SECTOR STUDY | 05 DECEMBER 2025

Together. Creating Value.

Oil Marketing Companies & Dealers

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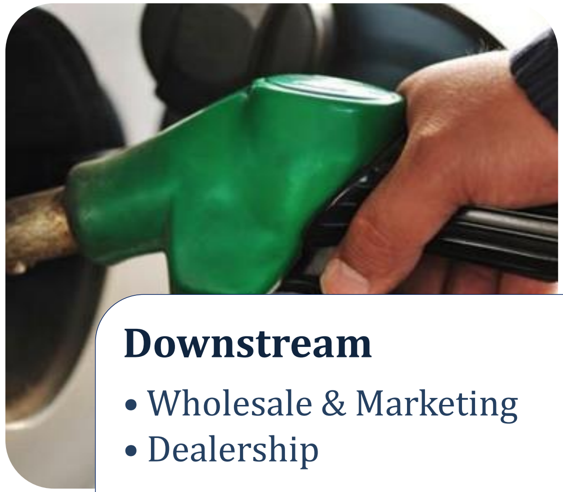

Downstream
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This report focuses on the oil industry's downstream segment, including key market players such as oil marketing companies and dealerships that manage fuel stations. These entities play a crucial role in distributing and selling POL products, bridging the gap between oil production and end consumers.

Source: OPEC

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Oil Value Chain

Crude oil is a mixture of hydrocarbons in the liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities.

Crude oil is extracted and transported across the globe to be converted into oil derivatives. Exploration, extraction and production of crude oil takes in the upstream.

Refineries break crude oil down into its various components, which are then selectively reconfigured into new products. All refineries have three basic steps: Separation, Conversion, and Treatment. This is the midstream where crude oil is converted into refined POL products.

POL products include gasoline, distillates such as HSD fuel and heating oil, jet fuel, petrochemical feed stocks, waxes, lubricating oils, and asphalt. They are marketed, distributed and retailed at downstream sector through oil marketing companies and dealers.

Source: EIA

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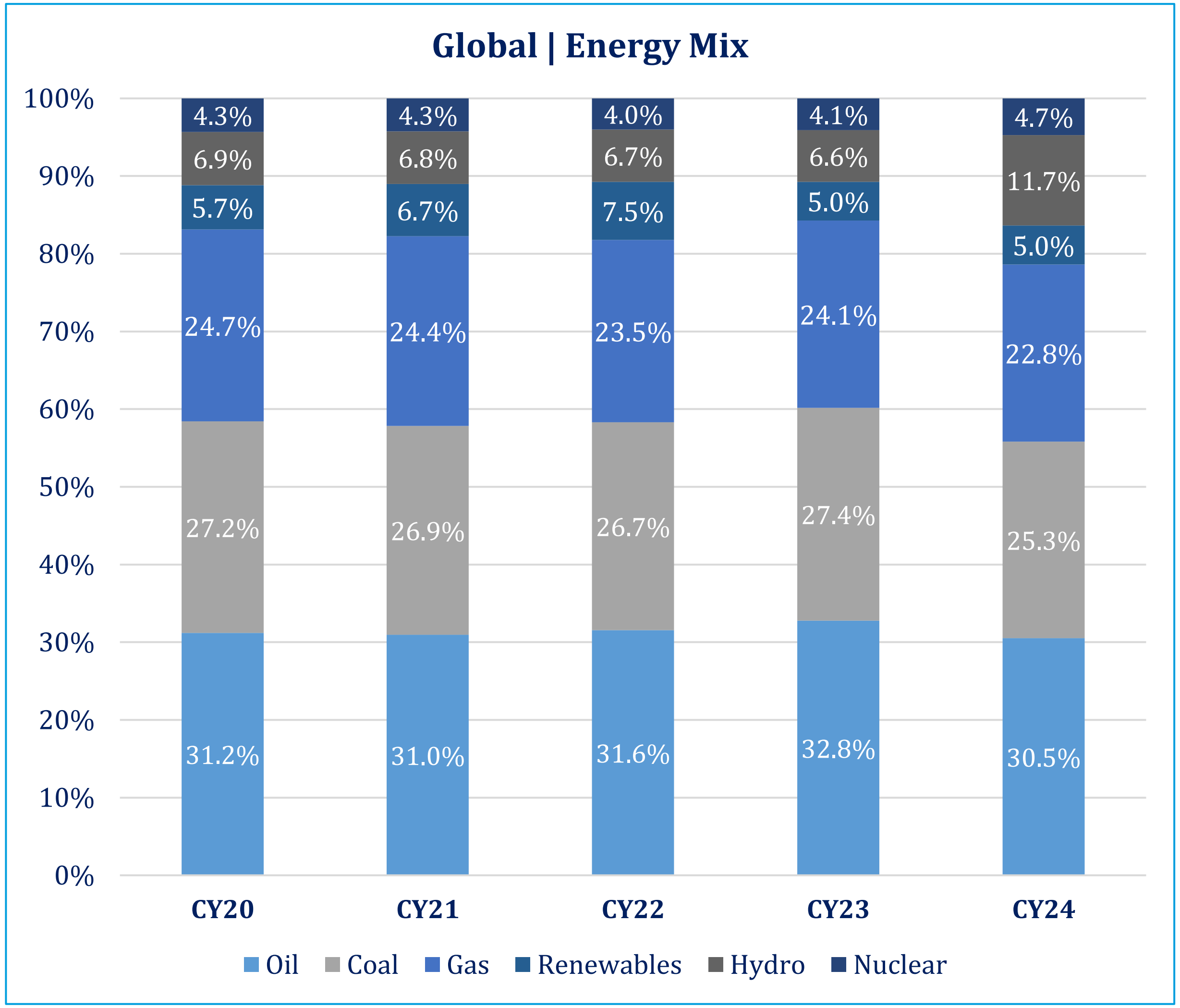
Global | Energy Mix

- The global energy mix, over the last 5 years (CY20-24), has been dominated by fossil fuels, with oil being the major contributor. It is followed by coal and gas. These comprised the lion's share in the global energy mix at ~78.6% in CY24 (CY23: ~84.3%).

- Oil demand is expected to peak by CY30 with natural gas and oil forecasted to remain a core part of the global energy mix till then. Post CY30, a gradual but continuous decline in oil demand is envisaged driven by factors such as improved engine efficiency, continued electrification of road transportation, and international efforts for environmental sustainability.

- LNG imports are expected to contribute to the growing use of natural gas in developing economies, accounting for ~65-75% of the increase in Asia by CY30. Power and industrial sectors are considered to be major users of gas in this region.

- Global energy demand is forecasted to witness a continuous rise till CY50, driven by India, ASEAN nations, and the Middle East. However, this growth would be fueled by renewable energy sources as their share is expected to increase to ~60% by CY50 in the global energy mix. The growth in installed wind and solar capacity by CY30 is forecasted to be dominated by China and the developed world, each accounting for ~30-40% of the overall increase in capacity. However, the renewable build-out faces challenges such as supply chain issues and slow implementation.



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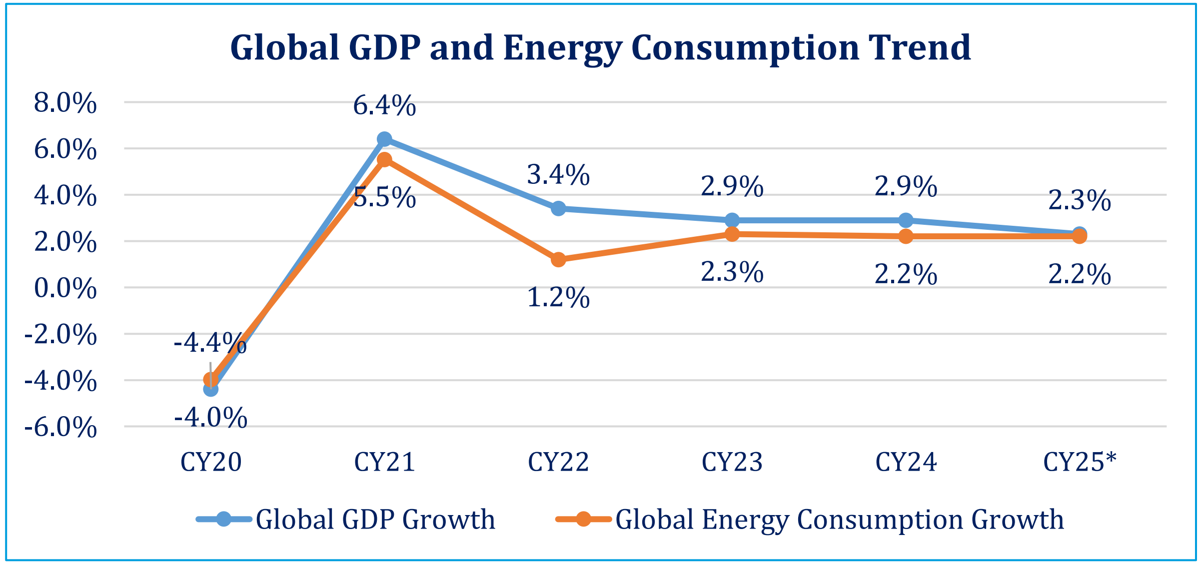
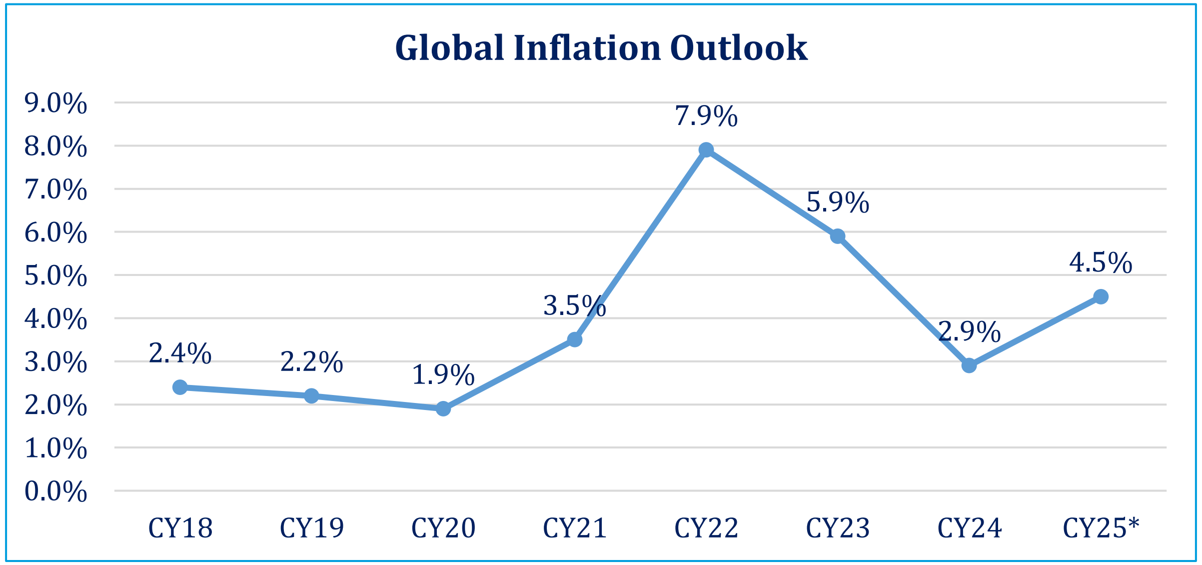
Global | Outlook

- **Global GDP growth** remained broadly stable at ~2.9% in CY24 and is projected to decelerate to ~2.3% in CY25. In the United States, output growth is estimated at ~2.8% in CY24, moderating significantly to ~1.4% in CY25 amid weakening external conditions and unprecedented trade frictions. China's economy is expected to expand by ~5.0% in CY24 before easing to ~4.5% in CY25, with further decline to around ~4.2% anticipated as heightened trade barriers and a softer global environment weigh on economic activities. India continues to demonstrate strong momentum, with GDP growth of ~6.5% in CY24 and a projected ~6.3% in CY25. Pakistan's GDP growth was estimated at 3.2% in CY24, with the World Bank forecasting a moderation to ~2.7% in CY25.
- **Global energy consumption** continues to exhibit a strong linkage with macroeconomic performance. Historically, energy demand accelerates alongside economic expansion, particularly in industry and mobility driven sectors. For CY25, global energy consumption growth is projected to remain near ~2.2%, broadly aligned with the softer GDP outlook. The uncertainty due to conflicts and trade wars are affecting energy demand.
- **Global Headline Inflation** is projected to rise to approximately~4.5%, reflecting renewed commodity price pressures. This development may delay the pace of monetary easing in advanced economies.





