

# CNERGYICO PK LIMITED

## FY23 & 9MFY24 ANALYST BRIEFING

**Date & Time:**  
May 24, 2024  
at 4:00 pm  
Friday

### PRESENTED BY

**Usama Qureshi**

Vice Chairman  
of the Board

**Ozair Muhammad**

Head of Strategy

**Zafar Shahab**

Chief Financial Officer  
(CFO)

**Majid Muqtadir**

Company Secretary

**CLICK HERE TO JOIN:**

Meeting I.D: **876 6689 0105**



Governor Room, Marriott Hotel, Karachi



ali.muhammad@akdsl.com

www.akdsl.com

111 253 111

# CENERGYICO PK LIMITED

CORPORATE BRIEFING SESSION – FY23 & 9MFY24



# TABLE OF CONTENTS

CENERGYICO PK LIMITED 

01

Business Overview

02

Industry and company updates

03

Financial Highlights

04

Future Outlook / Plans

05

Q & A

# Business Overview

## Cnergyico Pk Limited



# Business Overview

## Oil Shipping Business OSB



Only port in Pakistan that can receive Very Large Crude Carriers (VLCC) & Suezmax Tankers of over 100,000 MT. Annual Cap. +10 Million MT.

3rd point of entry for oil imports in Pakistan. Approx. 13% of the country's crude oil imported at SPM during July – Dec 2023.

Can handle both import and export of petroleum products.

## Oil Refining Business -1 ORB 1



ORC 1 – 36,000 bpd

Commissioned in 2004.

Linked with Large sized Isomerization unit which can convert up-to 12,500 bbl | day of Light Naphtha into Motor Gasoline .

Connectivity with port.

## Oil Refining Business -2 ORB 2



ORC 2 – 120,000 bpd

Commissioned in 2015

Linked with Large sized Isomerization unit which can convert up-to 12,500 bbl | day of Light Naphtha into Motor Gasoline.

Connectivity with port  
Country's largest sized crude oil storage.

## Oil Marketing Business OMB



Vertical integration in the form of refinery and marketing segment in single entity

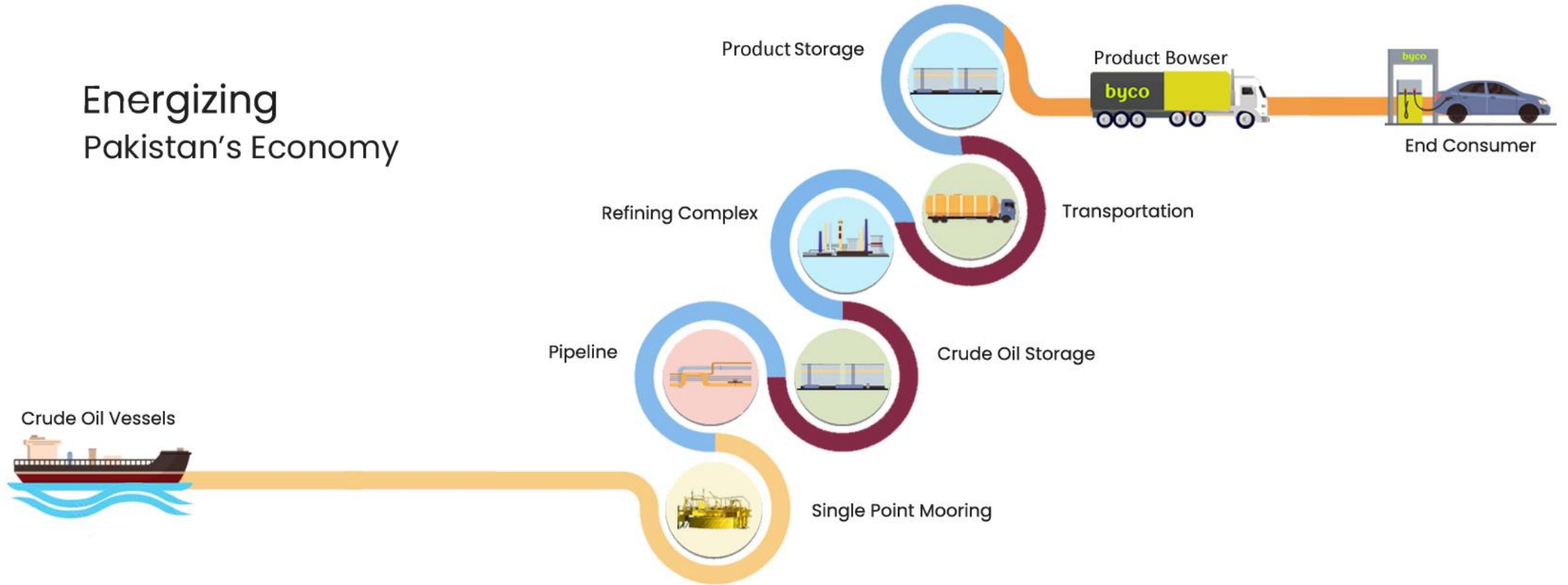
470+ retail stations all over Pakistan

Owned storages at Keamari, Mehmoookot and Shikarpur.

