SECTOR STUDY . JUNE 2026

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Oil Transportation & Storage

Research Team

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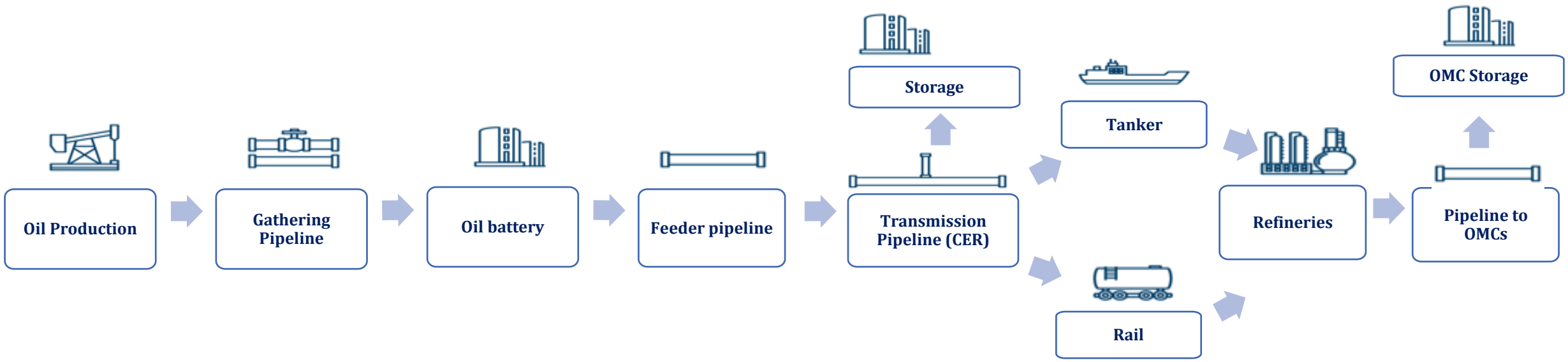
Introduction

- There are two main types of oil pipelines: Crude Oil pipelines and Product Pipelines. Crude oil pipelines transport Crude Oil from oil wells to refineries. In contrast, Product pipelines carry refined products such as Gasoline, Kerosene, Jet Fuel, and Heating Oil from refineries or import terminals to the oil marketing companies' storage.

- After extraction, pipelines carry Crude Oil to processing or storage facilities, where it is stored before being transferred into feeder pipelines. These are connected to nationwide pipeline networks in operation. Refineries receive the crude oil through nationwide pipelines, process it and subsequently, pump the refined petroleum products back into the pipeline network. The supply chain for POL products, either refined or unrefined, mainly comprises oil tankers, trucks, railroads, and pipelines.



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Global | Crude Oil Pipelines

- The global pipeline network is broadly categorized into oil and gas pipelines. As of End-Mar'25, the total worldwide length of operating oil transmission pipelines stood at ~345,110Km (End-May'24: ~324,871Km), an increase of ~6.2%.

- The top 5 countries based on the operating crude oil pipeline are the USA, Russia, China, Canada and Iran. Among them, oil pipelines in China, Russia and Iran are entirely state-owned. Country-specific data reveals that the USA and Russia accounted for ~40.2% share (SPLY: ~41.0%) of operational oil pipelines as of Mar'25.

- A total of ~12,313Km of crude oil transmission pipelines were being constructed in the world, as of Mar'25. Iran and India together were constructing ~39.4% of this, followed by Russia with ~15.4% share. However, Iran's pipeline expansion plans have been significantly disrupted following Israeli airstrikes in March 2026 on key oil and gas infrastructure, shifting the country's focus from new construction to damage repair and reconstruction.

Crude Oil Pipelines by Country (End-Mar'25)	Operating (Km)	Operating Share (%)
United States	86,939	25.2%
Russia	51,707	15.0%
China	34,559	10.0%
Canada	15,828	7.8%
Iran	14,474	4.6%
India	9,254	2.7%
Pakistan	941	0.3%
Rest of the World	118,953	34.5%
World	**345,119**	**100%**

Crude Oil Pipelines by Country (End-Mar'25)	Under Construction (Km)	Construction Share (%)
India	2,824	22.9%
Iran	2,028	16.5%
Russia	1,894	15.4%
China	1,446	11.7%
Iraq	1,155	9.4%
Rest of the World	2,966	24.1%
World	**12,313**	**100%**

Note: *Data is recorded as of Mar'25; bpd – barrels per day. bcm = billion cubic meters*
**Latest Available data*

