)

	July - June 18	July - June 19	Variance % vs. SPLY
Salaries, Wages & Other Benefits	7,183	<b>6,879</b>	4
Depreciation	1,029	<b>1,096</b>	(7)
Transportation	198	<b>277</b>	(40)
Repairs and maintenance	957	<b>1,046</b>	(9)
Rent, rates and taxes	597	<b>752</b>	(26)
Electricity and gas	281	<b>264</b>	6
Sales promotion and advertisement	456	<b>692</b>	(52)
Insurance	185	<b>220</b>	(19)
Travelling and office transport	222	<b>315</b>	(42)
Storage and technical services	174	<b>108</b>	38
Security & other services	274	<b>308</b>	(12)
Corporate Social Responsibility Contribution	175	<b>230</b>	(31)
Legal & Professional	50	<b>65</b>	(30)
Others	148	<b>162</b>	(9)
	<b>11,929</b>	<b>12,414</b>	<b>(4)</b>



# Other Expenses

(Rs in million)

	July - June 18	July - June 19
Exchange loss	1,099	3,112
Provision against trade debts, other receivables and spares - net	361	311
WPPF & WWF	1,874	1,276
<b>Other expenses</b>	<b>3,334</b>	<b>4,699</b>

Jun 30, 2019      Rs. 163.85/USD

Jun 30, 2018      Rs. 121.60/USD

Jun 30, 2017      Rs. 104.97/USD

**Devaluation: 34.7% vs. 15.8% during FY19**





# Finance Cost and Borrowings

(Rs in million)

	July - June 18	July - June 19
Markup on bank borrowings	4,939	8,768
Bank Charges	184	171
	<b>5,123</b>	<b>8,939</b>



# Competitor Analysis

	Apr - Jun 2019				Apr - Jun 2018			
	PSO	SHELL	APL	HASCOL	PSO	SHELL	APL	HASCOL
Net Sales	335,099	55,565	58,606	36,585	314,289	48,288	55,468	66,451
Cost of Sales	(322,966)	(50,269)	(55,274)	(36,499)	(303,531)	(44,460)	(52,594)	(63,372)
<b>Gross Profit</b>	<b>12,133</b>	<b>5,296</b>	<b>3,332</b>	<b>86</b>	<b>10,758</b>	<b>3,828</b>	<b>2,874</b>	<b>3,079</b>
Other Income	3,713	99	679	86	2,416	165	577	130
Operating Cost	(7,024)	(6,284)	(1,281)	(7,471)	(5,157)	(3,855)	(789)	(2,510)
<b>Profit / (Loss) from Operations</b>	<b>8,822</b>	<b>(889)</b>	<b>2,730</b>	<b>(7,299)</b>	<b>8,017</b>	<b>138</b>	<b>2,662</b>	<b>699</b>
Finance Cost	(2,163)	(396)	(222)	(1,918)	(1,437)	(47)	(152)	(241)
Share of profit / loss from associate	124	245	(160)	-	147	213	(134)	-
<b>Profit before tax</b>	<b>6,783</b>	<b>(1,040)</b>	<b>2,348</b>	<b>(9,217)</b>	<b>6,727</b>	<b>304</b>	<b>2,376</b>	<b>458</b>
Taxation	(2,123)	(664)	(775)	3,798	(4,490)	(57)	(984)	(160)
<b>Profit / (Loss) after tax</b>	<b>4,660</b>	<b>(1,704)</b>	<b>1,573</b>	<b>(5,419)</b>	<b>2,237</b>	<b>247</b>	<b>1,392</b>	<b>298</b>
<b>EPS / (LPS) in Rupees</b>	<b>11.91</b>	<b>(15.93)</b>	<b>15.80</b>	<b>(27.22)</b>	<b>5.72</b>	<b>2.31</b>	<b>13.99</b>	<b>1.50</b>
<b>Increase / (Decline) in PAT vs. SPLY (%)</b>	<b>108</b>	<b>(790)</b>	<b>13</b>	<b>(1,918)</b>				



# Refinery Results Comparison

	Jul to June 2019			Apr to Jun 2019		
	PRL	NRL	ARL	PRL	NRL	ARL
	Rs. in mn.	Rs. in mn.	Rs. in mn.	Rs. in mn.	Rs. in mn.	Rs. in mn.
Sales	115,741	160,906	176,755	34,308	44,159	45,897
Cost of Sales	(118,915)	(165,355)	(180,816)	(35,636)	(45,834)	(46,932)
<b>Gross Loss</b>	<b>(3,174)</b>	<b>(4,449)</b>	<b>(4,061)</b>	<b>(1,328)</b>	<b>(1,675)</b>	<b>(1,035)</b>
Other Income	253	370	2,780	114	115	738
Operating Expenses	(881)	(1,664)	(887)	(376)	(409)	(334)
<b>Operating Loss</b>	<b>(3,802)</b>	<b>(5,743)</b>	<b>(2,168)</b>	<b>(1,590)</b>	<b>(1,969)</b>	<b>(631)</b>
Finance Cost	(1,443)	(5,286)	(6,624)	(530)	(2,473)	(2,650)
<b>Loss before tax</b>	<b>(5,245)</b>	<b>(11,029)</b>	<b>(8,792)</b>	<b>(2,120)</b>	<b>(4,442)</b>	<b>(3,281)</b>
Taxation	(576)	2,337	2,251	(217)	934	972
<b>Loss for the period from refinery operations</b>	<b>(5,821)</b>	<b>(8,692)</b>	<b>(6,541)</b>	<b>(2,337)</b>	<b>(3,508)</b>	<b>(2,309)</b>
<b>LPS</b>	<b>(18.92)</b>	<b>(108.70)</b>	<b>(61.35)</b>	<b>(7.60)</b>	<b>(43.85)</b>	<b>(21.67)</b>
Income from non-refinery operations			1156			-
<b>Loss for the period</b>			<b>(5,385)</b>			<b>(2,309)</b>