Hospitality arrangements at Keamari, Port Qasim, Sahiwal Daulatpur, Shikarpur, Sihala, Gatti, Taru Jabba, Machike.

# Business Operations – Value Chain

Energizing  
Pakistan's Economy

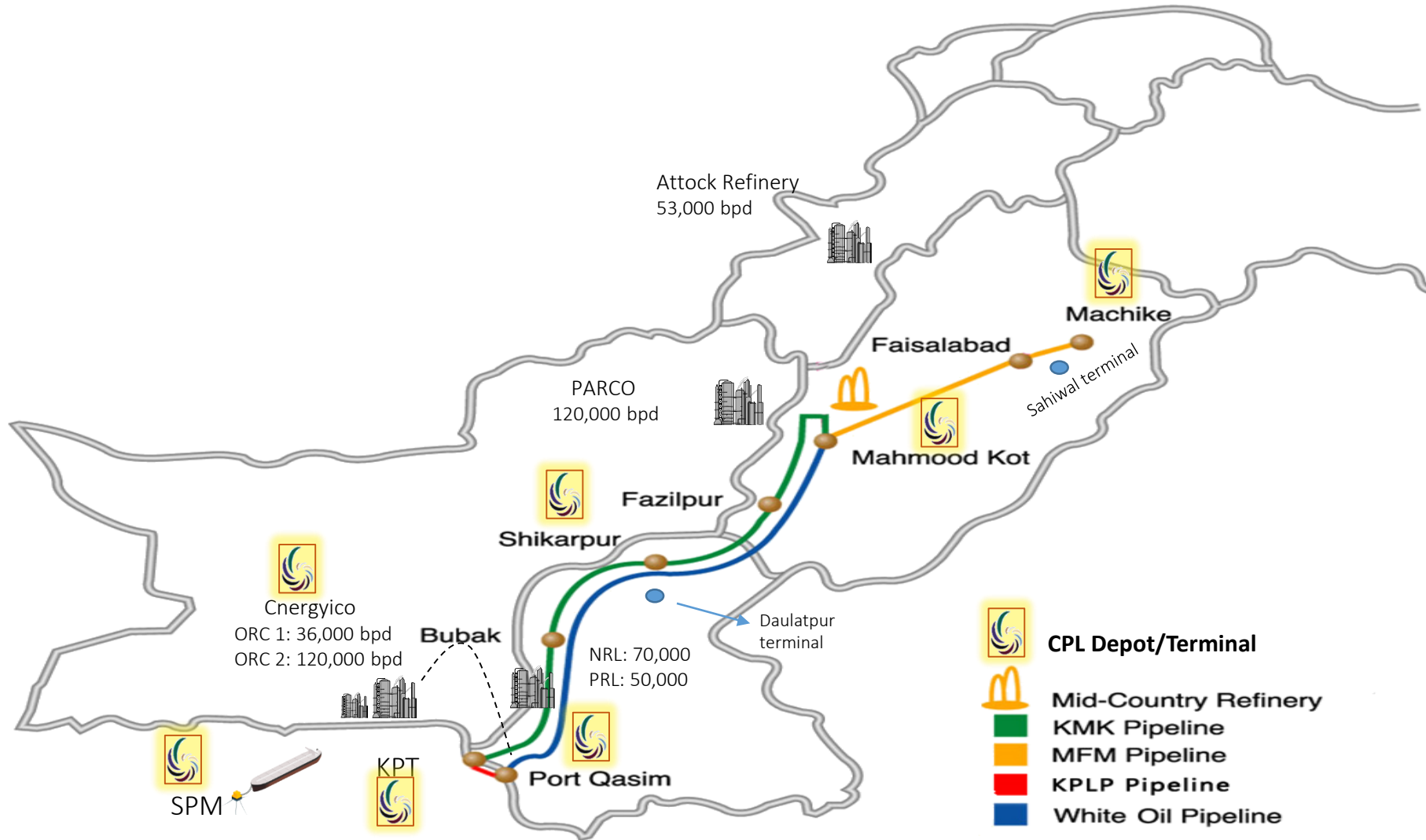




# Industry & Company Updates

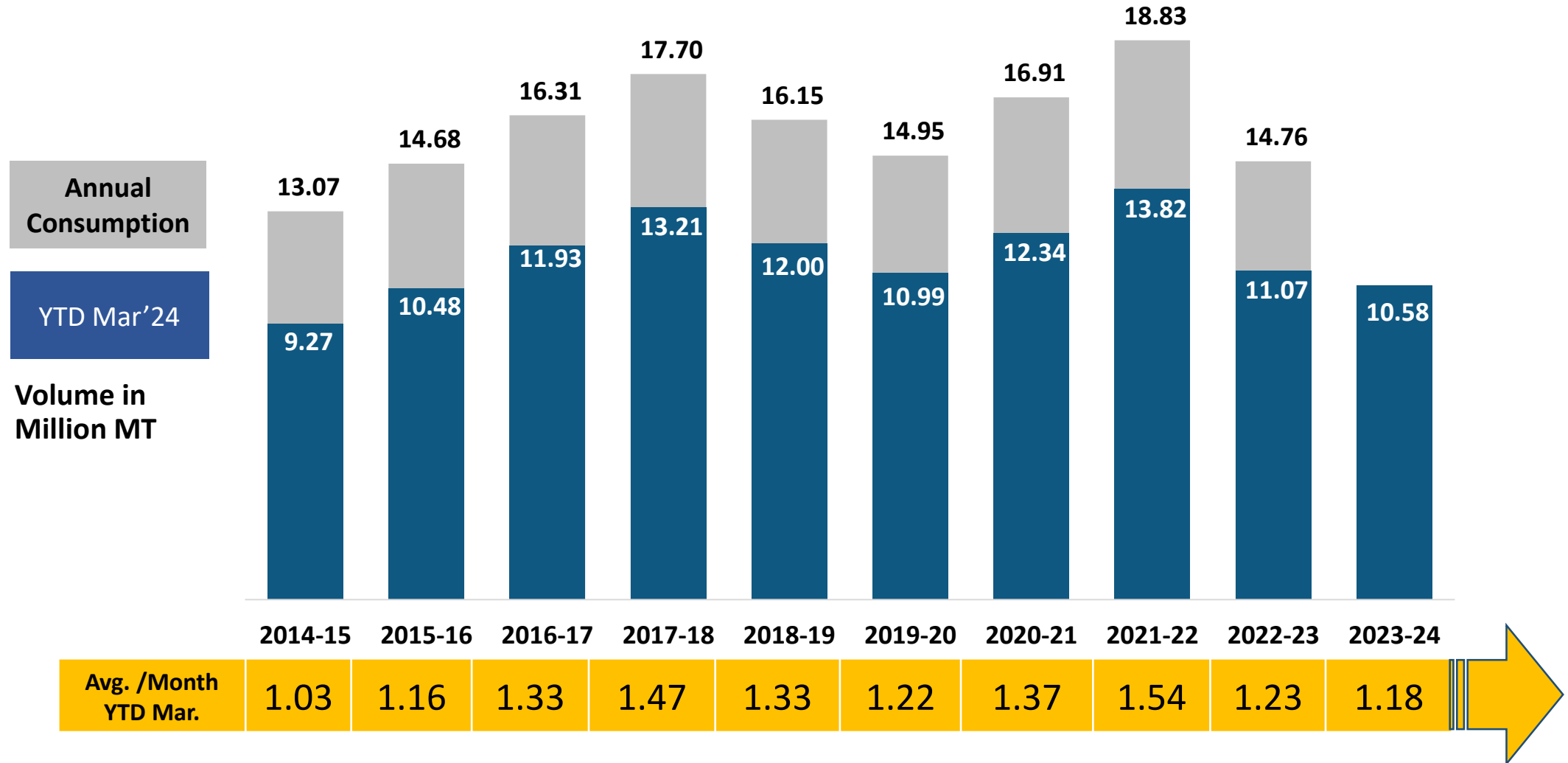