Source: Global Energy Monitor, IEA, S&P Global

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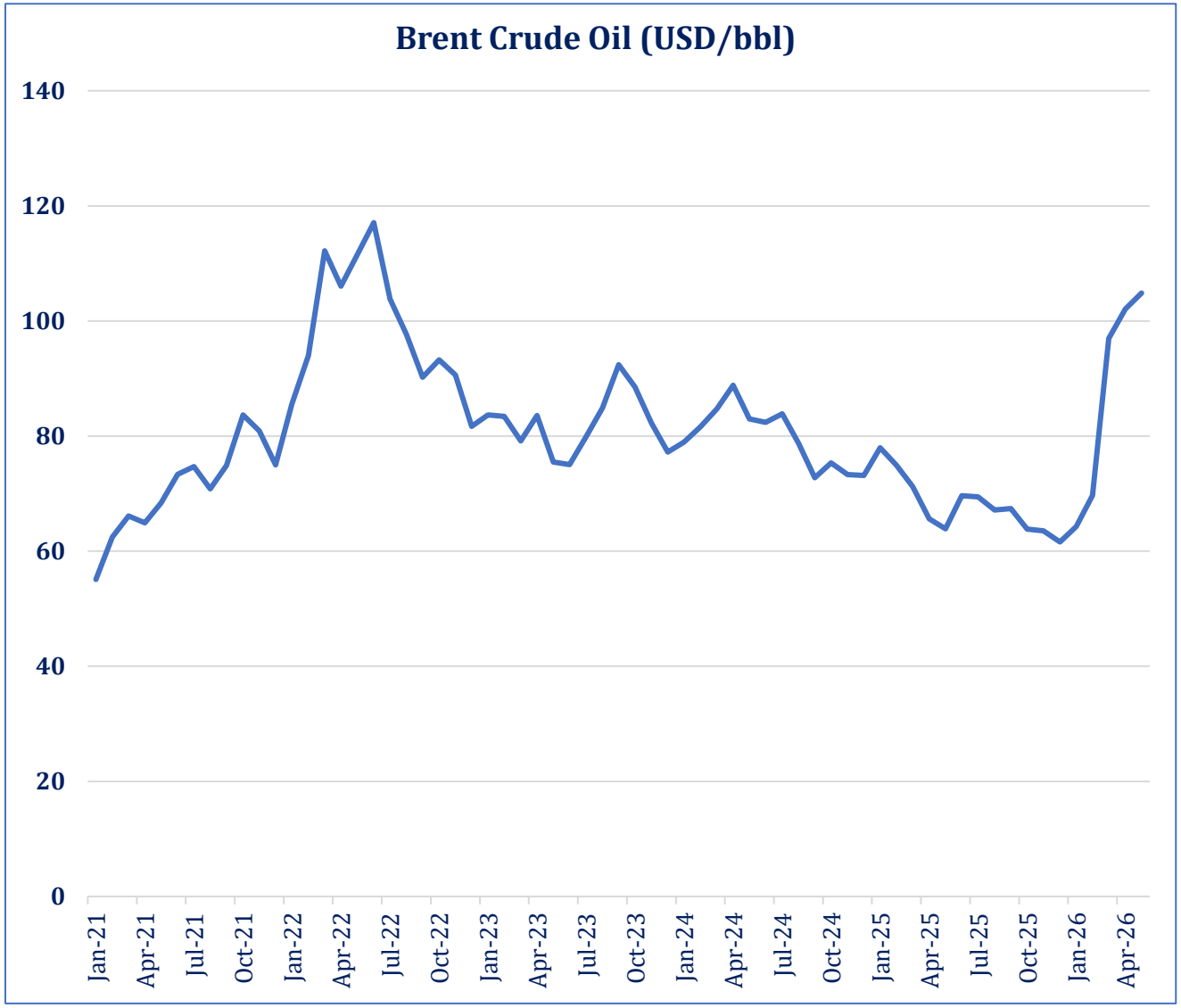
Global | Oil Dynamics

- Brent crude oil prices reached multi-year highs end–Mar'26 onward as geopolitical tensions in the Middle East escalated significantly, disrupting oil flows through the Strait of Hormuz , one of the world's most critical energy chokepoints through which a substantial share of global crude passes. Brent prices surged to above USD~100/bbl by early 2026, reflecting the market's pricing in of supply risk. As of the end of May 2026, prices have pulled back to around USD 92/bbl amid ongoing diplomatic efforts, though markets remain volatile given the unresolved nature of the conflict and lingering uncertainty around shipping through the Strait.

- Before 2026, prices have been on a broadly declining trend since their peak of ~USD 117/bbl in mid-2022, which was driven by supply disruptions following the Russia-Ukraine conflict. Prices gradually moderated through 2023 and 2024, averaging around USD 80-85/bbl, as global supply improved and demand growth slowed, particularly in China.

- Through most of CY24 and into early CY25, Brent prices softened further, trading in the USD 60-70/bbl range as OPEC+ production decisions and modest global demand growth kept markets relatively balanced. This period of relative price stability provided some relief to oil-importing economies, including Pakistan.



Note: *Data is recorded as of May'26; bpd – barrels per day*

Source: Energy Institute, IEA

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Global | Oil Dynamics

- Global crude oil production stood at ~3,603 mn MT in CY24, slightly down from ~3,641 mn MT in CY23, marking the first annual decline after three consecutive years of growth. North America remained the largest producing region after the Middle East, with output growing steadily to ~795 mn MT in CY24, while the Middle East saw a decline to ~1,144 mn MT, reflecting production management by OPEC member countries. South and Central America continued its upward trajectory, reaching ~348 mn MT in CY24 as newer producers such as Guyana ramped up output.
- On the consumption side, global crude demand grew modestly to ~3,481 mn MT in CY24, up from ~3,457 mn MT in CY23, reflecting a continued but slower pace of recovery compared to the post-pandemic rebound years. North America remained the largest consuming region at ~1,242 mn MT, followed by Europe at ~673 mn MT. The Middle East and Africa recorded consistent consumption growth over the period, driven by rising populations and expanding industrial activity, while Asia Pacific consumption remained relatively stable at ~359 mn MT in CY24.