Projected. **Note: Energy consumption forecast for CY24 is latest available.*

Source: World Bank, IEA

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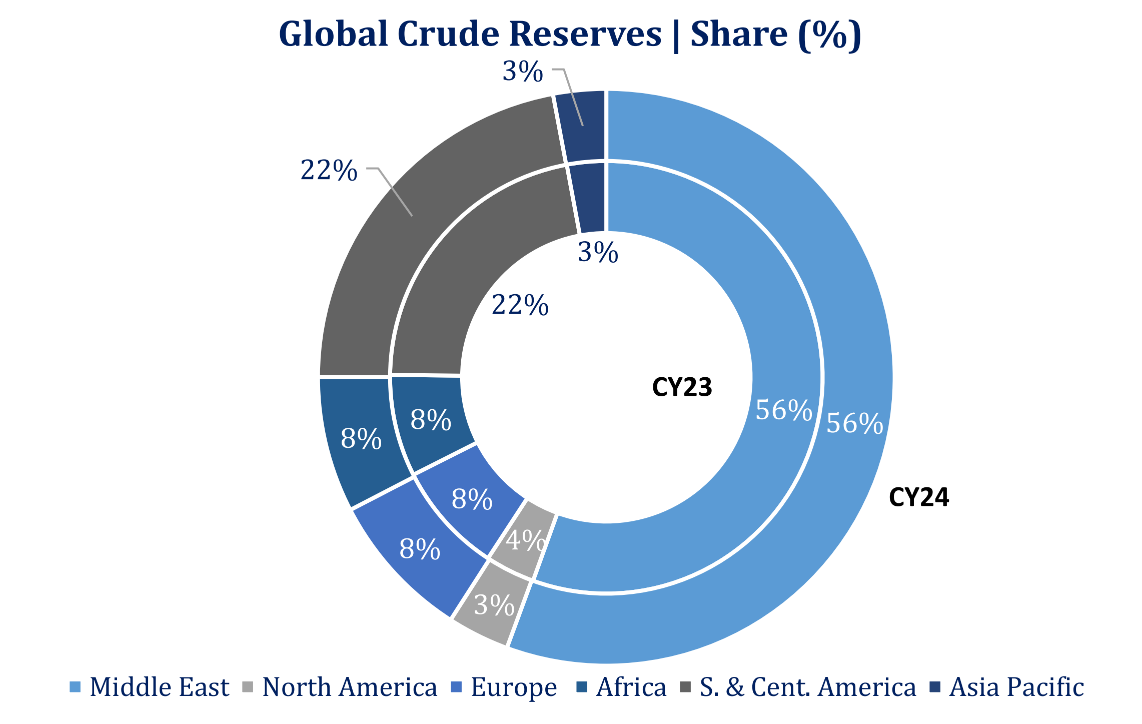
Global | Crude Oil Reserves

- During CY24, global crude oil reserves stood at ~1,567bln barrels or ~213,094mln MT (CY23: ~1,565bln barrels or 212,776mln MT). The largest reserves were registered in the Middle East (CY24:~55.6%; CY23: ~55.5%).
- A further breakdown concerning the Middle Eastern countries reveals that Saudi Arabia has ~17.1% of the global reserves in CY24 (CY23: ~17.0%), while Iran comprised ~13.3% of the share (CY23: ~13.3%).
- South & Central American countries together accounted for ~21.9% (CY24: ~21.9%) of the total crude reserves in CY24. Meanwhile, Venezuela alone had ~19.3% (CY23: ~19.3%) of the global crude reserves.
- Russia's crude oil reserves formed ~8.4% (CY23: ~8.3%) of the world total in CY23. Africa accounted for ~8.4% (CY24: ~8.3%) of the world's total crude oil reserves during the year.

Global Crude Oil Reserves (mln MT)

Time Period	CY20	CY21	CY22	CY23	CY24
World Total	209,931	211,968	212,618	212,776	213,094



Note: *Oil Sands are not considered in Crude Reserves*

Source: OPEC, EIA

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Global | Crude Oil Supply and Demand

- In CY24, global crude oil production, as a share of total available reserves, stood at ~1.7% (CY23: ~1.7%). Saudi Arabia accounted for ~12.3% of the world crude produced (CY23: ~13.1%), clocking in at ~444.53mln MT (or ~8.95mbpd) (CY23: ~476.9mln MT or ~9.61mbpd).
- Meanwhile, the USA made up ~18.2% of the global crude oil produced (CY23: ~17.6%), with a ~2.1% YoY increase to ~655.6mln MT or ~13.2mbpd (CY23: ~12.9mbpd or ~642.7mln MT). Overall, the Middle East and North America comprised ~31.8% and ~22.1% of the global crude oil production in CY24 (CY23: ~32.5%, and ~21.6%, respectively).
- The global crude consumption was up ~2.5% YoY in CY24, clocking in at ~3,481mln MT (CY23: ~3,457mln MT). North America formed ~35.6% of the global crude consumption, recording ~1,242mln MT.
- China was the highest consumer in Asia Pacific, making up ~8.0% of the global crude consumption at ~109.0mln MT. Meanwhile, the USA was the biggest consumer globally, forming ~6.0% of the global crude oil consumption, recording ~90.9mln MT.

Crude Oil Extraction (mln MT/year)					
Region	**CY20**	**CY21**	**CY22**	**CY23**	**CY24**
Total Extraction	**3,417**	**3,447**	**3,620**	**3,641**	**3,603**
Middle East	1,095	1,104	1,244	1,183	1,144
North Americas	704	703	737	785	795
Europe	614	621	620	613	590
Others	429	426	421	424	419
Latin America	275	277	299	330	348
Africa	291	308	292	301	303
Asia Pacific	8	7	6	5	5

Crude Oil Consumption (mln MT)					
Period	**CY20**	**CY21**	**CY22**	**CY23**	**CY24**
Crude Consumption	**3,121**	**3,307**	**3,415**	**3,457**	**3,481**
Asia Pacific	355	364	364	361	359
North America	1,106	1,196	1,231	1,244	1,242
Europe	619	652	675	670	673
Middle East	371	388	413	430	441
S. & Cent. America	294	311	320	333	336
Russia	169	180	187	191	198
Africa	208	215	224	227	231

Note: *mbpd stands for mln barrels per day.*

Source: BP, Enerdata, EIA

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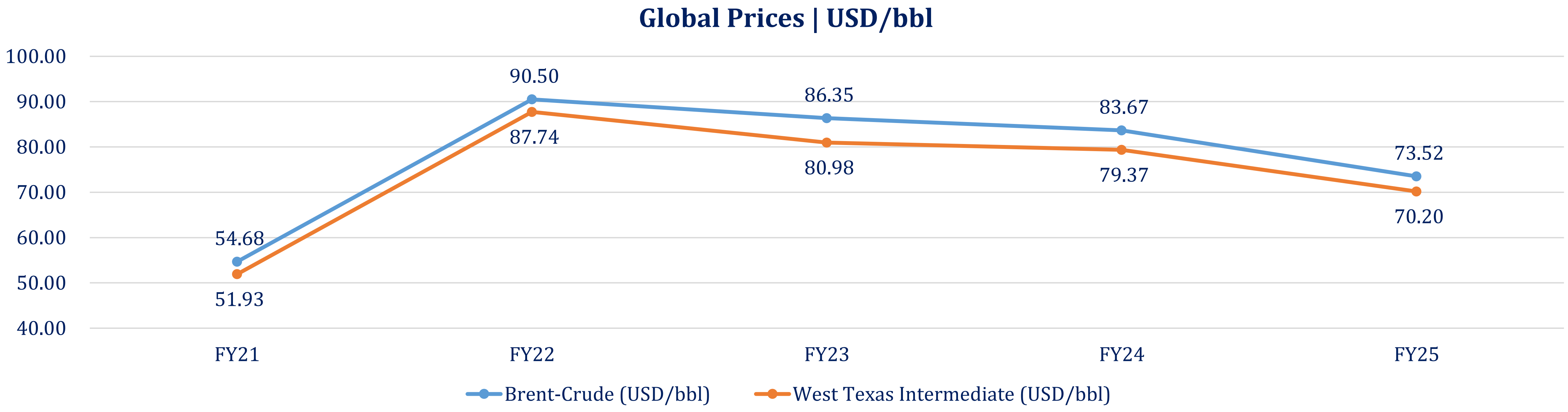
Global | Prices



- Global POL product prices (MOGAS and HSD) move in tandem with the global crude oil prices. Global crude benchmarks, Brent and WTI, have retraced from their FY22 highs USD~90.5/bbl (Brent) and USD~87.74/bbl (WTI) to USD~73.5/bbl USD~70.2/bbl, respectively, in FY25. The crude oil prices softened further to ~USD 60 in November 2025. Oil prices are expected to remain range bound (USD 55-65) barring unforeseen events.

- Despite several conflicts globally, most notably Russai-Ukraine war, the oil prices have softened as no serious supply side disruptions were witnessed. Heavy tariffs or boycott of Russian oil could disrupt supplies but that has not materialized with other oil producing countries ready to pick the load.

- Global demand growth is projected to soften in line with weaker macroeconomic conditions in China, the US, and Europe. Agencies (IEA/OPEC) maintain that oil demand growth in CY25 will decelerate, reducing upward pressure on prices despite constrained OPEC+ output.

Source: Investing, BP, Fitch, IFS

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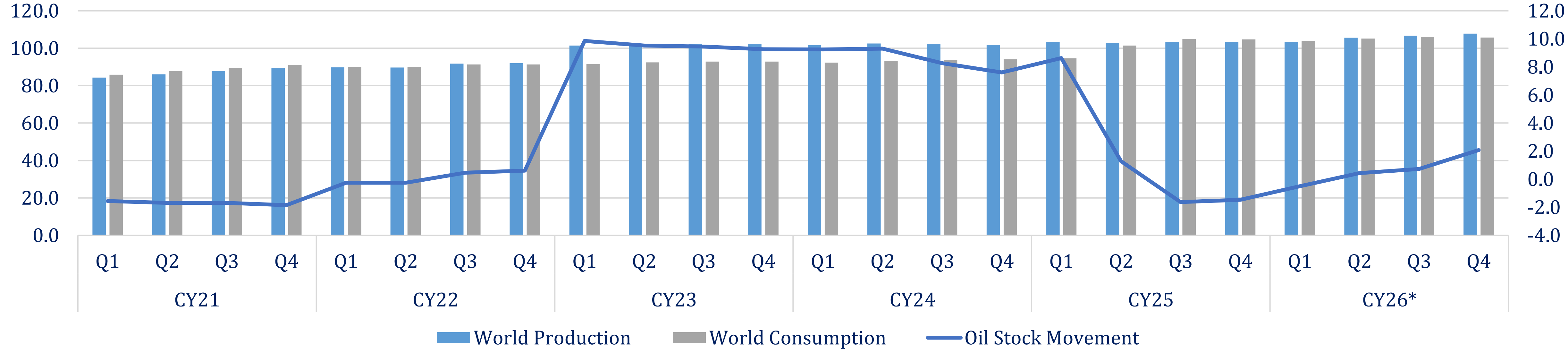
Global | Crude Stock Analysis

- Global crude oil inventories are a function of crude oil production and consumption levels for a given period. A positive inventory drawdown indicates greater production than consumption, whereas a negative drawdown indicates the opposite.
- In CY25, average global crude production rose ~1.0% to ~103.2mbpd (CY24: ~102.0), while average crude consumption was recorded at ~101.4.0mbpd, up ~8.7% YoY. leading to an average drawdown of ~1.2mbpd. Stock levels generally rise due to lack of demand or oversupply, and thus is followed by a price reduction.
- For CY26, average crude oil consumption and production is forecast at ~105.9mbpd and ~105.2mbpd, respectively, while average drawdown is bbl. expected to record at ~0.7mbpd.
- The graph shows a sharp drawdown in oil stocks during CY24, early CY25, followed by a gradual rebuild starting mid-CY25 and continuing into CY26. This forecasted recovery is primarily driven by non-OPEC supply growth outpacing consumption, especially from the U.S. shale sector, Brazil, and Guyana.