# Country's Oil Infrastructure

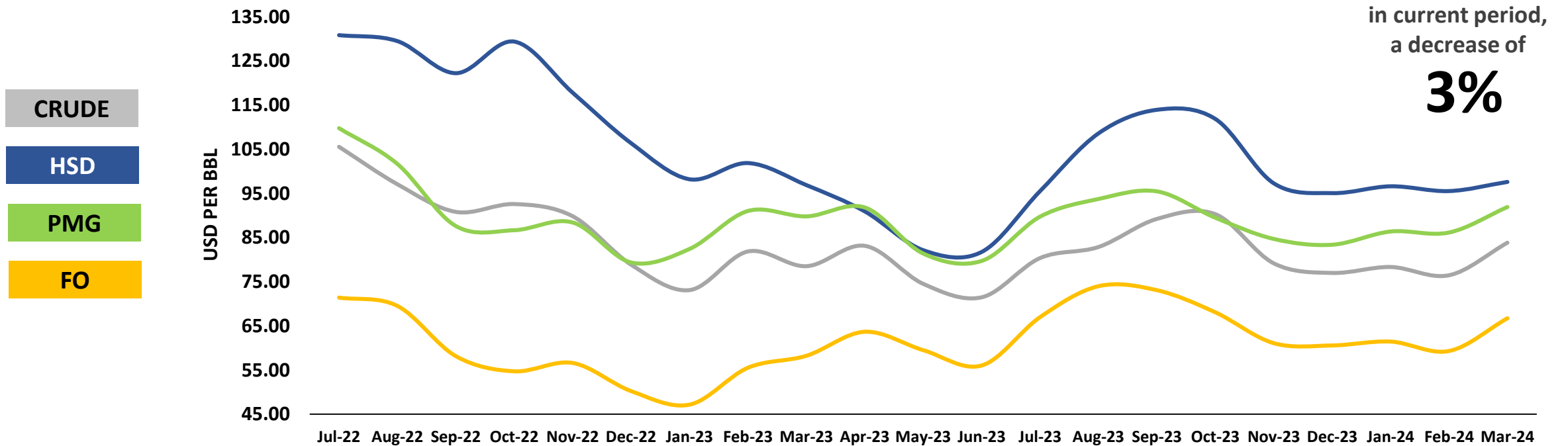




# Country Oil Consumption – Overall (Excl. FO)



# Crude | Product Prices

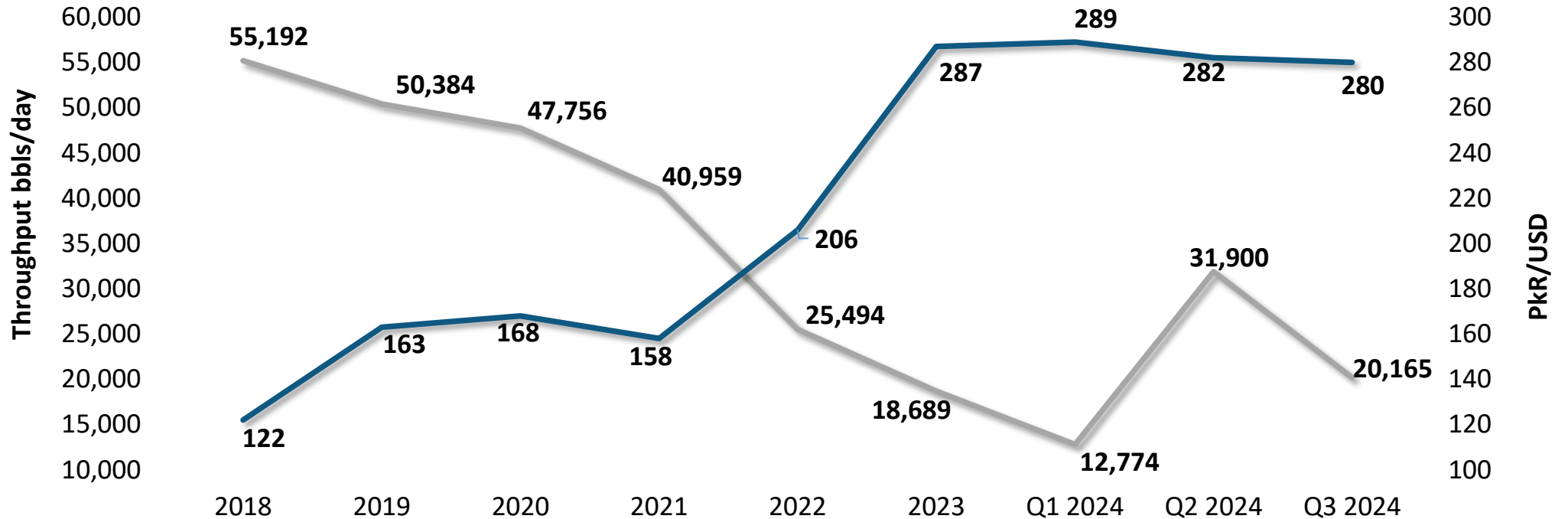


- Average crude prices declined from **84.76 US\$/ bbl** in LY to **81.93 US\$/bbl**, in current period, a decrease of **3%**.
- Average product spreads of PMG significantly improve