Crude Oil Production (mn MT)					
Period	**CY20**	**CY21**	**CY22**	**CY23**	**CY24**
Crude Extraction	**3,417**	**3,447**	**3,620**	**3,641**	**3,603**
Middle East	1,095	1,104	1,244	1,183	1,144
N. America	704	703	737	785	795
Europe	614	621	620	613	590
CIS	429	426	421	424	419
S. & Cent. America	275	277	299	330	348
Africa	291	308	292	301	303
Asia Pacific	8	7	6	5	5

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

Note: *Differences between these world consumption figures and world production statistics are accounted for by stock changes, consumption of non-petroleum additives and substitute fuels. Latest available data as of CY24.*

Source: Energy Institute, IEA

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Global | Trade

- **Crude Exports**: In CY24, major crude oil exporters included Saudi Arabia, Russia, and the USA, with these forming ~53.2% of the total ~2,269.8 mn MT crude oil exported. Saudi Arabia remained the largest single exporter with a ~13.2% global share, though its exports declined by ~9.2% YoY reflecting continued OPEC+ production cuts. Russia maintained its position as the second largest exporter at ~9.9% share (-6.7% YoY), while the USA showed resilience with a positive ~2.0% YoY growth, nudging its share to ~9.0%. Canada and Iraq both saw declines of ~4.9% and ~3.0% respectively, whereas the UAE recorded growth of ~2.5% YoY. ROW, accounting for the largest share at 46.8%, grew modestly by ~1.2% YoY, suggesting export activity outside major producers remained relatively stable.

- **Crude Imports**: The top three global importers of crude oil were China, Europe OECD, and the USA forming ~58.0% of the total crude oil imported globally during CY24. China remained the largest crude oil importer with a ~24.2% share, recording ~2.0% YoY higher imports signaling continued economic and refinery activity recovery. Europe OECD imported ~1.0% lower crude oil YoY, with its share steady at ~23.3% while India recorded strong growth of ~2.5% YoY, consolidating its position as the third largest importer at 10.5% share. Japan saw the steepest decline among major importers at ~8.9% YoY. ROW, representing 16.5% of global imports, grew by ~ 2.8% YoY, indicating rising demand from emerging markets outside the major importing blocs.

Country	Exports | mn MT (CY24)	Share, Global Exports (%)	YoY Δ
Saudi Arabia	300.3	13.2%	-9.2%
Russia	224.7	9.9%	-6.7%
USA	204.1	9.0%	+2.0%
Canada	177.2	7.8%	-4.9%
Iraq	167.1	7.4%	-3.0%
UAE	134.9	5.9%	+2.5%
ROW	1,061.5	46.8%	+1.2%
World	**2,269.8**	**100%**	-0.2%

Country	Imports | mn MT (CY24)	Share, Global Imports (%)	YoY Δ
China	549.9	24.2%	+2.0%
Europe OECD	529.9	23.3%	-1.0%
India	238.0	10.5%	+2.5%
USA	327.2	14.4%	+1.7%
South Korea	137.0	6.0%	+0.9%
Japan	115.3	5.1%	-8.9%
ROW	372.6	16.5%	+2.8%
World	**2,269.8**	**100%**	-0.2%

Note: *Data is recorded as of May'24; bpd – barrels per day. bcm = billion cubic meters*

Source: Global Energy Monitor, IEA, S&P Global

Oil Transportation & Storage

Local | Snapshot

- Pakistan's oil movement is predominantly carried through road transport, comprising ~70% of total movement in FY25, followed by pipelines at ~28% and railways at ~2%.
- For 9MFY26, oil throughput* from pipelines stood at ~4.0mn MT with gross revenue recorded at PKR~22,702mn, reflecting continued momentum in pipeline utilization.
- In FY25, Sector gross revenue increased by ~32.7% YoY to PKR~29,537mn, supported by a strong rebound in oil throughput to ~5.1mn MT (FY24: ~3.8mn MT), up ~33.2% YoY, reflecting higher pipeline utilization as MOGAS volumes via WOP continued to grow following the CY21 multiproduct upgrade.
- Pipelines remain the most cost-effective and safest mode of petroleum transportation, though the Sector remains underutilized relative to its designed capacity, with room for meaningful improvement as domestic POL demand grows and OMC reliance on pipeline transportation increases. Pakistan's operational oil pipeline network spans over ~2,000Km, primarily transporting HSD, MOGAS and Crude Oil.
- PARCO and PAPCO collectively control all four of Pakistan's major oil pipelines. Other players in the Sector, along with refineries, operate pipelines exclusively for internal use and not for commercial transportation.
- The government has announced a phased plan to shift oil movement from road to pipeline infrastructure to reduce transportation costs and lower consumer prices. As a further step, MOGAS transportation share via White Oil Pipeline (WOP) was raised to 60% effective October 2025.

Particulars	Units	FY23	FY24	FY25	9MFY26
Gross Revenue	PKR mn	21,139	22,254	29,537	22,702
Major Oil Pipelines	No.	4	4	4	4
Structure	Regulated				
Oil Throughput	000 MT	4,166	3,829	5,104	4,041
Regulator	Oil & Gas Regulatory Authority (OGRA)				
Association	Oil Companies Advisory Council (OCAC)				
Key Players	Pak Arab Refinery Company (PARCO) & Pak Arab Pipeline Company (PAPCO)				
Products Transported	Crude Oil, High Speed Diesel (HSD) and Motor Gasoline (MOGAS)				

Note: *Data is based on PAPCO numbers having a market share of more than~50%. This report only includes oil pipelines. Gas pipelines are covered in the PACRA Gas distribution report. *Oil Throughput figures represent volumes transported through PAPCO's White Oil Pipeline exclusively*