Crude Oil | mbpd



*Forecast. **Note**: mbpd stands for mln barrels per day.

Source: EIA, OPEC

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Global | Crude Oil Trade

- **Global crude exports** fell from ~2,182.9mln MT in CY23 to ~2,146.4mln MT in CY24 (-1.68% YoY), primarily reflecting reduced outbound volumes from key OPEC+ members as voluntary production cuts remained in place through the year. Export gains from Canada (+4.93%) and the UAE (+2.49%) provided some support to global availability, underpinned by steady non-OPEC supply growth that partially offset OPEC+ curtailments.

- **Global crude imports** remained relatively stable ~2,268.9mln MT to ~2,274.3mln MT (~0.24% YoY increase). which lifted total intake despite mixed demand conditions across major regions. Import reductions across several large consuming regions, including China, Asia Pacific, Europe, India, and Japan, collectively moderated global growth as refiners adjusted procurement in line with softer product demand and cautious refinery run planning.

Country	Exports | mln MT		Share, Global Exports (%)	YoY Δ
	CY23	CY24		
Saudi Arabia	330.6	300.3	14.0%	-9.2%
Russia	227.7	224.6	10.5%	-1.4%
Canada	168.8	177.2	8.3%	4.9%
US	202.6	204.0	9.5%	0.7%
Iraq	172.1	167.0	7.8%	-3.0%
UAE	131.6	134.9	6.3%	2.5%
ROW	949.6	938.5	43.7%	-1.2%
World	**2,182.9**	**2,146.4**	**100%**	**-1.7%**

Country	Imports | mln MT		Share, Global Imports (%)	YoY Δ
	CY23	CY24		
China	561.1	549.6	24.2%	-2.0%
Europe	555.0	550.3	24.3%	-0.9%
US	321.6	327.0	14.4%	1.7%
Asia Pacific	281.0	271.0	11.9%	-3.6%
India	232.0	238.0	10.5%	2.6%
Japan	126.4	115.2	5.1%	-8.8%
ROW	191.8	223.2	9.8%	16.3%
World	**2,268.9**	**2,274.3**	**100%**	**0.2%**

** Includes Asia pacific regions except China*

Source: BP, EIA

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Global | POL Products Trade

- **Global POL Product exports** grew ~1.8% YoY in CY24, driven primarily by the United States and Europe, which together account for over ~40% of global supply. Exports decline from Russia and China (both ~7.1% YoY decrease) reflect sanctions and weaker refinery economics, reshaping global trade flows. Overall, export patterns indicate rising regional fragmentation and continued sensitivity to geopolitical developments, with implications for supply stability and global pricing.

- **POL Product Imports**: The top three importers comprised ~43.2% of the total POL products imported (CY22: ~43.2%). During the year, China's imports rose ~5.5% YoY, with imports from Russia down ~42.2% YoY (Primarily Due to existing embargos and Peace agreements only formulating Q4 CY25) and Russia, Asia Pacific, and the USA cumulatively forming ~64.2% of the country's total POL product imports (CY22: ~59.4%). UAE's POL imports rose sharply by 130.6% in FY24, largely reflecting heightened bunkering demand at Fujairah as the emirate absorbed diverted maritime traffic amid Red Sea disruptions, prompting substantial imports of HSFO and LSFO for re-export as marine fuel.

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	CY23	CY24		
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World	**2,268.9**	**2,274.3**	**100%**	**0.2%**

Source: BP, EIA

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Global | Top Ten Companies

- The global integrated oil industry size is estimated at USD~5.96trn in CY24, up from USD~4.1trn in CY23. The top 10 companies in the Oil sector alone recorded revenues of USD~2.76trn, which accounted for ~ 47% of the global revenue share.

- This indicates that the global oil industry is highly consolidated, with a few prominent companies and countries controlling a significant portion of sales. However, the Distributing and retailing segment is somewhat fragmented, as many smaller, local players worldwide contribute to distribution and retail operations.

- Oil marketing companies have generally high volumes and lower net incomes (Aggregate for Top 10, ~14.2%), as most of the revenue goes into costs of sales. Net incomes and net margins of the top 10 companies differ as these companies operate in different sectors of the oil industry.

Top 10 Oil Integrated Companies | CY24

Sr.	Companies	Country/ Region	Revenue (USD bln)	Net Income (USD bln)
1	Saudi Aramco.	Saudi Arabia, EMEA	436	106.2
2	PetroChina Co Ltd.	China, Asia Pacific	408	184
3	ExxonMobil	Texas, USA	339	33.7
4	Shell	London, United Kingdom	284	18.5
5	Sinopec	China, Asia Pacific	427	7.99
6	Total Energies	France, EMEA	214	15.8
7	Chevron	California, USA	194	17.7
8	British Petroleum	London, United Kingdom	189	1.2
9	Marathon Petroleum	Ohio ,USA	139	3.5
10	Valero Energy Corporation	Texas, USA	129	2.8
	Total		**2,759**	**391**

Source: S&P, BP, IMF

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Local | Snapshot

- Pakistan's Oil Marketing Companies (OMC) sector generated gross revenues of PKR ~4,416bln in FY25, broadly unchanged against PKR ~4,438bln in FY24. The marginal contraction reflects relatively lower average POL product prices, driven by a softer global crude environment. During the year, PKR remained stable as well. The sector experienced moderate volumetric growth of 9.5% mainly on the back of higher imported POL products.

- Pakistan's POL consumption (domestic supply comprising local production and imports) rose to ~18.5mn MT in FY25, reflecting a notable recovery from ~16.9mn MT in FY24 and ~17.2mn MT in FY23. The rebound in volumes in FY25 was supported by incremental refinery throughput, with local production improving slightly to ~10.5mn MT (FY24: ~10.1mn MT), alongside higher imported products of ~8.0mn MT (FY24: ~6.8mn MT).

- In FY25, new OMC licenses were issued, increasing the total number of licensed operators to an estimated 48, up from 39 in FY24.

- Imports constituted ~43% of POL supply in FY25 versus ~40% in FY24, underscoring continued reliance on imported POL products despite modest local production gains. The share of POL products and crude in Pakistan's overall import mix declined to ~19% in FY25, down from ~22% in FY24 and ~22.8% in FY23. This was primarily driven by lower international crude prices.

Overview	FY23	FY24	FY25
Gross Revenue (PKR bln)	**4,059**	**4,438**	**4,416**
Gross Revenue Growth (YoY%)	32.3%	9.4%	-0.5%
Sector Players	**35**	**39**	**48**
POL Consumption (mln MT)	**17.2**	**16.9**	**18.5**
POL Local Production (mln MT)	8.9	10.1	10.5
POL Imports (mln MT)	8.3	6.8	8.0
POL Exports (mln MT)	**0.4**	**1.1**	**1.6**
Crude Consumption (mln MT)	11.3	11.9	12.9
Crude Local Offtake (mln MT)**	3.4	3.5	3.6
Crude Imports (mln MT)	7.9	8.4	9.3
Crude Condensate Exports (mln MT)	0.3	0.3	0.3
POL products & Crude (% Share in Imports)	**22.8%**	**22.0%**	**19.0%**
Structure	Oligopoly		
Regulator	OGRA		
Association	OCAC		

. ***Estimate. **Note**: Petroleum Group includes POL Products and Crude;. All data pertains to Energy POL products.*

Source: OCAC, OGDCL,PSO, PBS, PACRA Database

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Demand | Product-wise POL Consumption

- POL consumption in FY25 comprised ~95% white oils and ~5% black oils. HSD, MOGAS, and RFO together made up ~93% of total demand (FY24: ~84%), with local RFO volumes declining ~33% YoY (vs. –48% YoY in FY24).
- MOGAS consumption remained stable at ~7.6mln MT, ~7% YoY increase, while HSD consumption increased to ~7mln MT (FY24: ~6.2mln MT). The volumetric increase is in sync with better economic activities in the country during FY25.
- POL consumption posted a modest recovery in FY25, rising to ~18.4 mln MT, but still below the four-year average of 19.3mln MT. The rebound was driven primarily by higher black-oil offtake due to increased shipping activity and bunkering at local ports along with premium-fuel (HOBC) demand, supported by rising passenger-car penetration with sales up ~38% YoY.
- However, this recovery has not sustained in FY26 as MOGAS and HSD volumes are down ~13% and ~7% MoM over 5MFY26. The demand is likely to remain under pressure, with OMC volumes subdued amid high prices and weak demand. Furnace oil consumption is expected to stay at multi-year lows, while HSD demand may remain soft due to freight disruptions, weaker farm economics, and elevated diesel prices. MOGAS should be the main source of stability.
- MOGAS comprises the highest share in local consumption, as this is considered a necessity, and this trend is expected to continue. Diesel off take is directly linked to economic activity in the country.

POL Consumption (mln MT)					
Period	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
White Oils	**16.9**	**18.8**	**14.8**	**15.7**	**16.1**
MOGAS	8.4	9.0	7.5	7.1	7.6
HSD	7.8	8.9	6.4	6.2	6.9
JP-1/ JP-8	0.4	0.5	0.6	0.5	0.5
Others*	0.3	0.4	0.3	0.7	1.1
Black Oils	**3.2**	**4.3**	**2.3**	**1.2**	**2.3**
RFO**	3.2	4.3	2.3	1.2	2.3
Total	**20.1**	**23.1**	**17.1**	**16.9**	**18.4**

POL Consumption (mln MT)					
Period	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
White Oils	**84%**	**81%**	**87%**	**93%**	**95%**
MOGAS	42%	39%	44%	43%	47%
HSD	39%	39%	37%	38%	43%
JP-1/ JP-8	2%	2%	4%	3%	3%
Others*	1%	2%	2%	1%	2%
Black Oils	**16%**	**19%**	**13%**	**7%**	**5%**
RFO	16%	19%	13%	7%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

**' Includes Kerosene, LDO, 100 LL, NAPHTHA and HOBC*
*** RFO consumption figures include exports.*

Source: OCAC, PAMA

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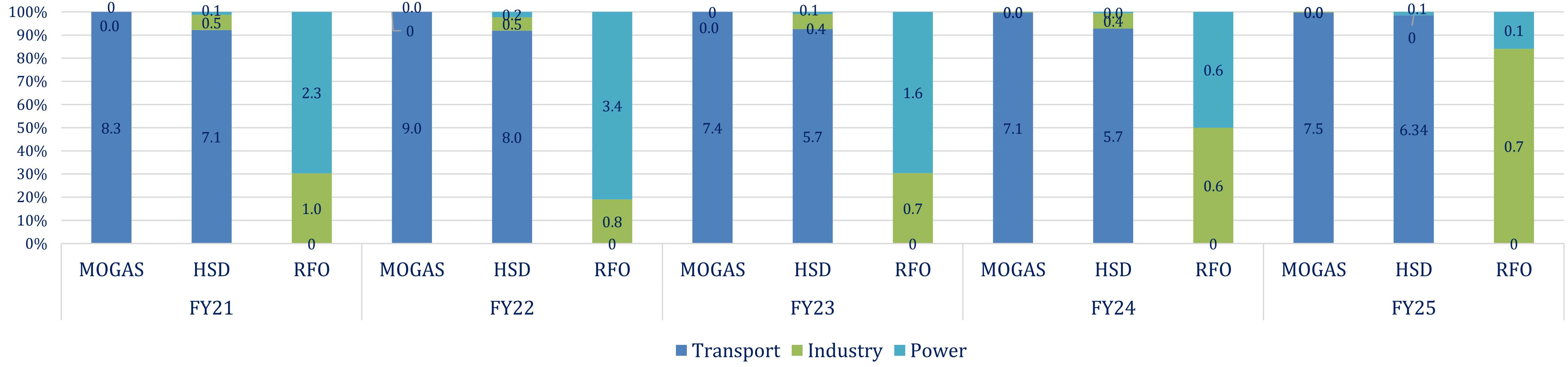
Demand | Segment-wise POL Consumption

- Major demand drivers for POL products include the transport, industry, and power sectors of the country.
- The transport sector is Pakistan's largest fuel consumer, with ~14.55mln MT consumption. This comprises ~52% MOGAS and ~44% HSD.
- The industrial sector's total consumption was dominated by RFO at ~64.2% (FY24: ~58.8%) and HSD at around 32.5% (FY24: ~39.2%). About ~2.1% of MOGAS was also used by the sector during FY25.
- On the other hand, the power sector's POL consumption (comprising HSD and RFO) declined by ~75.6% YoY (FY24: down by ~64.7% YoY) to ~0.147mln MT, due to a shift from FO to cheaper and more environmentally friendly alternatives.
- In FY25, the power sector's POL consumption remained dominated by RFO at ~93.5% (FY24: ~93.8%), with HSD accounting for the remaining ~6.4% (FY24: ~6.2%).
- Agriculture is another important sector in the country. It primarily uses different varieties of diesel, mainly HSD and LDO (Light Diesel Oil).