in current period as compared to last financial year.

# PkR | US\$ Parity & CPL's Throughput

Throughput  
bbls / day

PkR | USD



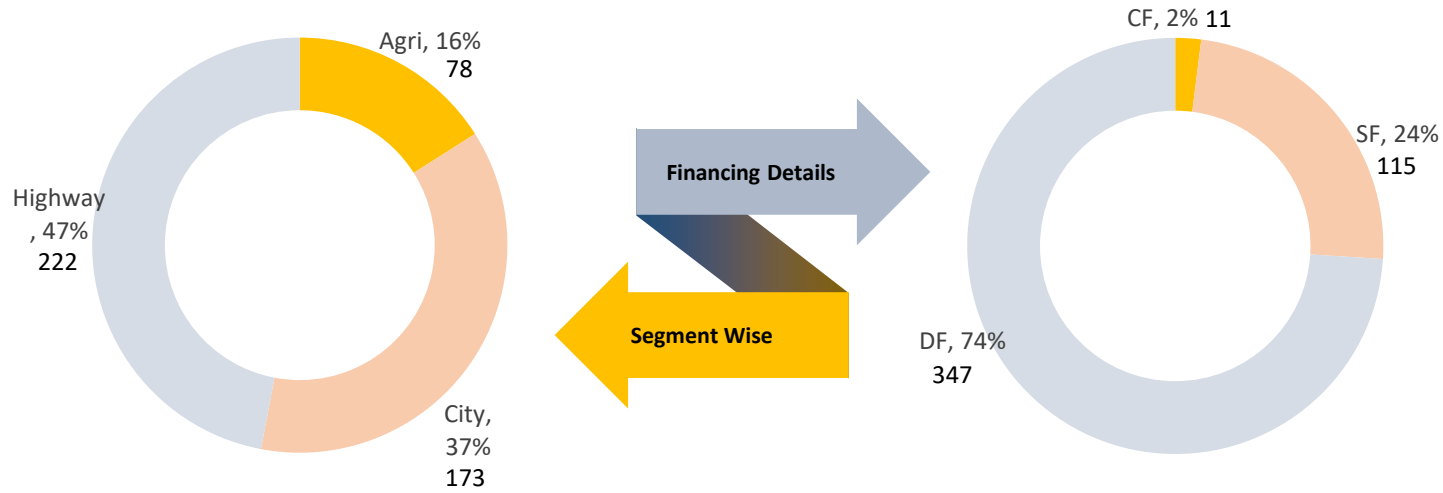
PkR has depreciated almost thrice in the last few years which has put significant stress on the working capital of the Company to maintain the refineries throughput.