Source: OCAC, PARCO, PACRA Internal Database

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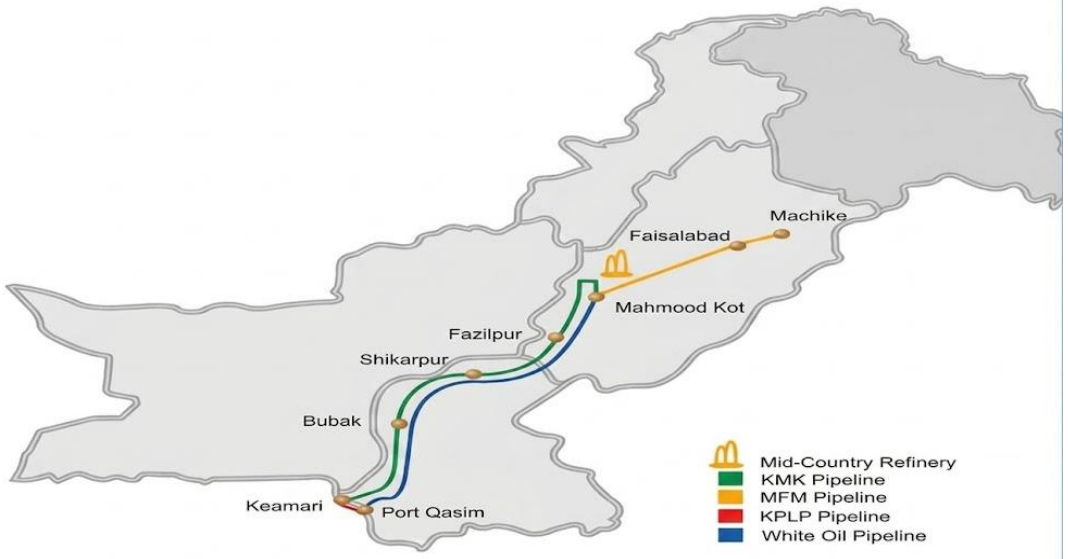
Local | Pipeline Network

- The entire up-country demand for HSD and MOGAS is efficiently met through an integrated pipeline system. PAPCO's WOP transports these fuels from Karachi to Mehmoodkot, while PARCO's Mehmoodkot-Faisalabad-Machike (MFM) pipeline extends supply further to Sheikhupura.
- PARCO and PAPCO converted the two pipelines from single product (HSD) to multiproduct (HSD and MOGAS) in FY21, with an investment of USD~194mn. Current WOP transportation capacity stands at ~8mn MT/year, expandable to ~12mn MT/year.
- MOGAS transportation share via the WOP has been progressively increased, rising to 60% effective October 2025, under a gradual transition plan approved by the Ministry of Energy (Petroleum Division).
- A fifth pipeline, Machike-Thalian-Taru Jabba (MTT-WOP), spanning 477 Km, is under construction under SIFC backing, aimed at completing Pakistan's oil pipeline backbone from Karachi to Peshawar with an initial capacity of 7mn MT/year, expandable to 10mn MT/year.

Pipeline	Year Commissioned	Operated by	Length (Km)	Route	Product
Karachi-Mahmoodkot (KMK)	1981	PARCO	870	Keamari, Bubak, Shikarpur, Fazilpur, Mahmoodkot	Crude Oil
Mahmoodkot-Faisalabad-Machhike (MFM)	1997	PARCO	362	Mahmoodkot, Faisalabad, Machhike	HSD
White Oil Pipeline (WOP)	2005	PAPCO	786	Port Qasim, Shikarpur, Mahmoodkot	HSD, MOGAS
Korangi-Port Qasim link	2006	PARCO	22	Port Qasim, Keamari	Multi-Purpose



Source: PARCO, PAPCO

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Upgradation & Expansion | White Oil Pipeline

- **Upgradation of MFM Pipeline:** In FY22, the Pakistan Light Oil Pipeline MFM MOGAS (MFM MP) Phase-II Reconstruction and Expansion project was completed. The terminal station-3 and terminal Station-4 are located in Faisalabad and Sheikhupura, respectively.

- **Construction of WOP finalized with SIFC backing:**

  - The Machike-Thalian-Taru Jabba White Oil Pipeline (MTT-WOP), spanning ~477Km, is a flagship infrastructure initiative backed by the Special Investment Facilitation Council (SIFC). The consortium agreement was signed in September 2024 between key stakeholders, including FWO, PSO, PAPCO, and ISGS, at the SIFC Secretariat, PM Office.

  - The project comprises two segments, Machike-Thalian and Thalian-Taru Jabba, running parallel to the motorway, with connectivity to Attock Refinery, Chak Pirana, and Faqirabad. Upon completion, it will extend Pakistan's oil pipeline backbone from Karachi to Peshawar, completing the full north-south supply chain.

  - Once operational, the pipeline will increase the Sector's annual transportation capacity from the current ~7.0mn MT to ~10.0mn MT, while significantly reducing transportation costs, minimizing fuel adulteration risk, and improving supply chain safety. However, physical construction is yet to formally commence pending finalization of the financing and tariff framework, including ongoing discussions on USD-based returns with potential foreign investors

Source: Ministry of Energy, OCAC, PAPCO, PACRA Internal Database

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Pricing and Taxes

- The Sector generates revenue through throughput agreements with OMCs and refineries. PAPCO has been awarded a 25-year tariff plan by OGRA following a competitive bidding process. The HSD tariff was finalized with the Government of Pakistan at the pipeline's inception in FY00, accompanied by a minimum throughput guarantee of ~8 years to support initial operations. The 25 year plan has completed its original cycle, but based on PAPCO's continued revenue recognition and ongoing operations, the tariff arrangement appears to remain in effect although an official announcement is yet to be released.
- MOGAS transportation through the WOP has been assigned a separately determined tariff by OGRA, fixed for ~20 years in line with the project's lifespan. The tariff is denominated in USD and payable in PKR at the prevailing exchange rate on the date of payment, providing the Sector a natural hedge against PKR depreciation.
- Sales tax applicable on the Sector stands at ~18.0%, unchanged for FY26. The import of Crude Oil is subject to a customs duty of ~3.0%, an additional customs duty of ~2.0%, federal excise duty (FED) of ~5.0% and income tax of ~12.0%.Among petroleum products, MOGAS and HSD are each subject to an additional customs duty of ~2.0%, a regulatory duty of ~10.0% and income tax of ~12.0%.
- A Carbon Levy of PKR 2.50/litre was introduced on petroleum products in FY26, rising to PKR 5.0/litre in FY27, as part of Pakistan's IMF-linked fiscal framework and broader energy transition strategy.