# ***Pakistan State Oil***

**CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED  
JUNE 30, 2019**



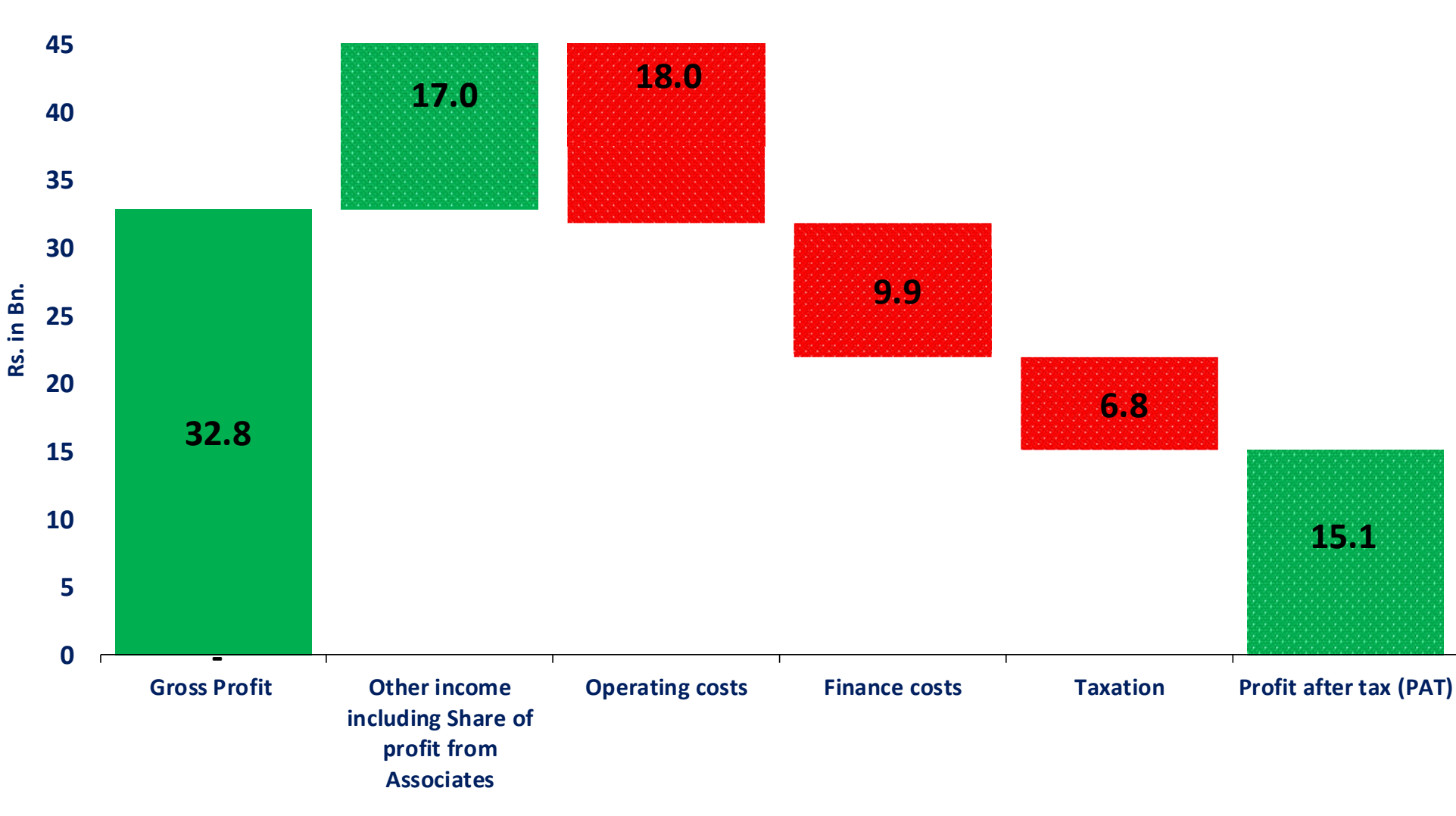
## ACQUISITION OF PRL

- ❖ Effective Dec 1, 2018 , PRL has become PSO's subsidiary. (Shareholding increased to 52.68% from 24.11%).
- ❖ Associate accounting ( Equity method ) has been discontinued and PRL shares have been valued at fair value.
- ❖ PSO has also prepared Consolidated Accounts with PRL as per applicable Financial Reporting framework.
- ❖ For preparation of Consolidated Accounts the following activities have been carried out:
  - Fair valuation Exercise of Assets & Liabilities of PRL.
  - Computation of Goodwill / Bargain Purchase.
  - Consolidation of Assets and Liabilities of PSO and PRL.
  - Preparation of Consolidated P& L .



# CONSOLIDATED PROFIT OR LOSS ACCOUNT FOR FY19

(Rs in bn)



*Thank You*