# Oil Marketing Business – Synopsis

1. Oil Marketing Business - OMB is an integral part of **Byco** value chain and is carrying the brand
2. Our OMB is fully backed by own refinery supported in turn by SPM.
3. Retail network is fed by own managed storage terminals apart from hospitality arrangements.
4. OMB retail network has grown exponentially from its journey started in 2007 till date with 470+ retail outlets.



# Byco Retail Business



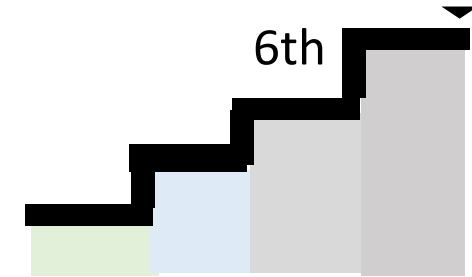
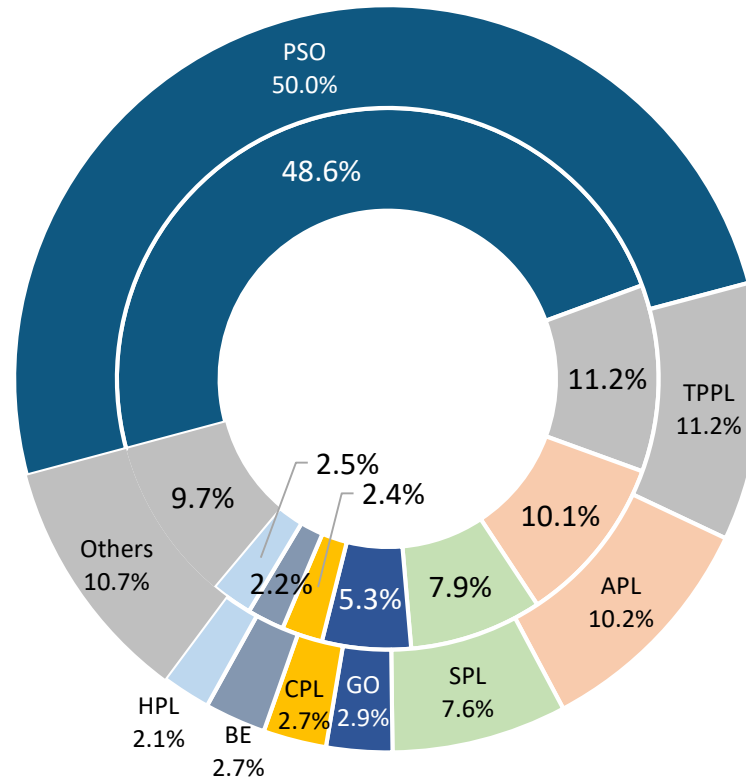
**Cnergyico Pk Limited**

Province	No of Sites	Percent
Sindh	216	46%
Baluchistan	33	7%
Punjab	169	36%
KPK	37	8%
AJK	11	2%
GB	7	1%
<b>Grand Total</b>	<b>473</b>	<b>100%</b>

Category	No of Sites	Percent
City	173	37%
Highway	222	47%
Agri	78	16%
<b>Grand Total</b>	<b>473</b>	<b>100%</b>

# OMCs Market Share - Overall

**Q3-FY 24 (outside)** | **Q3-FY23 (inside)**



CPL marketing business regained its overall **6th position** in the country.

Year	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
Q2-FY24	PSO	TPPL	APL	SPL	GO	CPL	HPL	BE
OMCs RANKING Q2-FY23	PSO	TPPL	APL	SPL	GO	HPL	CPL	BE

# Lubricants Business



- ❑ Market offering comprises of an extensive range of **Automotive and Industrial Lubricants and Greases.**
- ❑ Operating via **three** channels:
  - I. Hi – Street and Commercial Road Transport
  - II. Industrial
  - III. Retail (automotive lube through CPL’s retail forecourts)
- ❑ Earning an average **15%** margin on cost of product
- ❑ Average stock turnaround time is **90 days**, making an annualized gross margin earning of **60%**.