White Oil Pipeline Tariff Structure		
High Speed Diesel	Karachi-Mahmoodkot	Karachi-Shikarpur
	USD/MT	
1st five years	15.889	10.068
2nd five years	15.342	9.770
3rd five years	13.252	8.476
4th five years	10.416	6.884
5th five years	9.670	6.387

White Oil Pipeline Tariff Structure	
Motor Gasoline	USD/MT
Karachi-Mahmoodkot	11.27
Karachi-Shikarpur	6.43

Source: OGRA , PACRA Internal Database

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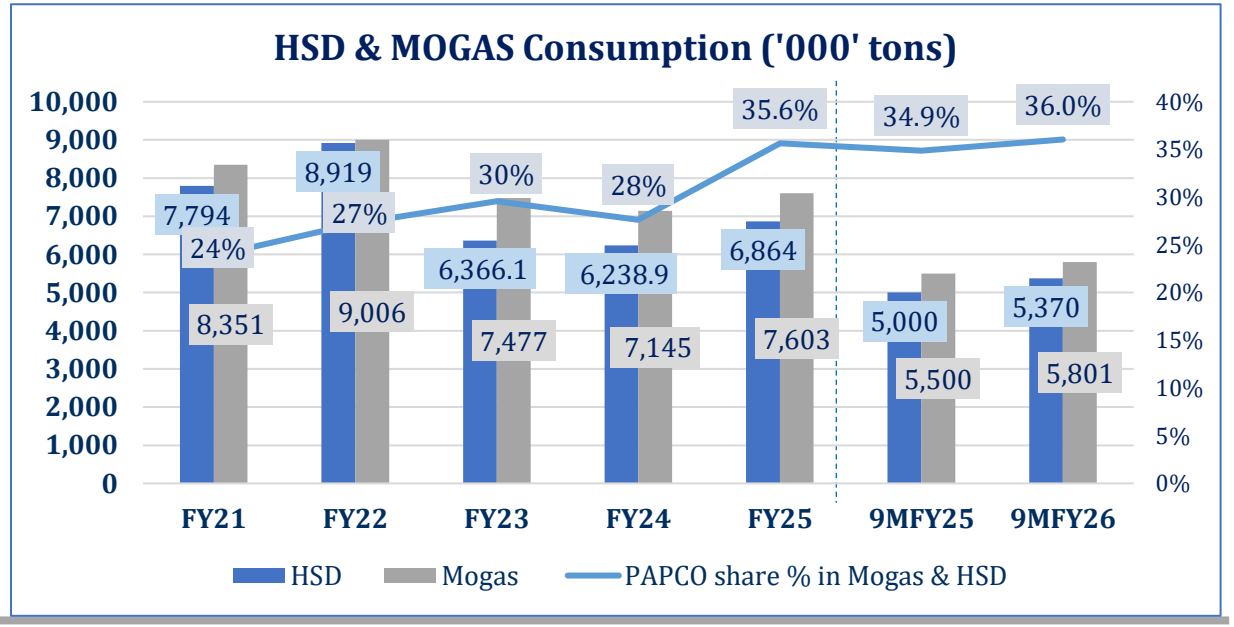
Local | Demand

- In 9MFY26, total POL consumption stood at ~13.5 mln MT, broadly in line with 9MFY25 levels of ~13.2 mln MT, suggesting stable domestic petroleum demand. The demand for POL products in the last quarter of FY26 is expecting to remain low due to very high domestic prices. This would impact consumption, especially for MOGAS. On a full-year basis in FY25, POL consumption recovered meaningfully to ~18.1 mln MT in FY25, up ~9.0% from ~16.6 mln MT in FY24, driven primarily by a rebound in white oil consumption to ~15.7 mln MT. MOGAS led the recovery at ~7.6 mln MT, up ~7.0% YoY, while HSD grew to ~6.9 mln MT, up ~11.3% YoY, reflecting improved economic activity and a pickup in transport sector demand.

- In 9MFY26, PAPCO's share in combined HSD and MOGAS transportation stood at ~36%, with MOGAS volumes of ~5,801 thousand MT surpassing HSD volumes of ~5,370 thousand MT for the first time, marking a meaningful shift in the pipeline's product mix toward motor gasoline transportation. Looking at the broader trend, PAPCO's pipeline share has grown steadily from ~24% in FY21 to current levels, supported by the CY21 multiproduct upgrade of the White Oil Pipeline and the phased increase in MOGAS pipeline share to 60% effective October 2025, reflecting the Sector's growing role in Pakistan's petroleum supply chain.

