

Pakistan Refinery Sector Profitability

27-Oct-2026



Record YoY Profitability in 1QFY27

EUROMONEY

Best Broker: '25
Best Bank for Research: '25
Best Investment Bank for M&A: '25
Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

ASIAMONEY

Best Securities House: '23
Best Investment Bank: '23

 **CFA Society Pakistan**

Best Corporate Finance House: '25, '23-'13
Best Brokerage House: '23 - '21
Best Brokerage House (Runner-up): '25-'24
Best Economic Research House: '23-'21
Best Economic Research House (Runner-up): '25-'24

 **INTERNATIONAL FINANCE**

Best Brokerage House:
2023

FinanceAsia

Best Broker: '26
Best Equity Capital Market House: '26
Best Investment Bank: '26


PAKISTAN STOCK EXCHANGE LIMITED

Top 25 Companies ('17-'19)

 **ASSET ASIA AWARDS**
TRIPLE A

Best Gender Equality Bond: '24
Best Equity Advisor: '21

 **CENTRAL DEPOSITORY COMPANY**

Excellence Award Leading Brokerage House for RDA '21

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KSE-All Refinery Sector Profitability

1QFY27: Marks a Strong Earnings Surge

- The refinery sector recorded a sharp surge in earnings in 1QFY27, posting a profit of PKR 57.0bn compared to a profit of PKR 2.9bn in SPLY.
- KSE-listed refinery sales increased by 116% YoY to PKR 567bn in 1QFY27, driven by higher ex-refinery MS and HSD prices, which rose 60.4% and 47.9% YoY, respectively, alongside higher sales volumes. Refinery activity recovered amid reduced curtailments, lower HSD imports and heightened geopolitical volatility, which made international cargo procurement more challenging and expensive. Total POL production increased 23.8% YoY to 3.1mn tons, lifting refinery utilization to 60.3% from 48.7% in 1QFY26. The increase was primarily driven by HSD, MS and FO production, which grew 26.6%, 14.0% and 40.5% YoY, respectively.
- Refinery throughput mix remained broadly stable in 1QFY27. HSD's share declined to 47.8% from 51.8%, while MS remained stable at 24.2%. Meanwhile, FO's share rose to 22.6% from 19.9%, coupled with higher Jet Petroleum contribution at 5.5% vs 4.6%.
- On the sales side, total refinery sales increased 37.3% YoY to 3.2mn tons, led by HSD, MS and FO sales growth of 25.0%, 31.6% and 81.9%, respectively.
- During 1QFY27, margin expansion was primarily driven by elevated international crack spreads, with average MS and HSD spreads estimated at USD 18.19/bbl and USD 49.75/bbl, respectively, during the quarter. HSD spreads averaged USD 59.65/bbl before being revised to USD 41.89/bbl effective 20-Aug-26, moderating overall GRMs; however, spreads remain elevated, providing a significant uplift to refinery profitability and supporting stronger operating performance during 1QFY27.
- The sector's gross margins hence surged to 17.4% in 1QFY27, compared to 3.4% in SPLY, primarily due to higher spreads and higher refinery sales.
- Effective taxation of the sector stood at 37% in 1QFY27.

Exhibit: Financial Highlights

(PKR mn)	1QFY27	1QFY26	YoY	4QFY26	QoQ
Income statement					
Net Revenue	567,481	262,163	116%	530,816	7%
Cost of Sales	468,957	253,244	85%	522,833	-10%
Gross Profit	98,524	8,919	11x	7,983	12.3x
Distribution & Admin Exp	1,938	1,700	14%	2,030	-5%
Other Exp	5,096	400	12.7x	1,553	228%
Other income	3,761	2,731	38%	3,335	13%
Finance Cost	3,454	3,638	-5%	5,445	-37%
PBT	90,729	5,460	17x	1,458	62x
Tax reversal / (exp)	(33,793)	(2,331)	14.5x	(1,876)	18x
PAT	57,059	2,908	19.6x	(418)	nm
Ratio Analysis					
Gross Margins	17.4%	3.4%		1.5%	
Net Margins	10.1%	1.1%		n.m	

Source (s): Company Financials, AHL Research

KSE-All Refinery Sector Profitability

1QFY27: Record YoY Profitability in 1QFY27

ATRL

Attock Refinery Limited (ATRL) reported a 13x YoY increase in 1QFY27 net profit to PKR 18.6bn (EPS: PKR 174.89), compared to PKR 1.45bn (EPS: PKR 13.6) in 1QFY26. Net sales surged 142% YoY to PKR 143.8bn, while gross profit reached PKR 29.0bn, translating into a 20% margin, supported by higher volumes and elevated crack spreads. MS sales rose 81.7% YoY to 186k tons, while HSD sales increased 52.7% to 176k tons, supported by reduced curtailments, additional gas flows and lower HSD imports. Other income increased 47% YoY to PKR 3.2bn. Cash and cash equivalents rose to PKR 139bn (PKR 1,305/share) from PKR 86.5bn (PKR 812/share), while book value stood at PKR 1,796/share.

PRL

PRL's profit surged from PKR 1.0bn in 1QFY26 to a profit of PKR 13.9bn in 1QFY27 (EPS: PKR 22.2), driven by a sharp improvement in gross margins to 19.9% vs 4.8% SPLY, supported by stronger MS and HSD spreads and sales. 1QFY27 sales surged 41.3% YoY to 446k tons, mainly due to higher, MS HSD and FO sales, up 44.0%, 35.0% and 49.1%. Consequently, HSD market share rose to 14.6% from 13.5%, while MS also rose from 9.8% in 1QFY26 to 10.8% in 1QFY27. Other income declined 33% YoY to PKR 268mn, while finance costs remained stable at PKR 1.1bn.