# Byco Alliances & Standardization

Following are some Key Alliance/Services that provide at CPL network through NFR which increases revenue and brand image:



By the way...



Alliance with KFC



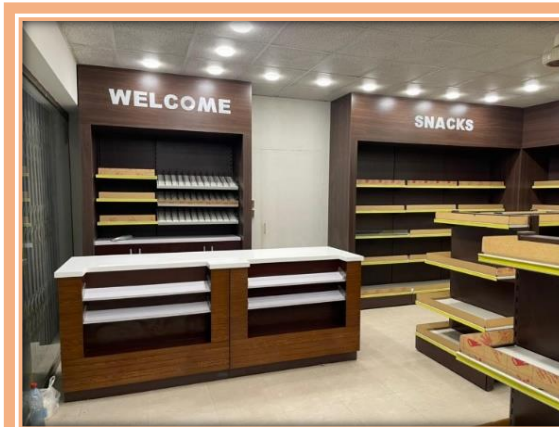
Alliance with McDonald's



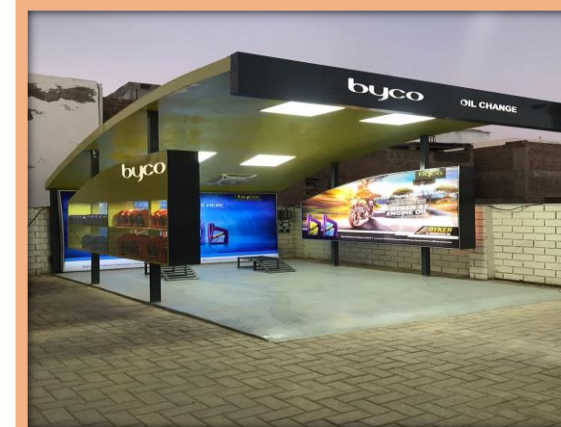
Column Mounted Lubricant Display



Standardized shop



Standardized shop



Oil Change Canopy



Tyre Shop





# **Financial Highlights**

# Financial Highlights – FY23

- ❑ Increased in revenue was due to increase in the national oil prices due to PkR depreciation.
- ❑ The company incurred gross loss of PkR 9.7 billion compared to a gross profit of PkR 10.9 billion last year on account of following factors:
  - i. Country's economic instability and political uncertainty.
  - ii. Depreciation of PkR against US\$ resulting in exchange loss. PkR depreciated against USD by just under 50% in current year.
  - iii. Decrease of refinery throughput in 2023 as compare to last year.
  - iv. Increase in lending rates as KIBOR touched ~23% (14% at beginning of the year).
- ❑ Expenses remained within budget except for the finance cost which has increased during the year.

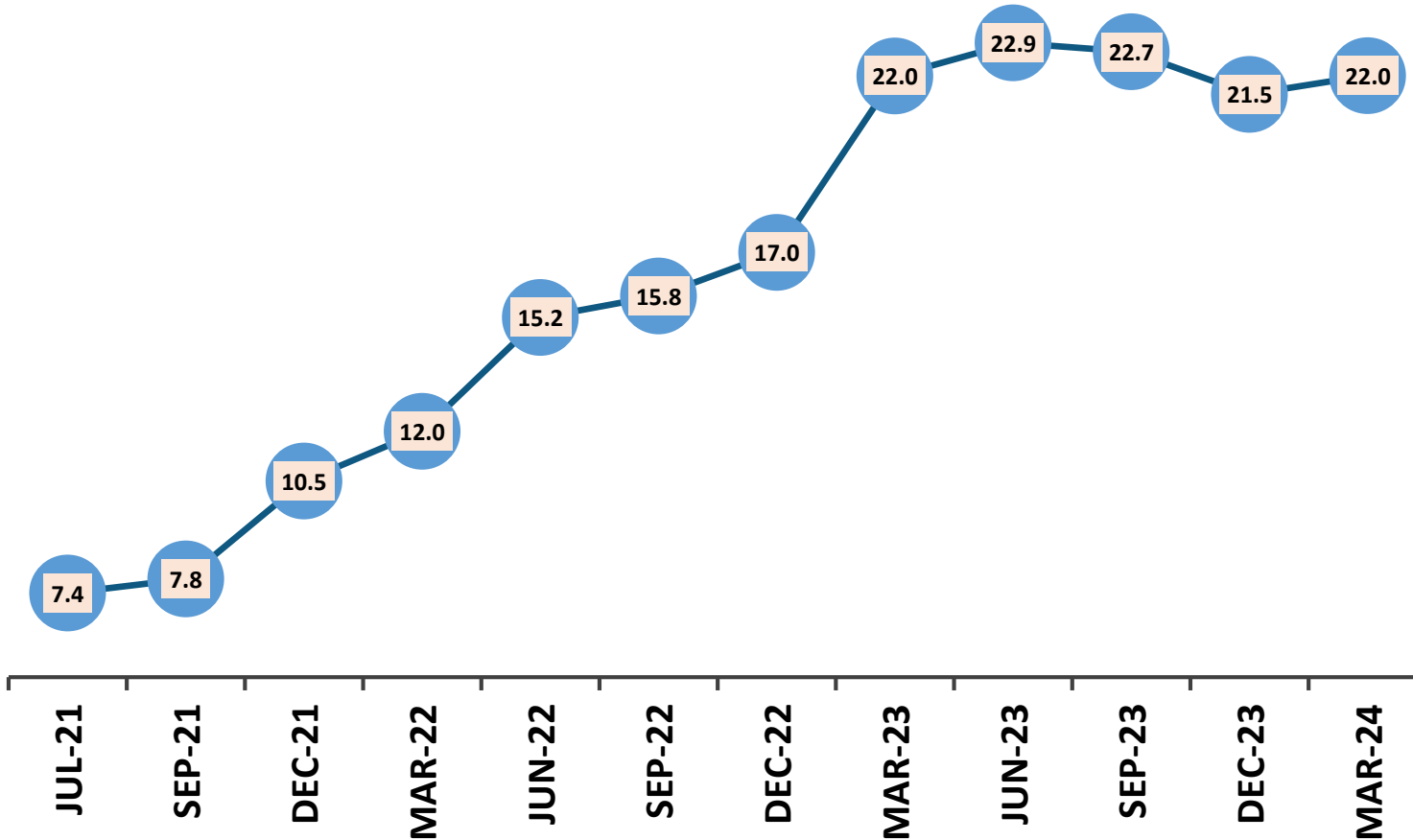
	For the year ended	
	Jun 2023	Jun 2022
	Rs. in Million	
Revenue from contract with customers	223,954	188,211
Sales tax, discount and other duties	(30,042)	(18,196)
Revenue from contract with customers - net	193,912	170,015
Cost of sales	(203,661)	(159,043)
<b>Gross profit / (loss)</b>	<b>(9,749)</b>	<b>10,972</b>
Gross profit / (loss) %	-5.03%	6.45%
<b>Operating profit / (loss)</b>	<b>(5,635)</b>	<b>8,884</b>
Operating profit / (loss) %	-2.91%	5.23%
Finance costs	(6,579)	(2,963)
<b>(Loss) / profit before taxation</b>	<b>(12,214)</b>	<b>5,921</b>