Segment wise POL Consumption | mln MT



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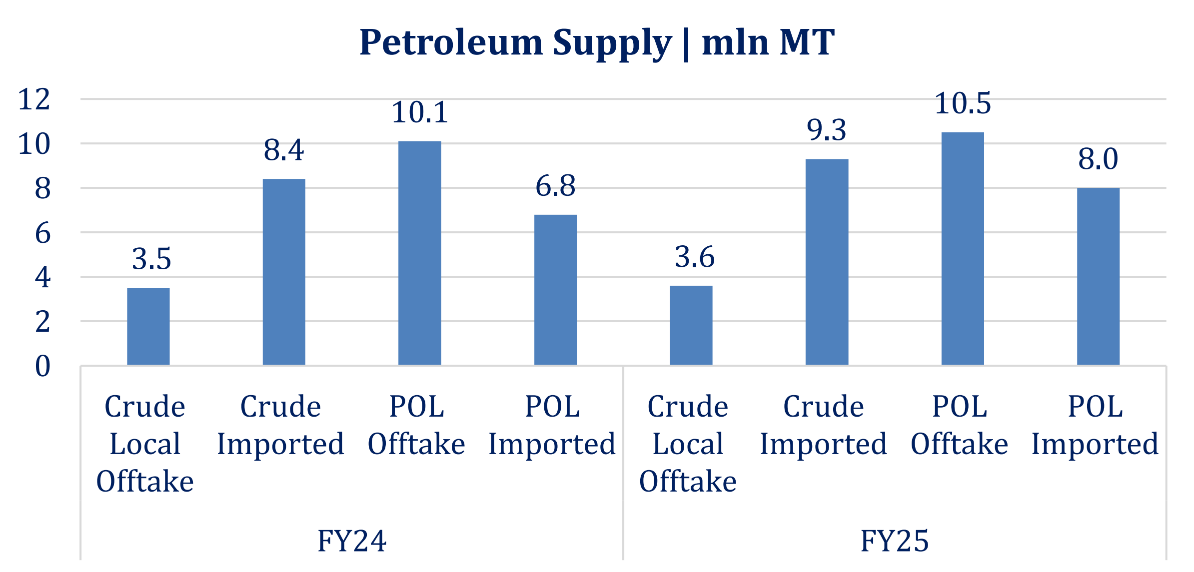
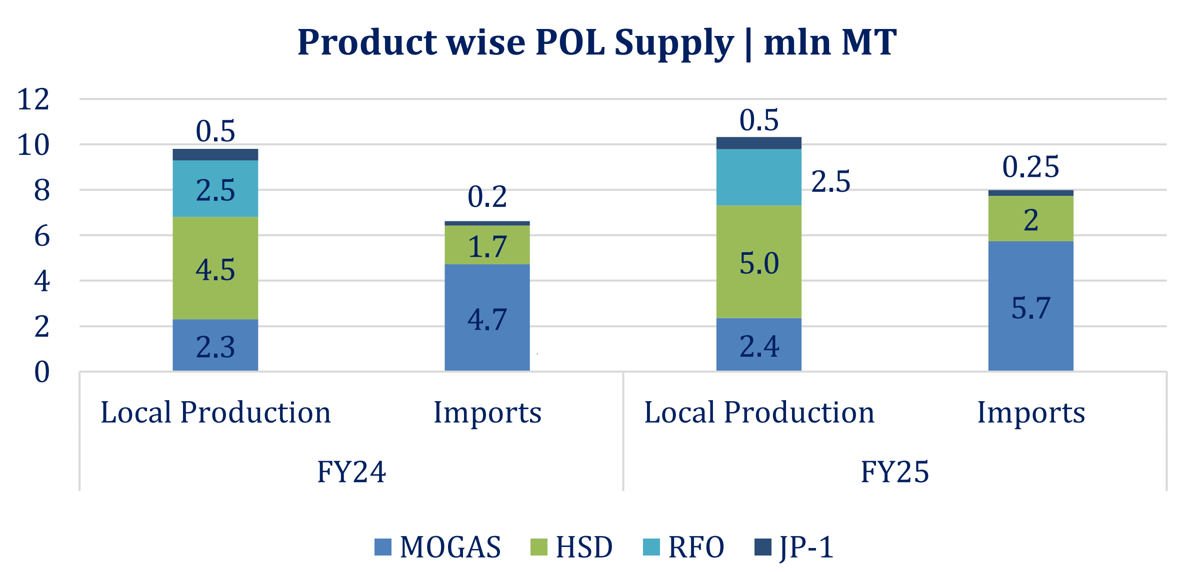
Local | Supply

- In FY25, local crude offtake stood at ~3.6mln MT, up ~3% YoY, while crude imports increased to ~9.3mln MT, up ~11% YoY. Imported crude accounted for ~72.1% of total crude consumption in FY25 (FY24: ~70.6%), underscoring sustained reliance on external supply.
- Local POL product output increased to ~10.5mln MT in FY25 (FY24: ~10.1mln MT), driven primarily by higher HSD production, which accounted for ~47% of local supply (FY24: ~45%). MOGAS contributed ~28% (FY24: ~30%), while RFO production rose modestly to ~22% of the mix (FY24: ~21%), with JP-1 making up the balance.
- On the import side, POL product imports expanded to ~8.0mln MT in FY25, reflecting an uptick in demand. MOGAS emerged as the dominant imported product at ~71% of total imports (FY24: ~69%), whereas the share of HSD remained stable at ~25% (FY24: ~25%).





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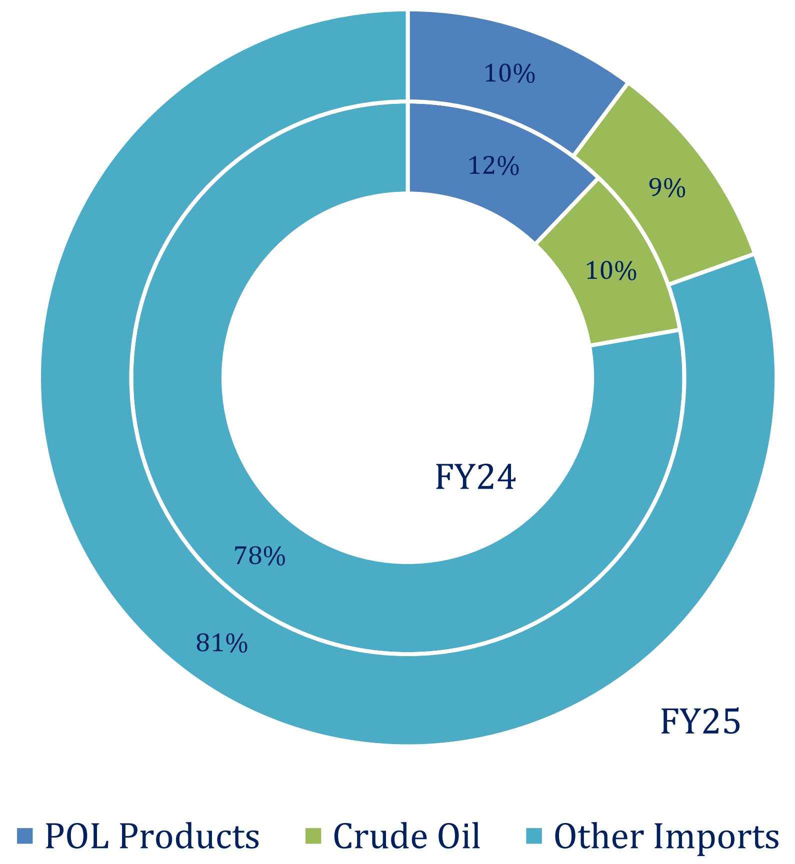
Local | Imports

- Over FY22–FY25, Pakistan imported an annual average of ~12.6mln MT of POL products and ~9.1mln MT of crude oil. POL imports peaked at ~18.2mln MT in FY22 before declining, with only a modest rebound in FY25. Crude imports, after dipping to ~7.8mln MT in FY23, recovered sharply in FY24 and reached a new high in FY25. Petroleum products accounted for ~27% of the country's total import bill in FY25, highlighting their weight in external trade.
- The average Brent crude price declined from USD ~74/bbl in FY24 to USD ~67/bbl in FY25, reflecting a drop of ~9-10%.
- The country's total imports in FY25 inched up to USD ~58.4bln, compared with USD ~54.8bln in FY24.
- Total crude oil imports in FY25 amounted to USD ~5.4bln, broadly unchanged from USD ~5.5bln in FY24.
- Total POL product imports in FY25 stood at USD ~6.0bln, down ~10.3% YoY.
- Collectively, the crude oil and POL products import bill declined to USD ~11.4bln (FY24: USD ~12.2bln). This reduction occurred despite an increase in the quantity of both crude oil and POL product imports, as lower international prices during FY25 offset the impact of higher volumes.

POL Products & Crude Imports (%)

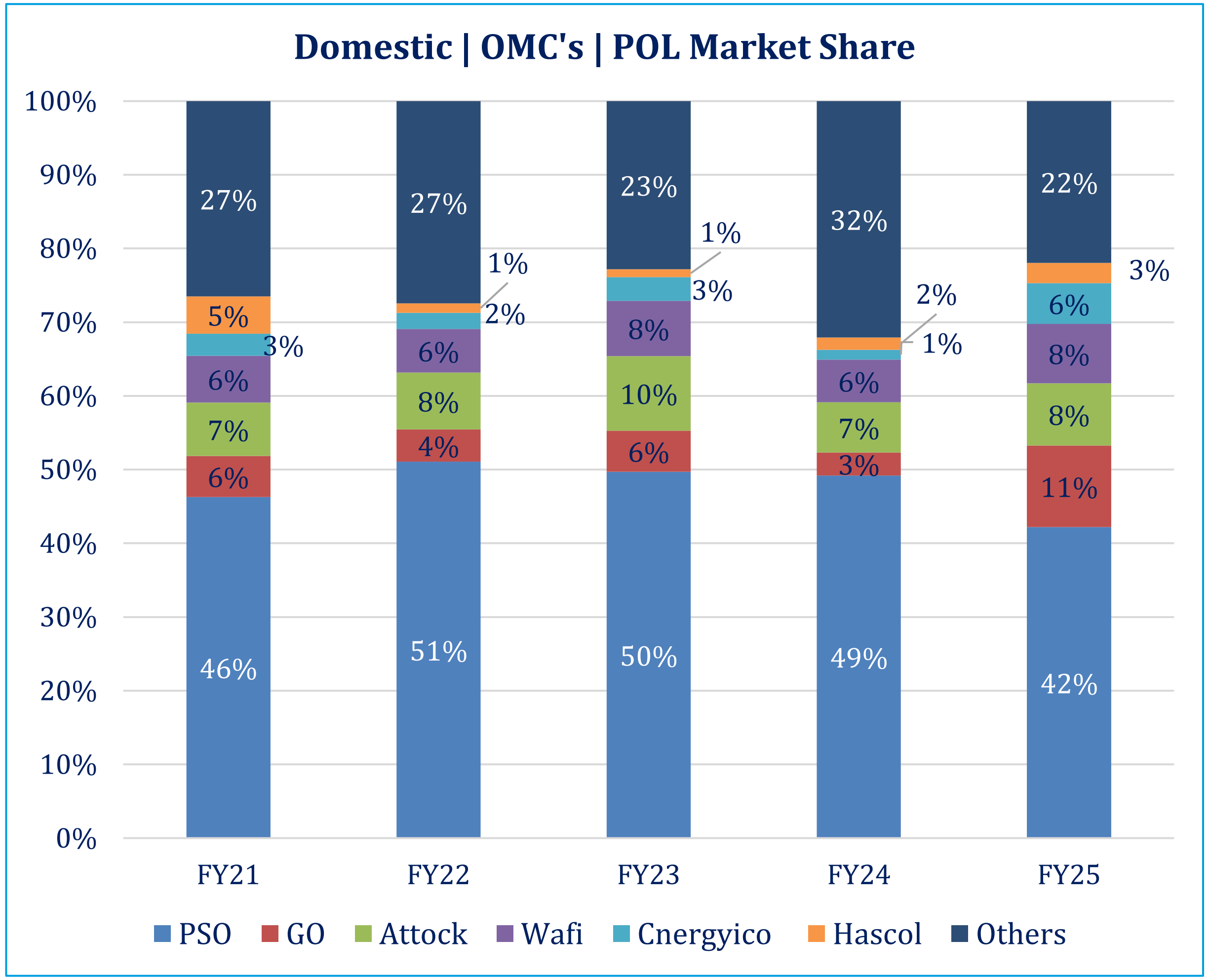


Note: *Other Imports represent country's imports excluding POL products and crude.*