POL Consumption (mn MT)							
Period	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**9MFY25**	**9MFY26**
White Oils	**16.9**	**18.8**	**14.9**	**14.5**	**15.7**	**11.5**	**11.9**
MOGAS	8.4	9.0	7.5	7.1	7.6	5.5	5.8
HSD	7.8	8.9	6.4	6.2	6.9	5.0	5.4
JP-1/ JP-8	0.4	0.5	0.6	0.8	0.7	0.6	0.4
Others*	0.3	0.4	0.3	0.2	0.5	0.4	0.3
Black Oils	**3.2**	**4.3**	**2.6**	**2.2**	**2.5**	**1.7**	**1.6**
RFO	3.2	4.3	2.6	2.2	2.4	1.7	1.6
Total	**20.1**	**23.1**	**17.4**	**16.6**	**18.1**	**13.2**	**13.5**



Note: *Petroleum imports include HSD, Crude Oil, JP-1 & MOGAS. * Includes Kerosene, LDO, 100 LL, NAPTHA and HOBC.*

Source: OGRA, OCAC, PBS,

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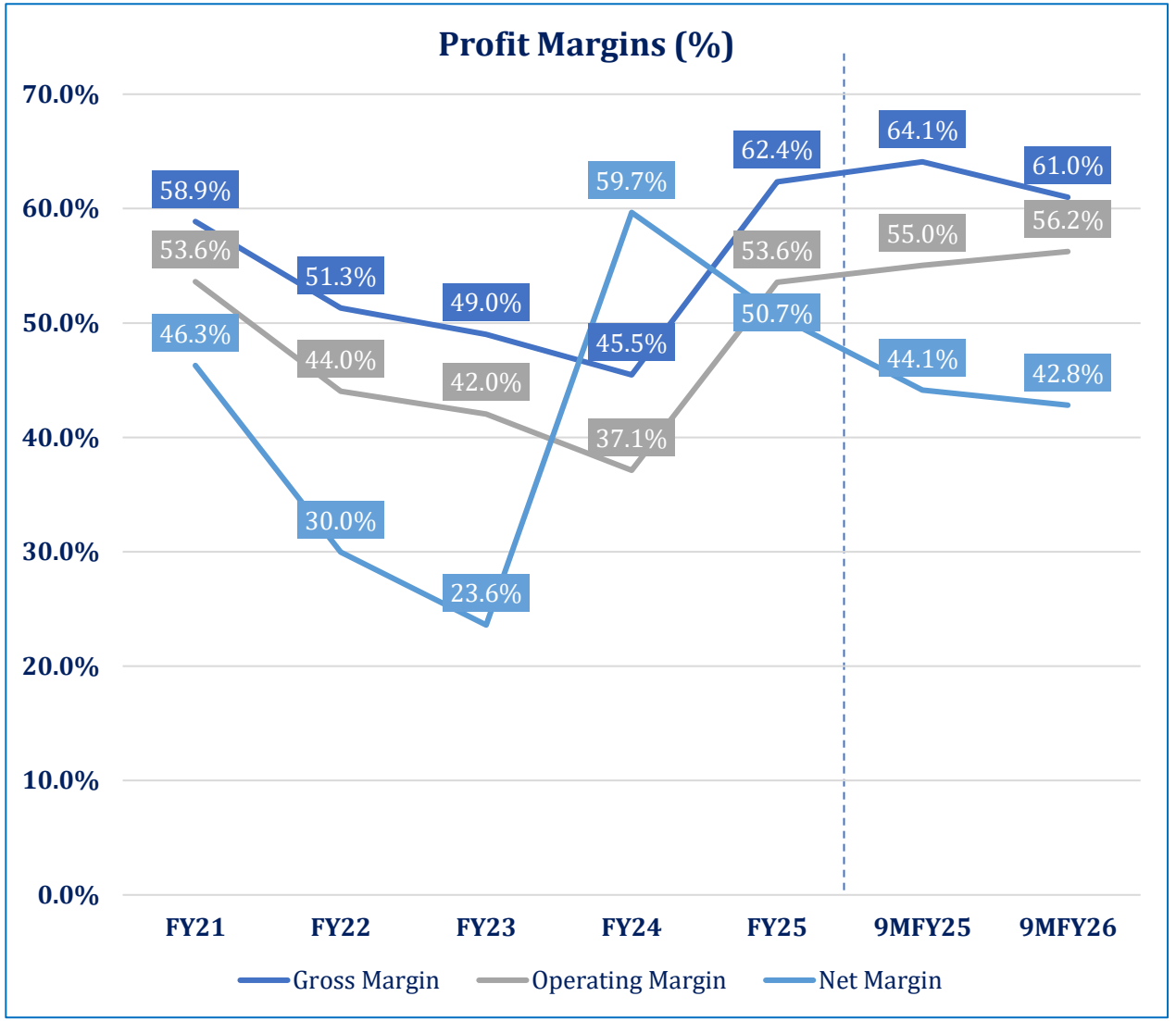
Local | Business Risk

- The Sector's gross margin stood at ~61.0% in 9MFY26 (9MFY25: ~64.1%), remaining broadly stable and underpinned by the Sector's USD-indexed tariff structure, which limits revenue volatility. In FY25, gross margins improved significantly to ~62.4% (FY24: ~45.5%) driven by a ~33% surge in throughput volumes alongside an ~8.4% decline in direct costs, as insurance and salary expenses moderated during the year.

- Operating margins for 9MFY26 stood at ~56.2% (9MFY25: ~55.0%), reflecting a gradual improvement trend. In FY25, operating margins recovered to ~53.6% from ~37.1% in FY24. The FY24 compression coincided with an ~8.1% YoY decline in throughput, which weighed on the top line, while the cost base remained largely fixed, a structural characteristic of pipeline operations.

- Net margins for 9MFY26 came in at ~42.8% (9MFY25: ~44.1%). In FY25, net margins moderated to ~50.7% from ~59.7% in FY24 despite stronger operating performance. This was primarily due to a significant decline in other income, which fell by ~41% YoY in FY25, driven by lower receipts against the Government of Pakistan's minimum throughput guarantee claim, which declined by ~62% YoY during the year. This was partially offset by a ~64% reduction in finance costs following repayment of the foreign currency loan.



