



## OMC Margins proposed to increase by PkR1.63/liter

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As per [news reports](#), a summary has been moved in the ECC to raise OMC margins between PkR 1.05-1.63/liter (up by 14-21%) from present levels of PkR7.87/liter, under three CPI band scenarios. To note, historically OMC margins were adjusted in line with core CPI (NFNE – urban), however revisions have been pending from past two years.

A likely increase of PkR1.63/liter amounts to an annualized EPS impact of ~PkR12.8/13.1 per share for PSO and APL, respectively. In contrast, a lower-band adjustment of PkR1.05/liter would have incremental earnings impact of only PkR8.3/8.4 per share, relative to current OMC margin levels.

Our base case incorporates an increase of PkR1.18/liter (15%) increase in regulated margins effective Jan'26, where we have not incorporated these changes into our estimates yet, awaiting formal implementation of the margin increase in fuel prices.

For PSO, increase in rupee margins would provide impetus to company's cash profits, further enhancing prospects amidst the easing liquidity from improved cash collection from the gas revenues. In summary, we have a 'BUY' call for PSO and APL with Jun'26 TP of PkR760/750 per share, with DY of 3.3%/4.6% for FY26E, respectively.

We estimate annualized sensitivity analysis of the said upward margin revisions on the companies in our universe, with scenario metrics pertaining to varying ranges of OMC margin revisions for FY26-FY28E.

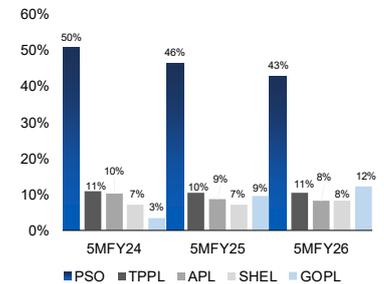
### Incremental EPS and gross margin sensitivity to OMC margin change.

		FY26E	FY27E	FY28E	TP
PSO Margin Change (PkR/liter)	<b>0.5</b>	66.3	69.0	75.7	630
	<b>1</b>	68.9	75.1	82.8	726
	<b>1.5</b>	71.5	81.1	89.9	821
	<b>2</b>	74.1	87.1	96.9	914
	<b>2.5</b>	75.0	93.1	103.9	1,007

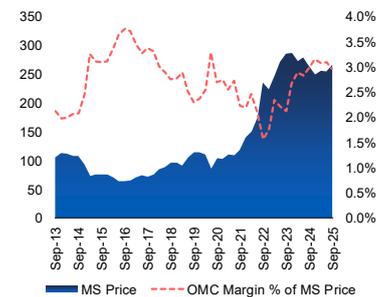
		FY26E	FY27E	FY28E	TP
APL Margin Change (PkR/liter)	<b>0.5</b>	81.6	79.9	93.6	680
	<b>1</b>	83.6	84.9	99.6	730
	<b>1.5</b>	85.6	89.9	105.7	785
	<b>2</b>	87.6	94.6	111.2	835
	<b>2.5</b>	89.7	99.6	117.3	890

Source: AKD Research

### OMC Industry Market Shares



### OMC Margin (%) vs Petrol Price (PkR/liter)



### OMC Sector vs. KSE100 Performance



Source: OGRA, OCAC, PSX & AKD Research

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NEUTRAL	> 0% to < 15% expected total return
SELL	< 0% expected total return

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