Source: PBS

Oil Marketing Companies & Dealers

Local | Player-wise Market Shares



Top 10 Players | FY25			
OMC	No. of Stations	Share, Sales (MOGAS)	Share, Sales (HSD)
PSO	3,649	43%	44%
GO	1,319	11%	15%
Total PARCO	823	12%	9%
Attock	776	8%	8%
Wafi	547	10%	8%
Hascol	659	4%	2%
Puma	560	2%	2%
Cnergyico	469	2%	2%
BE Energy	519	3%	2%
EOPL	159	1%	1%
Others*	1,067	6%	7%
Total	**10,367**	**100**	**100**

* Latest Available

Source: PACRA Database, OCAC

Oil Marketing Companies & Dealers

Local | Pricing Mechanism

- In Pakistan, the pricing structure of POL products (MOGAS & HSD) is based on six different price components (discussed in the next slide) embedded in a price formula.

- While OMC margin, dealer commission, and the carbon levy are fixed components, the petroleum levy and IFEM remain variable. Petroleum levy is adjusted at the GoP's discretion, whereas IFEM is determined through the freight-pool mechanism. Pursuant to the Finance Act 2024, POL products were reclassified from zero-rated to fully exempt for sales tax purposes, and this exemption has been retained under the Finance Act 2025.

- The starting point for the pricing mechanism is the **'Ex-Refinery Price'.** Previously, OGRA computed this price using PSO's weighted-average import costs along with ~30-day international product prices published in Platts Oilgram. Since 1 September, 2020, the pricing mechanism has shifted from a monthly to a fortnightly cycle, and the benchmark has moved from PSO's import costs to the Platts index. This transition enhances pricing transparency and reduces the industry's exposure to inventory losses.

- As per OGRA Rules, OMCs are required to build storage/depots in different areas of the country to maintain a stock of at least 20 days. This requirement is calculated based on OMC's average daily throughput. Ex-refinery price, Petroleum Levy, Carbon Levy, IFEM, OMC margin along with Dealer Commission add up to Ex-Depot Price.

Source: OCAC, OGRA

Oil Marketing Companies & Dealers

Local | Price per liter Breakdown

Ex-Refinery Price: The refinery output price for finished inventories of HSD and MOGAS. It is variable based on global prices, refinery costs, and margins.

Petroleum Levy (PL) & Carbon Levy (CL): PL is a discretionary, **variable** tax adjusted by GoP as needed. The GoP has raised the maximum cap of PL to PKR ~90/liter for FY26 on both MOGAS and HSD. FY26 budget sets Carbon Levy at PKR ~2.5/liter, with the plan to raise it to PKR 5/liter next year. Sales tax is no longer collected.

In-Land Freight Equalization Margin (IFEM): The element of pricing structure that allows pricing of POL products to remain at par across the country. A freight pool managed by OGRA is developed to keep the prices equalized countrywide. It is variable and revised on a fortnightly basis by OGRA.

Distribution Margin (OMCs): Fixed Commission per liter earned by the OMCs upon sales of HSD and MOGAS to Industrial and retail clients. At present, this is fixed at PKR~7.9 for both MOGAS and HSD by OGRA.

Dealer's Commission: Fixed Commission per liter earned by the dealer or owner of the petrol pump. At present, this is fixed at PKR~8.6/liter for MOGAS and HSD.

Source: OGRA

Oil Marketing Companies & Dealers

Local | Fuel Retail Prices

- In FY25, OMC margins remained broadly steady, averaging PKR ~7.87/liter for MOGAS (FY24: PKR ~7.34/liter) and PKR ~7.89/liter for HSD (FY24: PKR ~7.42/liter). As a proportion of average retail prices, OMC margins for both MOGAS and HSD increased to around 3.0% in FY25, compared to ~2.6% in FY24, reflecting a slight improvement in margin retention year-on-year.
- Petroleum levy rates as of Dec'25 are PKR ~78.01/liter for MOGAS and PKR ~75.41/liter for HSD, with future changes tied to IMF conditions under the EFF, subject to IMF Board approval.
- IFEM varies by product due to differences in transport logistics and end-use: MOGAS is mainly used in private and light commercial transport, while HSD serves commercial transport, industrial operations, and agriculture.
- A revision in margins for OMCs and fuel dealers has been proposed by OGRA to accommodate rising operating and automation costs, though approval remains pending and the revised margins are yet to be enacted.

HSD- Average Retail Price / Litre Composition					
Price Components	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
Cost of Supply	26.19	20.26	40.58	174.95	257.53
IFEM Margin	0.93	1.29	(3.62)	1.82	3.78
OMC Margin	2.86	3.34	4.83	7.42	7.89
Dealer Commission	3.17	3.73	6.63	8.24	8.61
Petroleum Levy by Fed.Govt	20.16	5.47	29.13	57.17	65.23
Sales Tax	108.71	88.57	-	-	-
PDC	-	(7.59)	-	-	-
Max Ex-Depot Sales Price	109.64	145.75	255.44	286.38	260.86

MS- Average Retail Price / Litre Composition					
Price Components	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
Cost of Supply	64.49	131.93	184.85	201.13	170.30
IFEM Margin	3.63	3.94	3.19	5.70	6.67
OMC Margin	2.86	3.35	4.77	7.34	7.87
Dealer Commision	3.72	4.40	6.83	8.18	8.64
Petroleum Levy by Fed.Govt	17.21	7.06	42.57	59.13	63.54
Sales tax	15.63	4.43	-	-	-
PDC	-	(8.12)	-	-	-
Max Ex-Depot Sales Price	107.60	145.85	242.20	281.48	257.34

Source: OGRA, PSO

Oil Marketing Companies & Dealers

OMCs | Business Risk

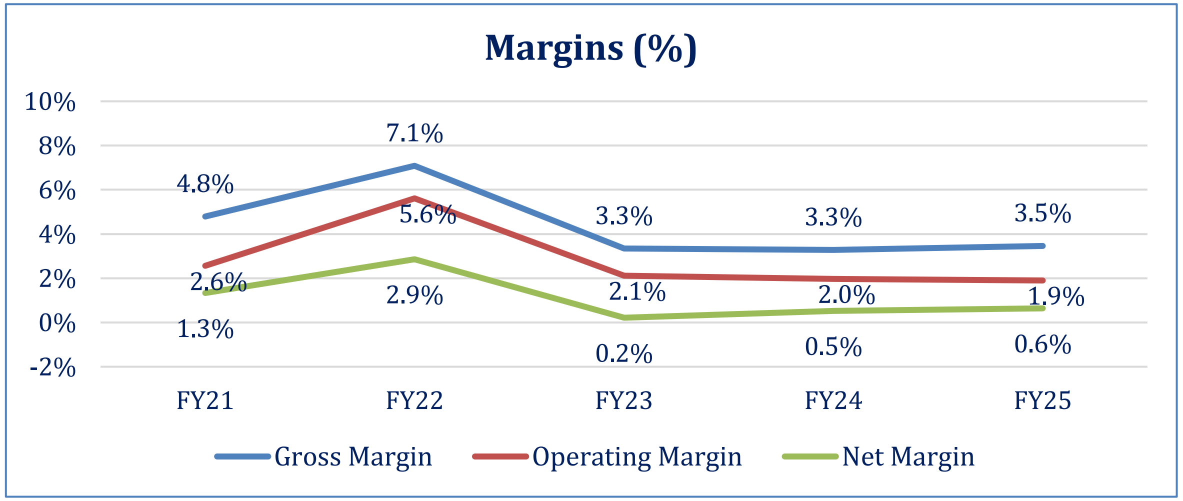
- Margins showed slight improvement from FY24 to FY25 as more stable international oil prices and lower inflation supported better cost management and allowed OMCs to retain incremental profitability despite a largely regulated margin environment.

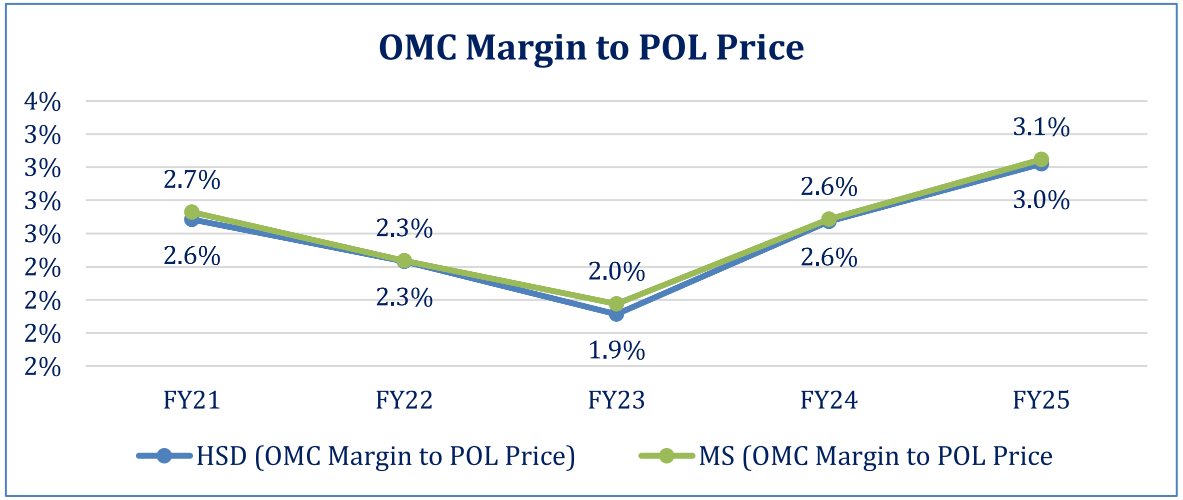
- In terms of gross margin retention, OMCs remain limited to fixed margins determined by the GoP. However, due to recent increases in product prices and periodic adjustments in OGRA-set margins, the margin component as a proportion of overall retail prices improved, rising to approximately 3.1% for MOGAS and 3.0% for HSD, compared to around 2.6% in the previous year.

- Inventory gains and losses also play a significant role in shaping OMC profitability, driven by fluctuations between international oil prices and the fortnightly government-determined domestic pricing.

- Operating margin performance in FY25 was largely unchanged from FY24, underscoring the constraints of regulated margins and indicating that improvements in cost efficiency and volume did not materially translate into operating margin expansion for OMCs during the period.

- Net margins improved modestly in FY25 due to lower finance costs, which helped offset the limited movement in operating margins.