***Note**: Calculation are based on sector player having market share of more than~50% based on Revenue.*

Source: PACRA Internal Database

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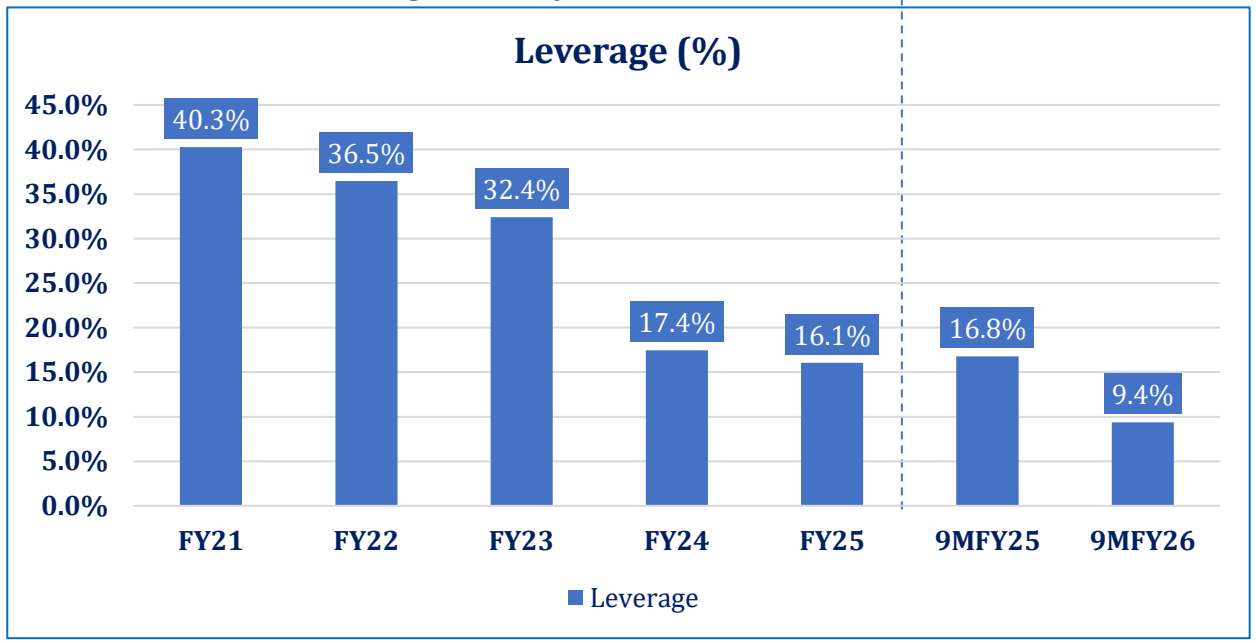
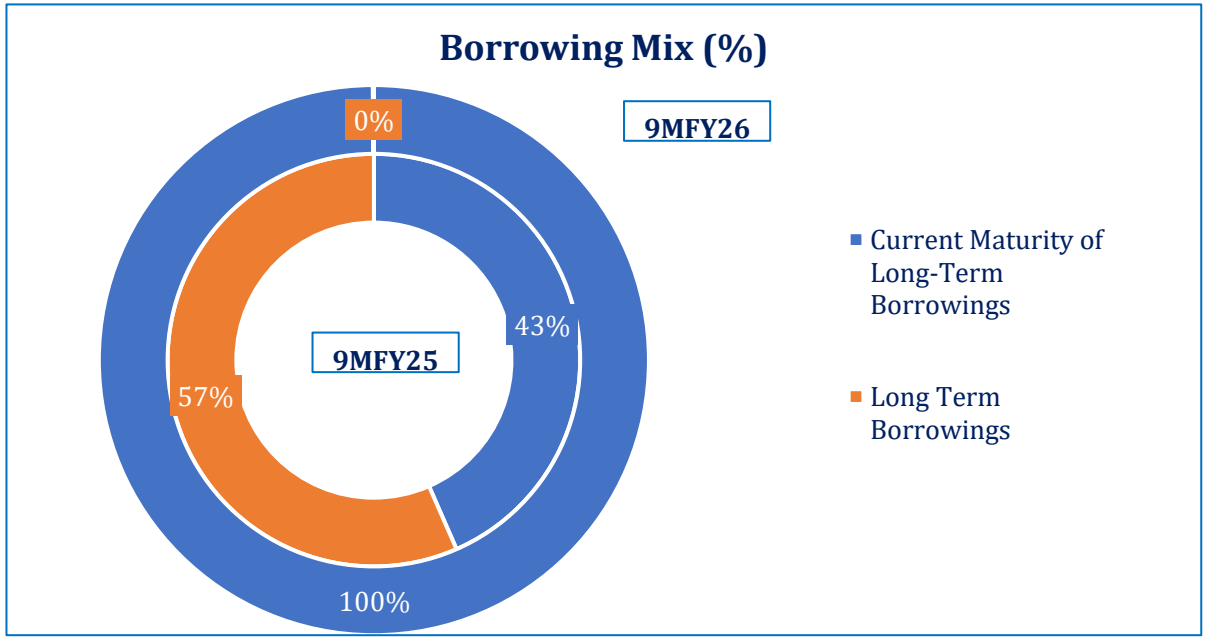
Financial Risk | Borrowings

- The Sector's leverage has been on a consistent declining path, improving from ~32.4% in FY23 to ~16.1% in FY25 and further to ~9.4% in 9MFY26. This steady deleveraging reflects the Sector's strong internal cash generation and disciplined approach to debt repayment, which has meaningfully strengthened the capital structure over the period.
- The sharp improvement in leverage during FY25 was primarily driven by the full repayment of the Sector's foreign currency loan, which significantly reduced total borrowings and brought finance costs down considerably. The only remaining debt obligation is a local currency syndicate facility that was originally obtained to fund the MOGAS pipeline upgrade project, which continues to be repaid through scheduled quarterly installments.
- As of 9MFY26, the borrowing mix has shifted almost entirely toward current maturities at ~99.9%, compared to a more balanced mix of ~43.4% current and ~56.6% long-term in 9MFY25, reflecting the imminent maturity of the remaining local currency syndicate facility. Total borrowings have also declined significantly from PKR~5,230mn to PKR~1,686mn over the same period as scheduled repayments continue.