# Financial Highlights – 9MFY24

- ❑ No significant change in net revenue, gross revenue increased due to increase in government duties and taxes.
- ❑ The company earned gross profit of PkR 8.2 billion compared to a gross loss of PkR 10.3 billion in the same period last year on account of following factors:
  - i. Improved crack spread (i.e. difference between crude oil and product prices) resulting in healthier refinery margins.
  - ii. Appreciation of PkR against US\$ resulting in exchange gain.
  - iii. Increase of refinery throughput in Q3 as compare to same period last year.
  - iv. Better inventory management resulting in minimum price loss.
- ❑ Expenses remained within budget except for the finance cost which has increased during the period

	For nine months period ended	
	March 31, 2024	March 31, 2023
	Rs. in Million	
Revenue from contract with customers	188,143	173,016
Sales tax, discount and other duties	(33,821)	(21,267)
Revenue from contract with customers - net	154,322	151,749
Cost of sales	(146,115)	(162,043)
<b>Gross profit / (loss)</b>	<b>8,207</b>	<b>(10,294)</b>
Gross profit / (loss) %	5.32%	-6.78%
<b>Operating profit / (loss)</b>	<b>6,722</b>	<b>(5,782)</b>
Operating profit / (loss) %	4.36%	-3.81%
Finance costs	(7,116)	(4,534)
<b>(Loss) / profit before taxation</b>	<b>(395)</b>	<b>(10,316)</b>

# KIBOR Rates - % | Finance Cost



☐ Finance cost has increased significantly over the previous years as the KIBOR rate has increased more than 3 times between financial year 2021 to 2024.



# Group Reorganization



# Background

The company has submitted petition for demerger of the company into various wholly owned subsidiaries to facilitate the business segments.

## Pre - Reorganization

### Cnergyico Pk Limited & Cnergyico Isomerate

- Oil Refining Business 1: **36,000 barrels / day** →
- Oil Refining Business 2: **120,000 barrels / day** }
- Isomerization Unit: **12,500 barrels / day** } →
- Oil Marketing Business →
- Oil Shipping Business (Single Point Mooring) →
- Chemical Project Business →

## Post - Reorganization

### In new wholly owned subsidiaries

- Bosicorco ORB 1 (Private) Limited ("ORB 1");
- Bosicorco ORB 2 (Private) Limited ("ORB 2");
- Bosicorco OMB 1 (Private) Limited ("OMB");
- Bosicorco OSB 2 (Private) Limited ("OSB");
- Bosicorco CPB 1 (Private) Limited ("CPB")

Note: A part from above Bosicorco OSB 1 (Private) Limited is also a subsidiary of CPL

# Objectives and Benefits of the Scheme

---

Following are the objectives / benefits of the potential restructuring which will ultimately benefit the members of the Company:

- ❑ Following are the objectives / benefits of the potential restructuring which will ultimately benefit the members of the Company:
  - Flexibility for the potential investor to invest in a particular business segment.
  - Enhancement of the commercial structure and corporate governance of the undertakings and business units.
  - Achieving greater efficiencies for all entities involved, leading to increased growth.
  - The Scheme will enable each company's management to focus on their respective segments / business units.
  - Promoting better development and performance, and effectively implementing the intended arrangements.
  - The Scheme is expected to result in the businesses being managed and carried out in a more effective and efficient manner.