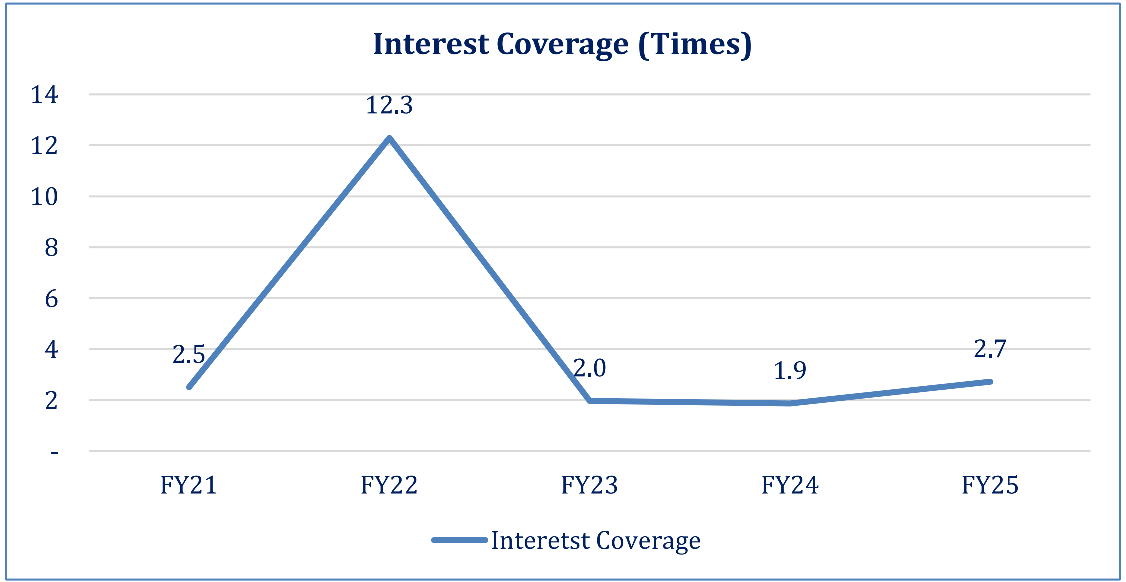
*__Note__: *Data is based on~11 PACRA-rated/listed Sector players. Margins are revenue-weighted.*

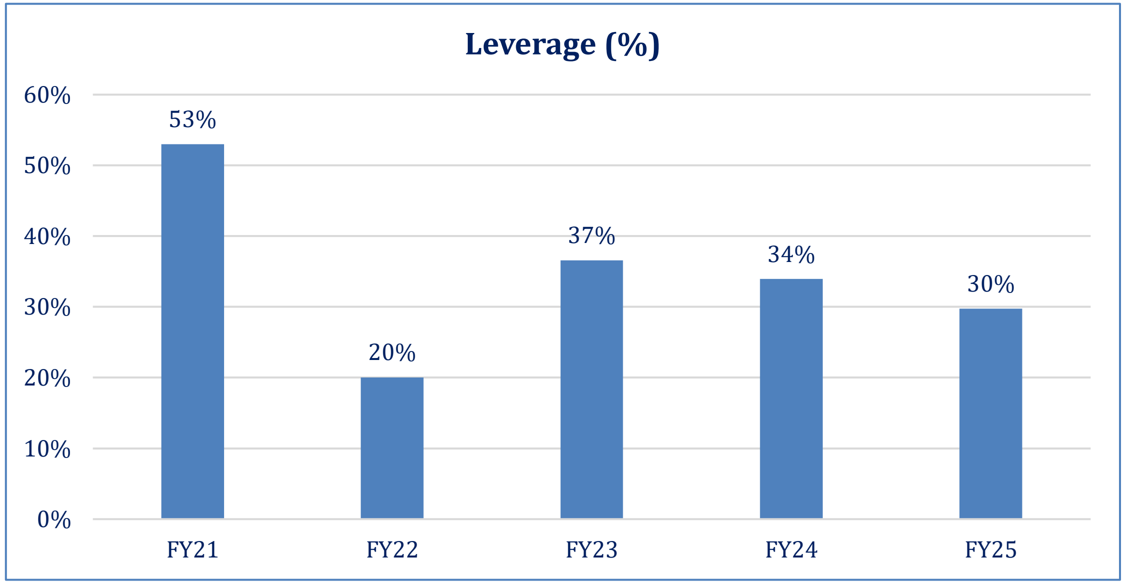
Source: PBS,OGRA, PACRA Database

Oil Marketing Companies & Dealers

OMCs | Financial Risk

- Interest coverage showed a mild recovery in FY25, increasing to 2.7x from 1.9x in FY24, supported by reduced finance costs and marginally improved profitability, though the ratio remains below historical levels, indicating continued sensitivity to borrowing costs.
- The sector remained moderately leveraged, with the average leverage ratio easing to around 30% in FY25 from 34% in FY24. Borrowing requirements continue to be primarily driven by working capital needs related to inventory financing, for which OMCs predominantly rely on short-term borrowings.
- In FY26, leverage is expected to remain moderate, while interest coverage is expected to remain stable barring any unexpected fluctuation in POL product prices.





***Note**: Data is based on~11 PACRA-rated/listed Sector players, coverage is revenue-weighted.*

Source: PACRA Database

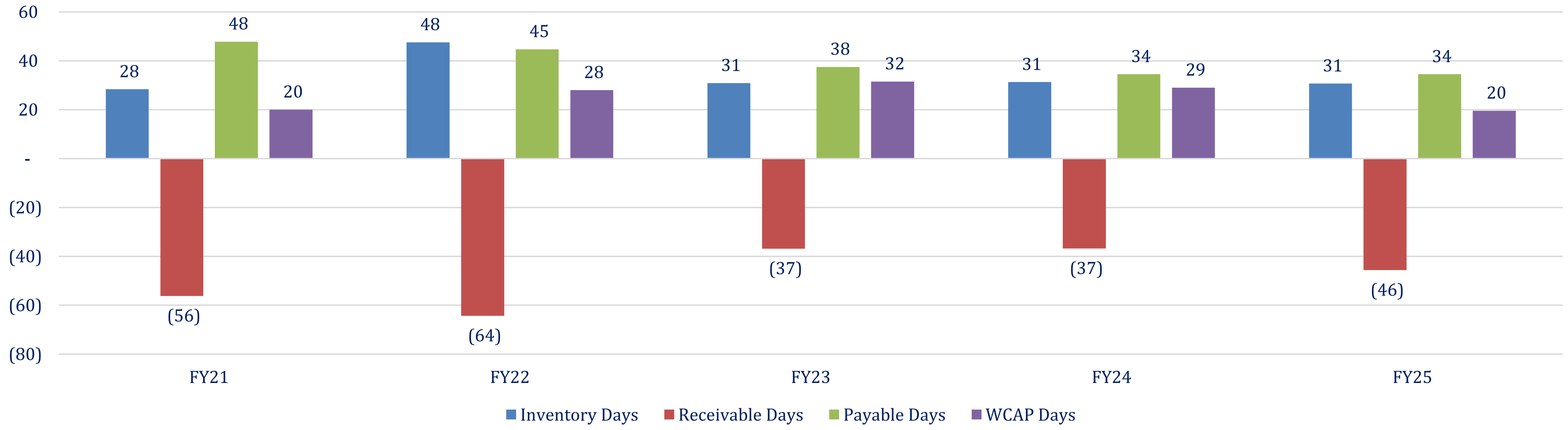
Oil Marketing Companies & Dealers

Oil Marketing Companies | Working Capital Management

- In FY25, the working capital cycle remained broadly efficient for OMCs, with net working capital days improving to 20 days from 29 days in FY24, supported largely by better payable management and steady inventory and receivable days.

- Looking ahead, working capital efficiency will remain contingent on supplier credit terms, with potential tightening likely to exert upward pressure on the working capital cycle. Additionally, the entry of newly licensed market participants seeking to gain share by offering more favorable credit terms may alter competitive dynamics and further influence working capital requirements.

Net Working Capital Days



***Note**: Data is based on ~11 PACRA-rated/listed Sector players.*

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Dealers | Business Risk

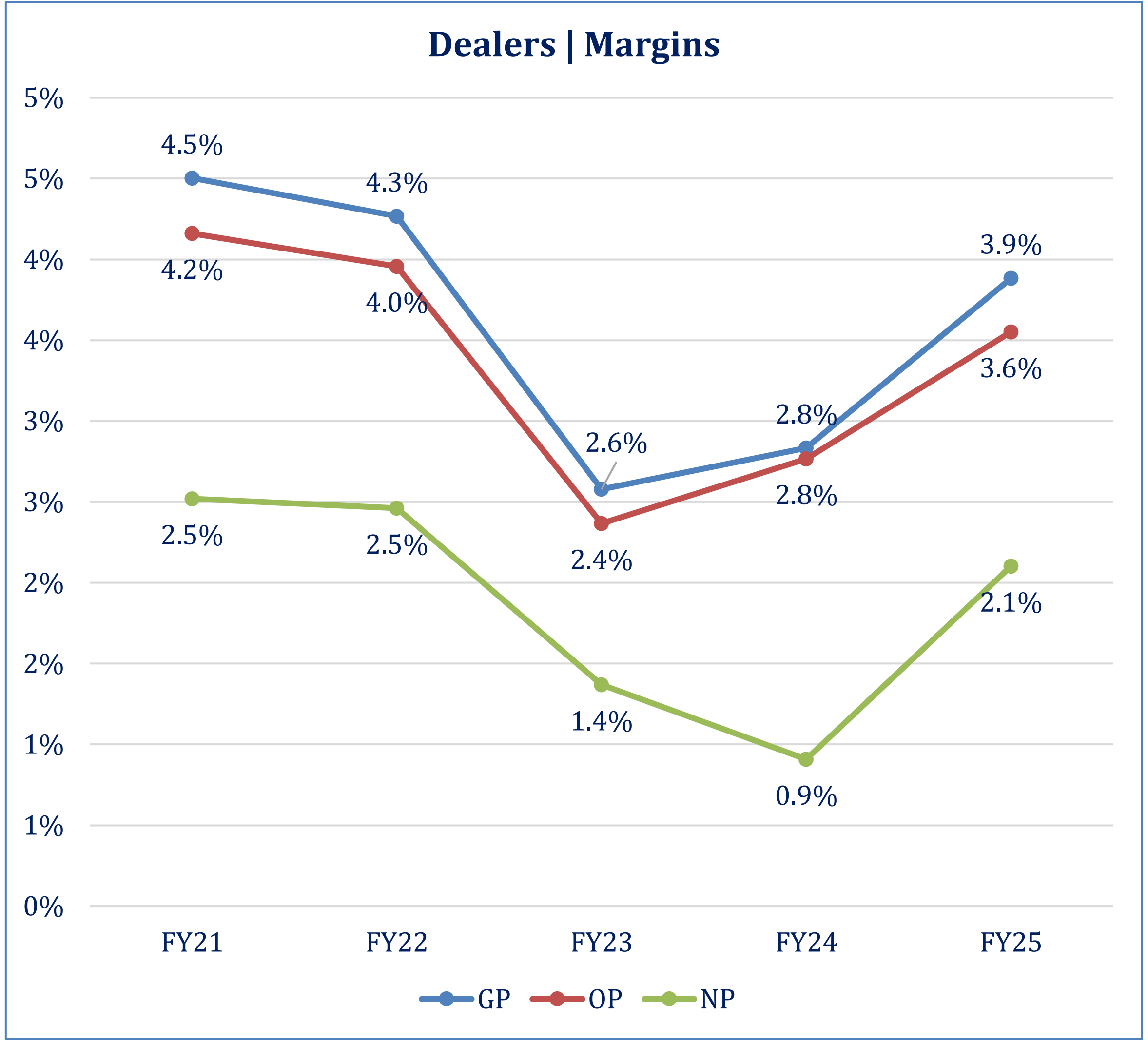
- The segment's revenue base is predominantly supported by its dealership network, with carriage services contributing to a lesser extent. During FY25, improved volumetric sales translated into enhanced margins across all levels—gross, operating, and net. Looking ahead, margins are expected to remain stable in FY26, supported by sustained volume levels and steady market dynamics.

