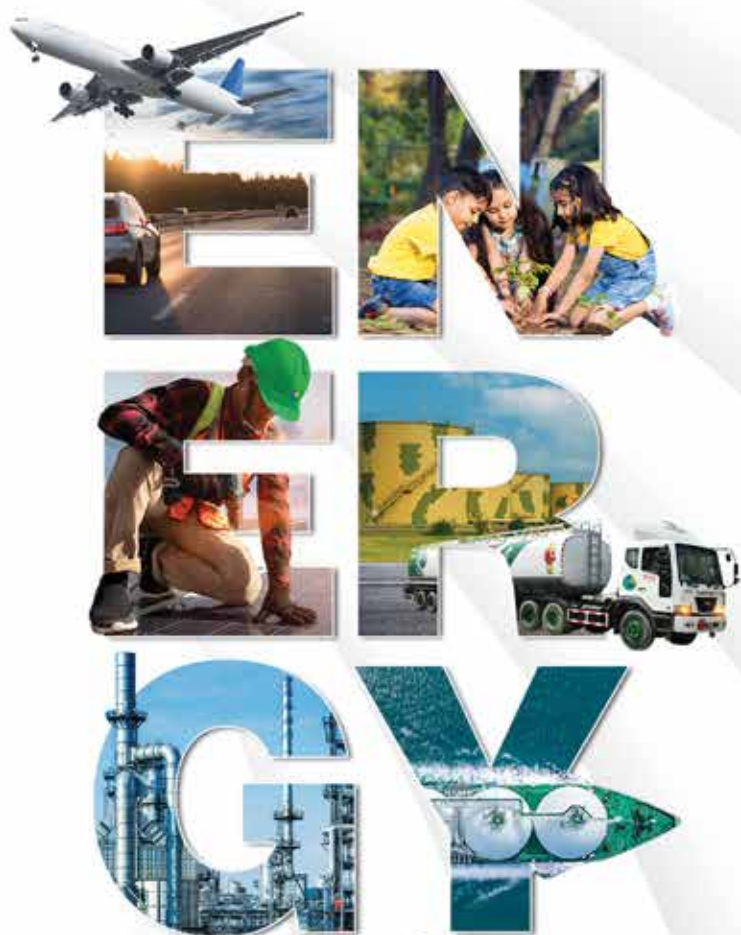


REPORT FOR THE FIRST QUARTER  
ENDED SEPTEMBER 30, 2024



*with Intelligence*



# Energy

*with Intelligence*

At Pakistan State Oil (PSO), we are dedicated to illuminating a brighter future for our nation. As Pakistan's leading Oil Marketing Company (OMC), we believe that energy is a fundamental right, and we are committed to making it more accessible, sustainable, and affordable for all.

By harnessing the power of innovation, technology, and expertise, we are driving progress and empowering communities to thrive. Our goal is to deliver energy solutions that not only fuel Pakistan's growth but also prioritize the well-being of our people and the planet.

We are using data-driven insights and cutting-edge technologies to optimize energy distribution, energize industries, homes, and transportation, and streamline our operations. As a forward-thinking energy pioneer, we are passionate about crafting modern, sector-specific solutions that balance economic growth, environmental stewardship, and social progress.

Our 'Energy with Intelligence' ethos is more than just a promise – it is a commitment to creating a brighter, more sustainable future for generations to come.

# Company Information

## Board of Management

### Chairman (Independent)

Mr. Asif Baigmohamed

### Independent Members

Mr. Ahmed Jamal Mir

Mr. Mushtaq Malik

Mr. Waheed Ahmed Shaikh

### Non-Executive Members

Mr. Asad Rehman Gilani

Mr. Hassan Mehmood Yousufzai

Mr. Sajjad Azhar

Mr. Shahbaz Tahir Nadeem

### Managing Director & Chief Executive Officer

Syed Muhammad Taha

### Chief Financial Officer

Ms. Gulzar Khoja

### Company Secretary (A)

Ms. Ambreen Ali

### Auditors

M/s. KPMG Taseer Hadi & Co.

Chartered Accountants

### Legal Advisor

M/s. Orr, Dignam & Co. Advocates

## Registered Office

Pakistan State Oil Company Limited

PSO House

Khayaban-e-Iqbal, Clifton

Karachi – 75600, Pakistan

UAN: +92 21 111 111 PSO (776)

Fax: +92 21 9920 3721

Website: www.psopk.com

## Share Registrar

CDC Share Registrar Services Limited

CDC House, 99-B

Block B, S.M.C.H.S.

Main Shahrah-e-Faisal

Karachi-74400, Pakistan

Tel.: 0800-CDCPL (23275)

Fax: +92 21 3432 6053

Email: info@cdcsrsl.com

## Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Citibank N.A.

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Standard Chartered Bank (Pakistan)  
Limited

The Bank of Punjab

United Bank Limited

# Report to Shareholders

For the first quarter ended September 30, 2024



The Board of Management of Pakistan State Oil (PSO) is pleased to present the company's and the Group's performance along with the financial statements for the first quarter ended September 30, 2024 (Q1FY25).

The global economic outlook remains stable, with real GDP growth forecasts holding steady at 2.7% for 2024 and 2025. This stability is largely driven by economic recoveries in Brazil, the UK, and Russia. However, notable exceptions include China, whose growth forecast has been downgraded to 4.5% for 2024 and 4.8% for 2025, and the US, where growth is expected to decrease from 2.5% to 1.6% in 2024.