# Future Outlook





# Pakistan Refining Policy

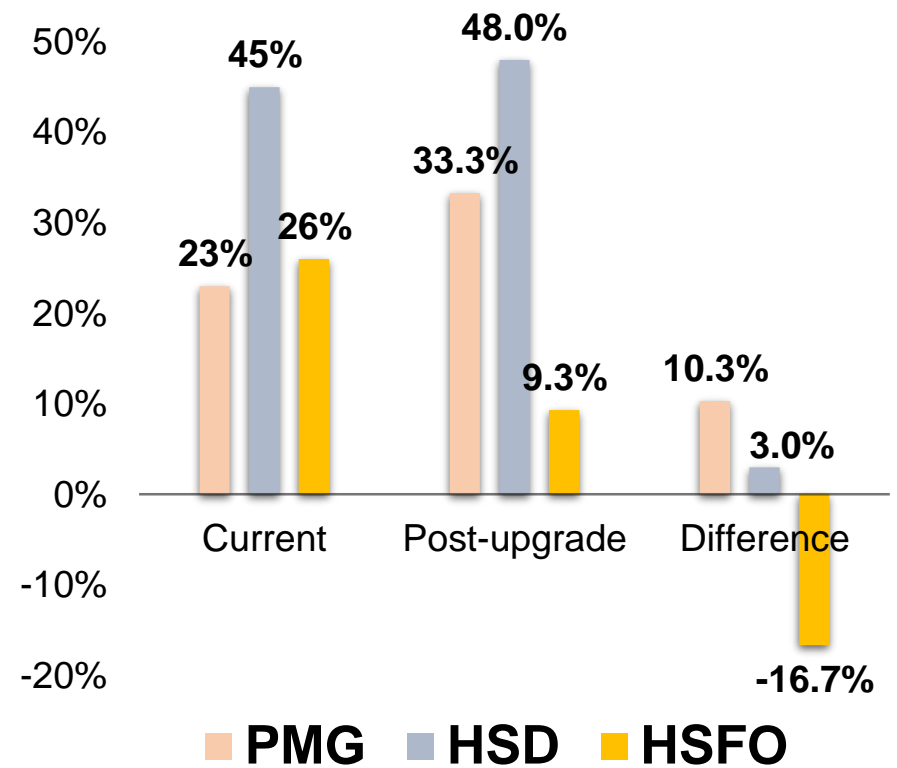
## Pakistan Oil Refining Policy for Upgradation of Existing/Brownfield Refineries 2023

- ❑ Brownfield refining policy for upgradation of existing refineries which is known as “**Pakistan Oil Refining Policy for Upgradation of Existing/Brownfield Refineries 2023**” was approved in August 2023.
- ❑ **Amended refinery policy** notified by the Government on **23<sup>rd</sup> February 2024**. Following are the key points of the amended policy:
  - i. Project completion timeline is 6 years.
  - ii. Incentive collection period increased from 6 years to 7 years.
  - iii. The prevailing 7.5% deemed duty on HSD shall continue after 7 years incentive period till 20 years or till deregulation, whichever is earlier.
  - iv. The maximum capping limit to withdraw from the escrow account increased to 24.5% from the previous 22% for eligible refinery importing used plant and machinery.
  - v. Force majeure clause included
  - vi. Arbitration clause improved
- ❑ After detailed deliberation, the Company has agreed on draft of the Upgrade Agreement with the Oil & Gas Regularity Authority (OGRA) and awaits OGRA’s instruction in this respect.

# Upgradation Project - CPL

## Pakistan Oil Refining Policy for Upgradation of Existing/Brownfield Refineries 2023

- ❑ The Company has initiated the work on refinery upgrade project costing more than **\$1 Billion**.
- ❑ Following will be the major outcome of the project:
  1. Increase in production of High Speed Diesel (HSD) and Premier Motor Gasoline (PMG).
  2. Significant decrease in production of Furnace Oil (FO).
  3. All the products will be Euro V compliant.



# Future Outlook

The future outlook of the industry and the company is dependent on the following:

- ❑ Stability of the overall economy which in turn reflects the following:
  - (i) overall country consumption of the finished products,
  - (ii) PkR I USD parity,
  - (iii) financing cost and
  - (iv) cost of doing business.
  
- ❑ The significant PkR depreciation has made it difficult for any importer to maintain its production level.
  
- ❑ Keeping in view the significant devaluation and a very high finance cost, the Company is focusing on procuring crude oil on supplier credit basis with improved terms.



**QUESTION**

**ANSWER**



**Thank You**