- Average gross profit margins for the dealers increased to ~3.9% during the year (FY25) as the segment saw an increase in revenues and relative decrease in its cost of sales.

- Average operating margins for petroleum product dealers in Pakistan increased to ~3.6% in FY25 (FY24: ~2.8%), primarily supported by higher ancillary and non-fuel income streams, including value-added services and retail offerings.

- Net margins strengthened in FY25 as improved operating margins flowed through to the bottom line.

- In pursuit of continued margin improvement, segment operators plan to increase their carriage income derived from transportation services, which is projected to expand the revenue base and enhance profitability.



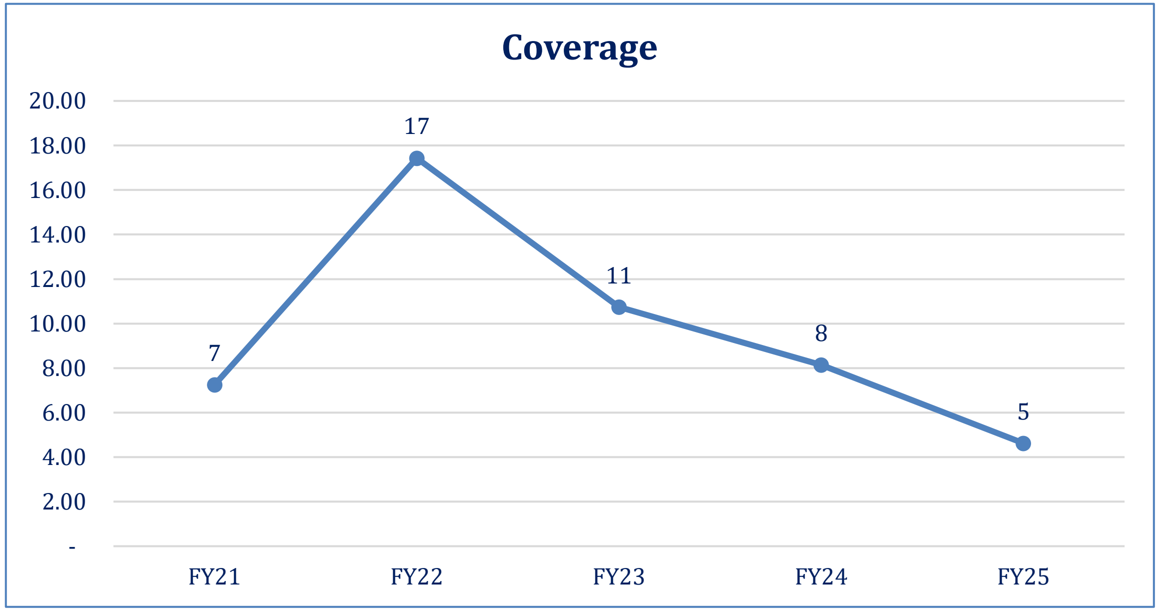
Note: Data is based on PACRA-rated Segment players.

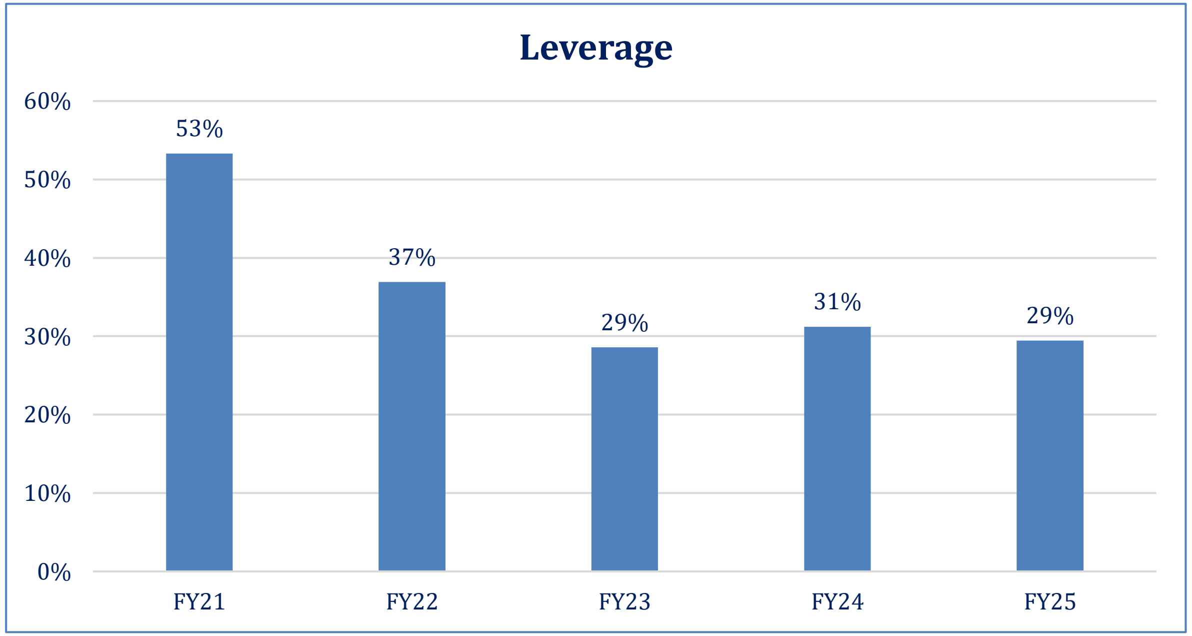
Source: PACRA Database

Oil Marketing Companies & Dealers

Dealers | Financial Risk

- Interest coverage weakened in FY25 as higher borrowing to meet working capital needs elevated finance costs, outweighing the modest improvement in profitability.
- The leverage ratio decreased from ~31% in FY24 to ~29% in FY25.
- Going into FY26, the sustainability of leverage and interest coverage metrics will largely depend on the sector's financing needs and interest rate trajectory; any rise in borrowing or persistent high finance costs could exert further pressure on coverage, despite broadly stable leverage levels.



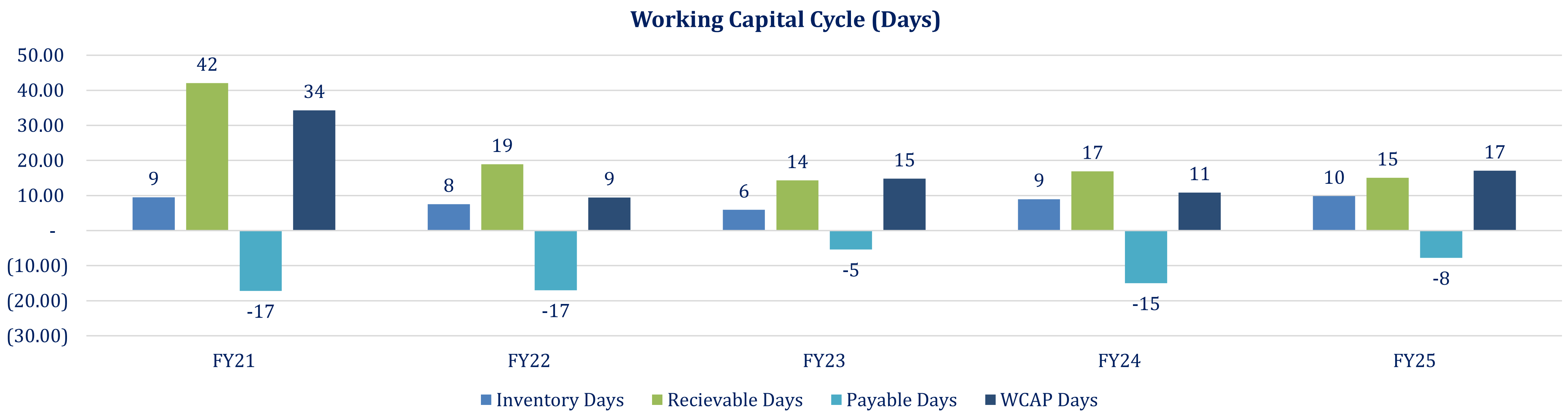


***Note**: Data is based on PACRA-rated Segment players.*

Source: PACRA Database

Dealers | Working Capital Management

- Between FY24 and FY25, the working capital cycle remained largely stable for the segment, with inventory days increasing slightly from ~9 to ~10 days and receivable days edging lower from ~17 to ~15 days. The impact of these movements was mitigated by reduced reliance on supplier credit, as payable days decreased from ~16 to ~8 days, resulting in a small rise in overall working capital days from ~11 to ~17 days.
- The working capital cycle in FY26 may face upward pressure if supplier credit tightens or inventory buffers need to be increased in response to fuel market conditions.



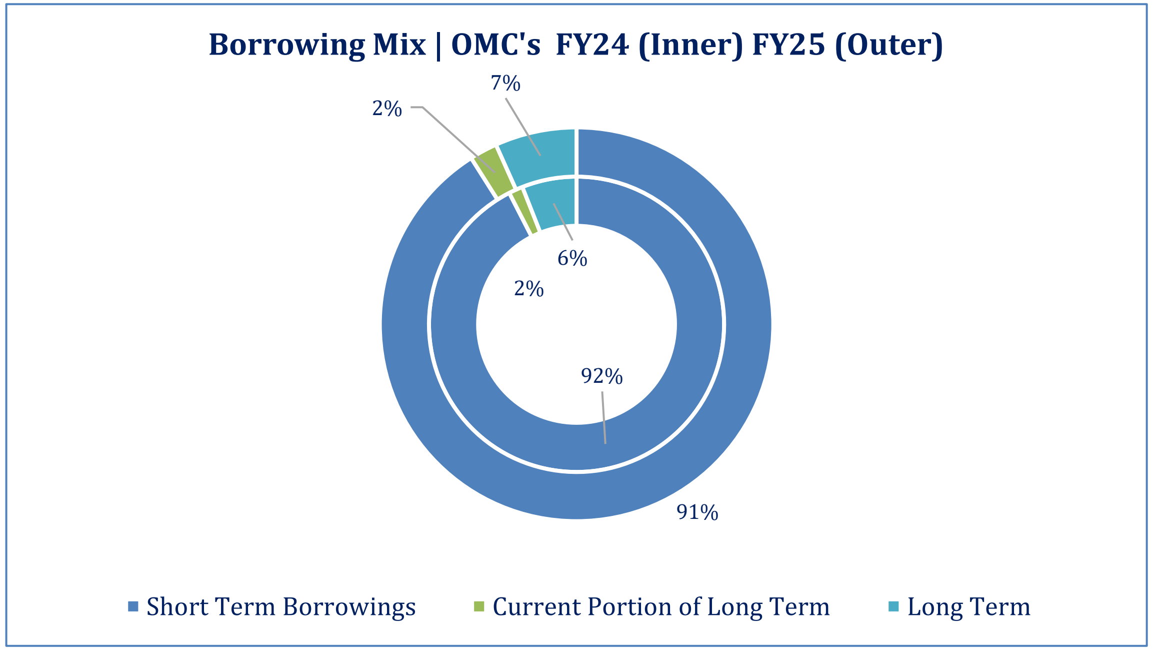
Note: Data is based on PACRA-rated Segment players.