Despite regional variations, global growth is expected to stagnate in the second half of the year due to persistent weaknesses in manufacturing and trade, particularly in Eurozone and Central Eastern Europe. Supply chain conditions indicate subdued inflation, with core inflation in G5 economies declining by 0.3% in July - marking four consecutive months of decline. Consequently, international Brent oil prices also showed a declining trend during the quarter reducing from \$86.47/bbl to \$73/bbl putting an additional burden on OMCs inventory losses.

Pakistan's economy is on the path to recovery, with the IMF's support playing a crucial role in maintaining stability and driving growth. Key sectors are showing promising signs. Large-scale manufacturing sectors have experienced modest growth, contributing to the country's economic recovery. However, the auto sector has struggled, with a 12% drop in sales due to inflation and high financing costs. The IMF projects 2024 GDP growth at 2.5%, emphasizing the need for ongoing reforms to sustain this momentum.

PSO's Q1FY25 performance was significantly influenced by a 13% decline in Brent crude prices, dropping from \$85.5 in July to \$74.3 in September 2024. This decline stemmed



from weakened Chinese demand due to its economic slowdown and a shift toward electric vehicles, alongside broader global economic concerns in Japan and the U.S. Despite these challenges, PSO saw a 21.4% recovery in white oil sales in September, driven by stronger border security and anti-smuggling measures that bolstered domestic demand.

PSO posted profit after tax of PKR 3.97 billion for Q1FY25 (Q1FY24: PKR 21.9 billion) with earnings per share of PKR 8.46. The Group posted profit after tax of PKR 2.8 billion for the period (Q1FY24: PKR 23.99 billion) translating into earnings per share of PKR 6.07 after incorporating Pakistan Refinery Limited (PRL) loss for the period.

Overall, Industry performance for Q1 demonstrates resilience and adaptability in a dynamic market environment. MoGas sales increased by 0.4% year-over-year (YoY), while diesel sales decreased 2.7% YoY. Black oil sales declined 40% YoY due to continued suppressed furnace oil consumption by the power sector. Key factors influencing sales included the western border influx and subsequent security measures. However, the recovery in September sales volume and stable crude prices position the industry for future growth.

During the first quarter, PSO sold 1.5 million metric tons of white oil and the market share stood at 45.1%. The company closed the quarter with a volume of 765 thousand metric tons and market share of 40.6% for MoGas, whereas in diesel, PSO's volume reached at 634 thousand metric tons with a market share of 45.1%. Notably, PSO's black oil market share showed resilience standing at 30.3%.

The circular debt crisis continues to significantly impact PSO's profitability. As of September 30, 2024, the company's outstanding receivables totaled PKR 468 billion, with PKR 332 billion owed by SNGPL. In addition to recovering long outstanding PDC claims amounting to PKR 7.1 billion in the last quarter of FY24, PSO is now in the process of settling Hubco's receivables (PKR 14.8 billion) through the Taskforce constituted by the Government of Pakistan for settlement of IPP claims.

PSO continued its aggressive retail expansion strategy, bringing its nationwide network to 3,603 outlets. This enhancement solidifies PSO's position as a leading fuel retailer in Pakistan. Building on its customer-centric approach, PSO upgraded 68 non-fuel retail outlets to modern convenience stores (C-stores). These revamped outlets offer an elevated customer experience, providing a range of services and amenities that cater to the evolving needs of PSO's valued customer.

In September 2024, PSO successfully signed a long-term LPG Supply Agreement (SPA) with United Energy Pakistan Ltd. (UEP), resulting in a 25% increase in its LPG allocation. In addition, PSO completed the rehabilitation of three lubricant tanks, totaling 3,000 tons, at its KTB and LMPA facilities. These initiatives are part of PSO's ongoing efforts to strengthen its infrastructure and enhance operational capacity.

PSO's digital transformation momentum continued with the integration of 150 additional retail outlets, reaching 1,150. This milestone enhances security, flexibility, and customer convenience, exemplifying PSO's dedication to innovation, customer experience, and operational excellence.

In Q1FY25, PSO CSR Trust touched the lives of countless Pakistanis, donating PKR 70.5 million to charitable organizations. This philanthropic effort addressed critical needs in healthcare, education, and youth development, while promoting social enterprise and environmental sustainability. By investing in the well-being of its community, PSO demonstrated its profound commitment to social responsibility, inspiring a brighter tomorrow.

PSO has continued to uphold its commitment to ensuring uninterrupted fuel supply across the country, maintaining adequate stock levels to support national economic activities. The company remains focused on enhancing both financial and operational performance by advancing key initiatives such as digitization, automation, process re-engineering, and capacity expansion. In parallel, efforts are being made to elevate the customer experience through value-added services, while also delivering long-term strategic projects aimed at generating substantial shareholder value.

We would like to extend our sincere gratitude to our employees, stakeholders, and business partners for their ongoing support. We would also like to thank the Government of Pakistan, particularly the Ministry of Energy (Petroleum Division), for their guidance and collaboration in navigating these challenges.



**Syed Muhammad Taha**  
Managing Director & CEO



**Asif Baigmohamed**  
Chairman – Board of Management

October 25, 2024  
Karachi



PSO House, Khayaban-e-Iqbal, Clifton, Karachi-75600, Pakistan.

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