NRL

NRL profitability also surged to PKR 11.6bn (EPS: PKR 144.7) in 1QFY27 vs a profit of PKR 1.0bn SPLY, driven by a recovery in gross margin to 14.4% from a 5.2% gross margins, supported by stronger MS/HSD spreads and higher volumes. Total POL sales rose 37.6% YoY to 432k tons, led by HSD (+31.9%), MS (+14.6%) and FO (+201.6%), while refinery production increased 34.6% to 483k tons and utilization improved to 54% from 39%. Finance costs decreased 7.3% YoY to PKR 1.6bn. Cash and equivalents increased to PKR 7.0bn, with book value at PKR 851/share.

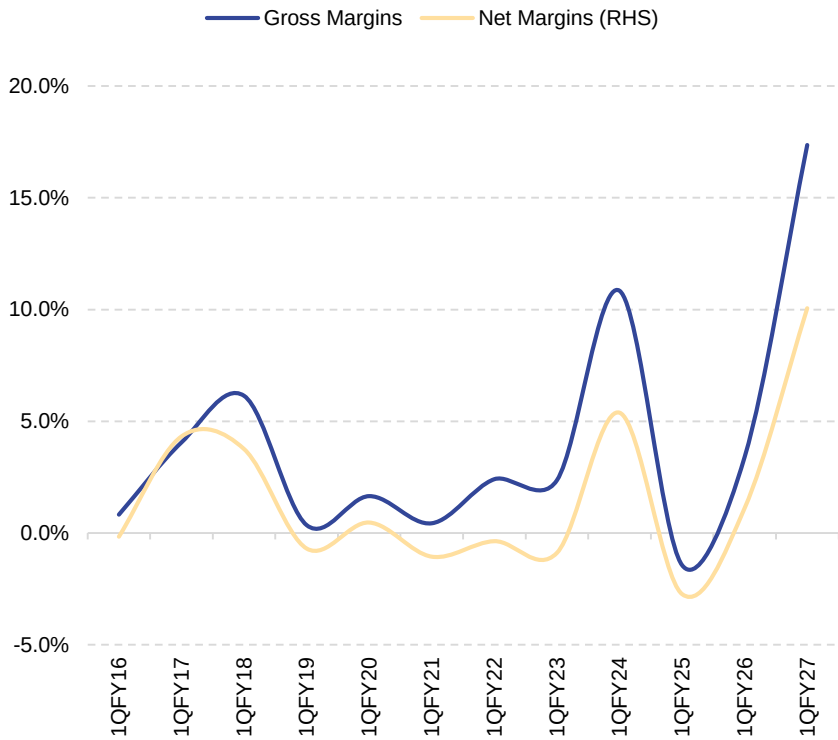
Cnergyico PK Limited

Cnergyico PK Limited also reported a turn around to a profit of PKR 12.9bn (EPS: PKR 2.34) in 1QFY27 vs a loss of PKR 590mn SPLY, driven by a recovery in gross margin to 15% from a 1.5% SPLY, mainly on stronger MS/HSD spreads and higher sales. CENERGY's 1QFY27 POL sales increased 86.5% YoY to 455k tons, driven by strong HSD (+71.8%), MS (+84.0%) and FO (+108.8%) volumes. Production also rose 116.2% to 484k tons, with overall utilization improving to 26% from 14%.

KSE-All Refinery Sector Profitability

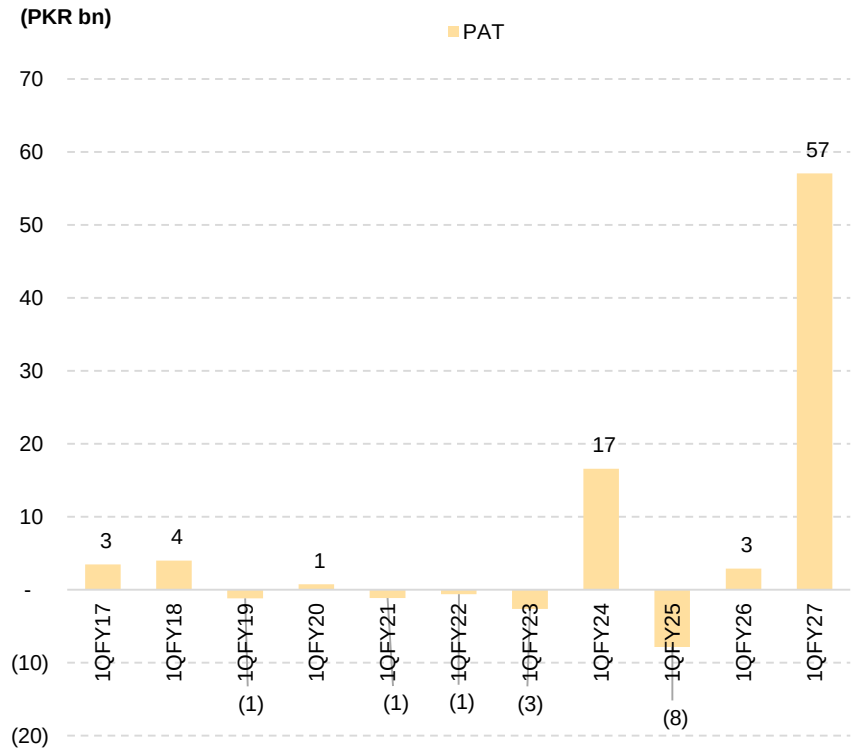
1QFY27: All Time High Profitability

Exhibit: Refinery Sector Net and Gross Margins Trend



Source (s): Company Financials, AHL Research

Exhibit: Trend of Profit After Tax



Source (s): Company Financials, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return from current market price, with Target period as Dec 2026 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +10% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -5% and +10% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -5% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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