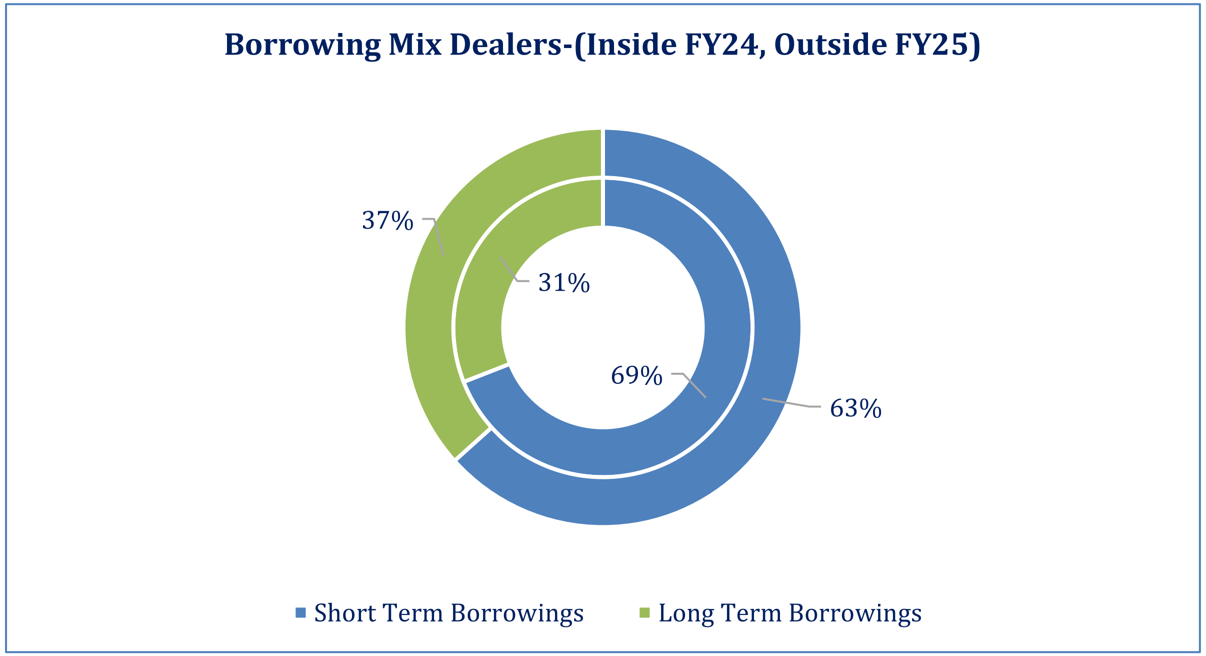
Source: PACRA Database

Oil Marketing Companies & Dealers

Local | Borrowing Mix

- While the borrowing mix remained dominated by short-term facilities, the share of long-term loans increased from 6% in FY24 to 7% in FY25, signaling a modest shift toward longer-tenor funding.
- For Dealers, the borrowing mix indicates a gradual shift toward longer-term financing, with long-term borrowings increasing from 31% in FY24 to 37% in FY25, largely to support outlet expansion and infrastructure upgrades, while reliance on short-term facilities declined from 69% to 63%
- Short-term financing for OMCs remains elevated primarily due to PSO's sizable short-term borrowings, which stood at approximately PKR ~356bln in FY25 (FY24: PKR 404bln), driving the high proportion of short-term debt in the sector's overall borrowing mix.
- OMCs representing around 75% of sector revenues recorded a rise in total borrowings to PKR ~654.1bln in FY25, up from PKR ~569.3blln in FY24.





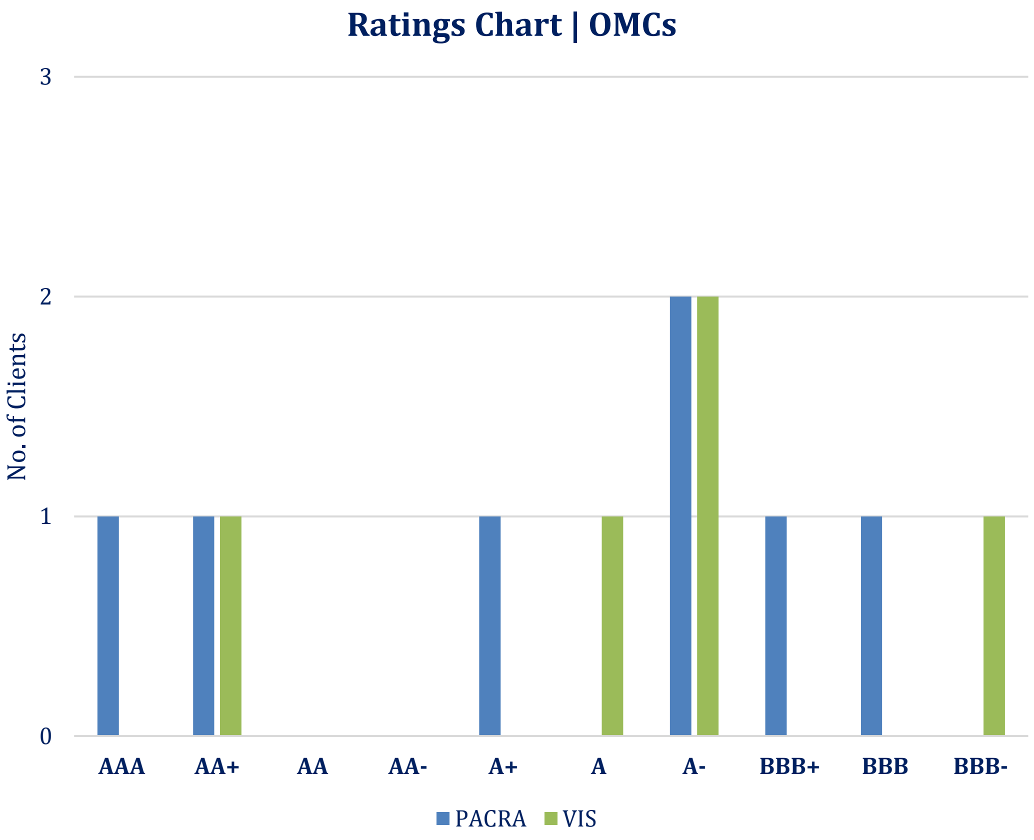
Note: *OMC data consists of 7 OMCs with a combined Market share of ~75%, Dealers data consists of 2 PACRA-rated clients.*

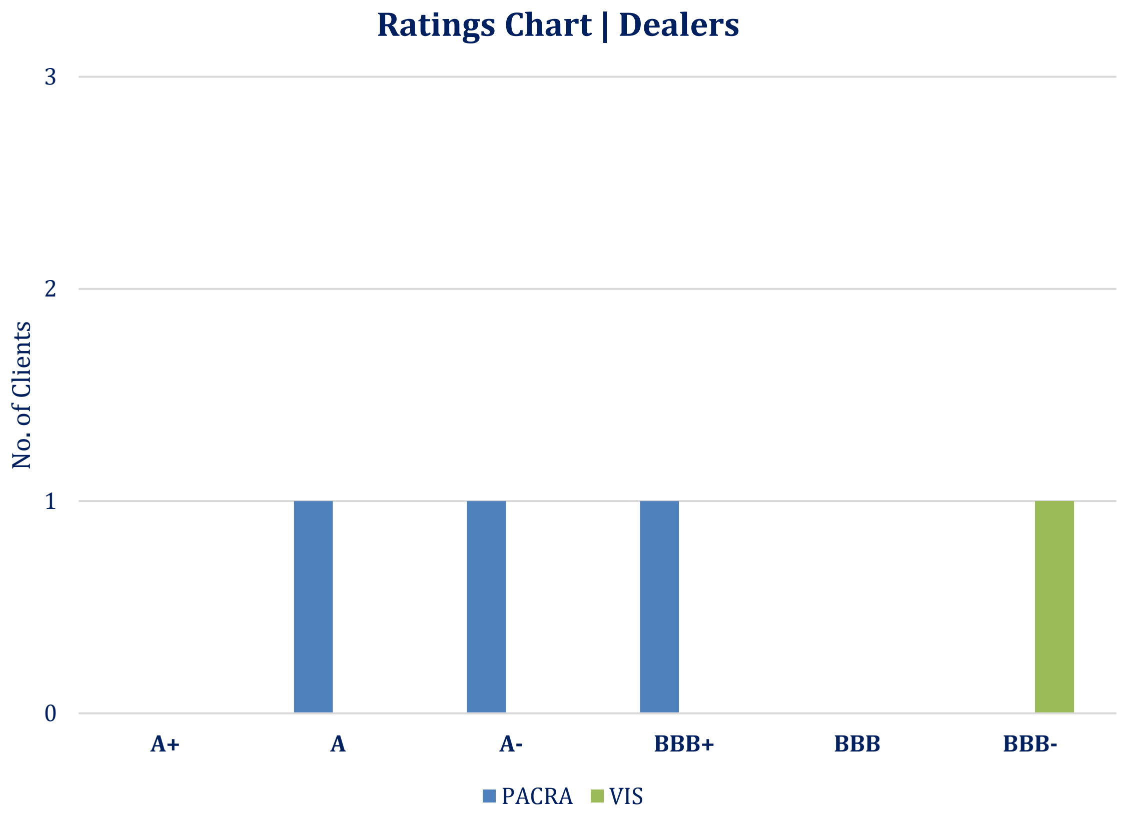
Source: PACRA Database

Oil Marketing Companies & Dealers

Rating Curve

- PACRA rates 10 entities in the sector, in the bandwidth of BBB+ to AAA. These include 7 OMCs and 3 dealers. PACRA also rates 2 debt instruments (Rating: AA) of an OMC.





Source: PACRA Database

Oil Marketing Companies & Dealers

SWOT Analysis

Strengths

- Fixed margins
- Established supply chain
- Strategic importance of the sector
- Wide range of products
- Availability of labor-force
- Basic commodity – low bargaining power of customers

Weaknesses

- Significant reliance on imports
- Strict government regulations
- Circular debt build-up

Opportunity

- Exploration of new markets and development of retail branches
- Black oil export opportunity

Threats

- Shift of power sector to alternate energy sources.
- Exchange rate fluctuations
- Oil price/supply fluctuations
- Low strategic storage capacities
- Geopolitical tensions

Source: PACRA Database

Oil Marketing Companies & Dealers

Outlook: Stable

- Pakistan's economy grew by ~2.7% in FY25 and is projected to post ~3.25% growth in FY26 (SBP forecast). Economic activates are directly co-related to POL product consumption, especially HSD. GDP growth is expected to remain low and, resultantly, POL product demand is also expected to remain subdued.
- POL product consumption was ~18.5mln MT in FY25 (FY24: ~ 16.9mln MT). Although there was volumetric increase, this is mainly attributable to increase in FO exports and consumption, a relatively low margin product for OMCs. The profitability of OMCs increase due to relatively higher volumetric sales, stable operating costs and lower interest rates, leading to better net profit.
- During 5MFY26, the volumetric sales of POL products were ~6.4mln MT, roughly the same compared to last year (5MFY25 Sales: ~6.4mln MT). The stagnant sales reflect subdued economic activity. In November 2025, the volumetric sales of both HSD and Mogas declined on a YoY basis.
- The global oil prices averaged USD ~67/bbl for FY25 and stood at USD ~ 66.1/bbl in 5MFY26. The global oil prices have remained stable and stayed between USD 55-60 range. Despite major geo-political conflicts, the oil prices have not spiked depicting uncertainty and weak economic output worldwide. The prices are not expected to rise substantially, unless there is a major supply side shock.
- Meanwhile, PKR has also remained stable and not causing any price hikes due to currency depreciation. These factors contribute significantly to POL product prices in Pakistan. The levy and other such charges are expected to remain high given substantial revenue generation for the Government on this front.
- Interest rates declined to ~11% and inflation remains under control. The reduction in interest rates reduces debt services burden for OMCs and dealers, resulting in better coverages and net margins.
- The country's transport segment continued to be the major consumer for POL products and this trend is expected to sustain. Pakistan is also adopting the global trend of hybrid and electric cars, shifting away from traditional combustion engines, although their proportion in overall automobile sales remain low. This shift is also happening in the 2-wheeler category. The arrival and acceptance of Chinese players in the market in both 2 and 4-wheeler segments (electric shooties, Haval and BYD), could mean that the share of the transport sector in fuel consumption may decline in the long run. OMCs and dealers may have to adapt to this change by opening charging stations as well. Power sector consumption is expected to remain low given shift to cheaper fuel sources and influx of Solar generated energy in the national grid.
- The sector has seen influx of new players with 8 license issued to OMCs in FY25. Although Shell and Total exited Pakistan, the world's largest oil company, Aramco, has opened its first filling station in Pakistan, with acquisition of ~40% equity stake in GO Petroleum. Additionally, Gunvor Group and Wafi Energy, two renowned names in the oil sector, have acquired Total's stake in Total PARCO and Shell's shares, respectively. Their investment in this sector demonstrates the interest of international players in Pakistan's oil marketing industry, signaling a better economic outlook in the near future.

Oil Marketing Companies & Dealers

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