***Note**: Calculation are based on Sector player having market share of more than~50% based on Revenue.*

Source: PACRA Internal Database

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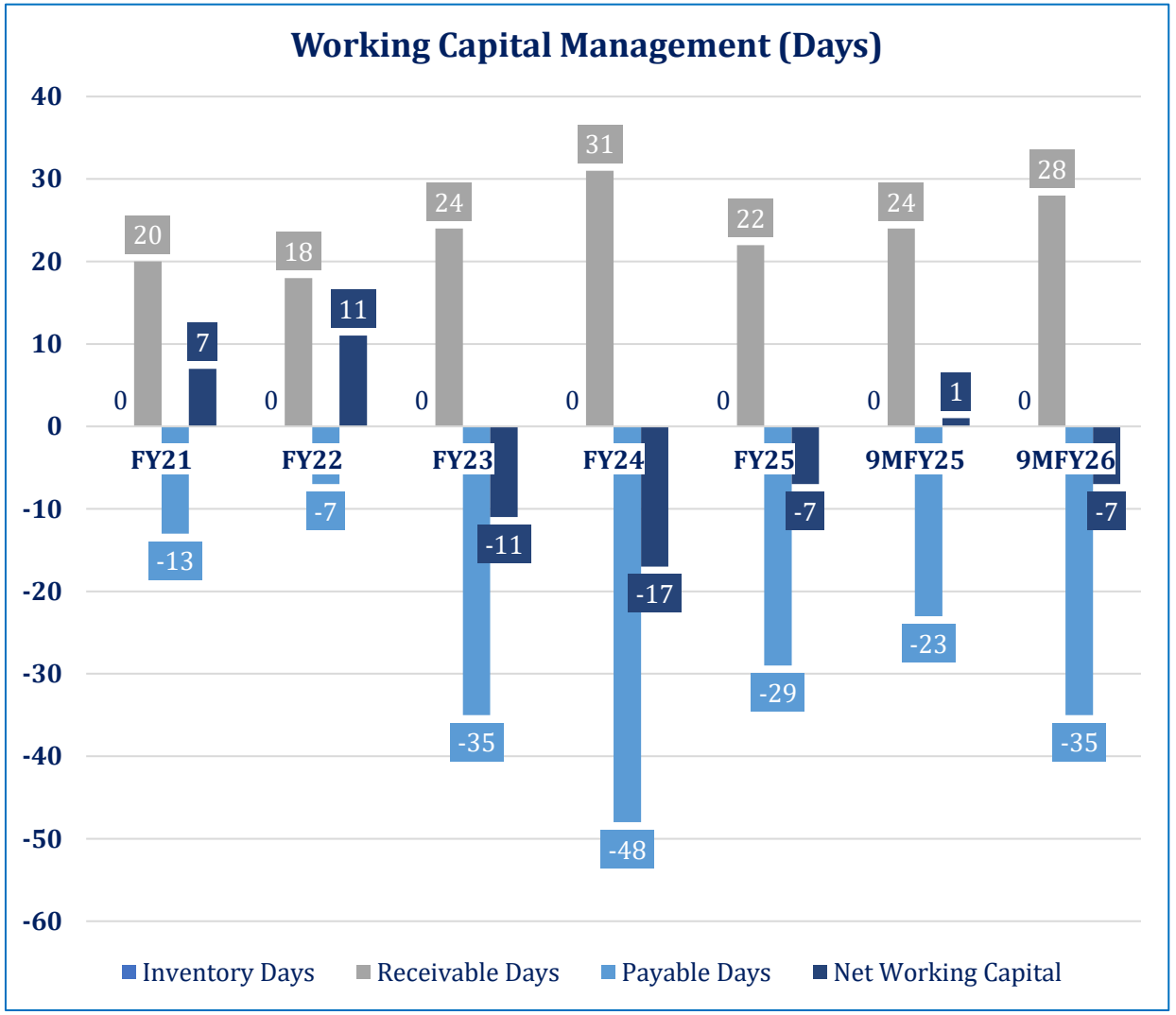
Financial Risk | Working Capital

- The Sector maintains a structurally negative net working capital cycle, which is a natural characteristic of pipeline operations where storage tanks hold product only in transit for customers, resulting in negligible inventory days across all periods. This means the Sector effectively collects cash before it needs to pay its own obligations, reflecting a healthy and self-sustaining cash flow model.
- In 9MFY26, receivable days stood at ~28 days while payable days extended to ~35 days, resulting in a net working capital of negative ~7 days, broadly in line with FY25 levels. The slight widening in payable days reflects normal settlement timing under the Sector's throughput agreements, under which payments are typically due within 45 days of invoicing.
- The FY24 spike in payable days to ~48 days and the corresponding net working capital of negative ~17 days was largely a function of the throughput decline during the year, which compressed receivables while payables remained elevated. Since then, the working capital cycle has normalized meaningfully, with the Sector consistently meeting its operational and financial obligations through internal cash generation without any reliance on short-term borrowings.



***Note**: Calculations are based on PAPCO numbers having a market share of more than ~50%, based on revenue.*

Source: PACRA Internal Database

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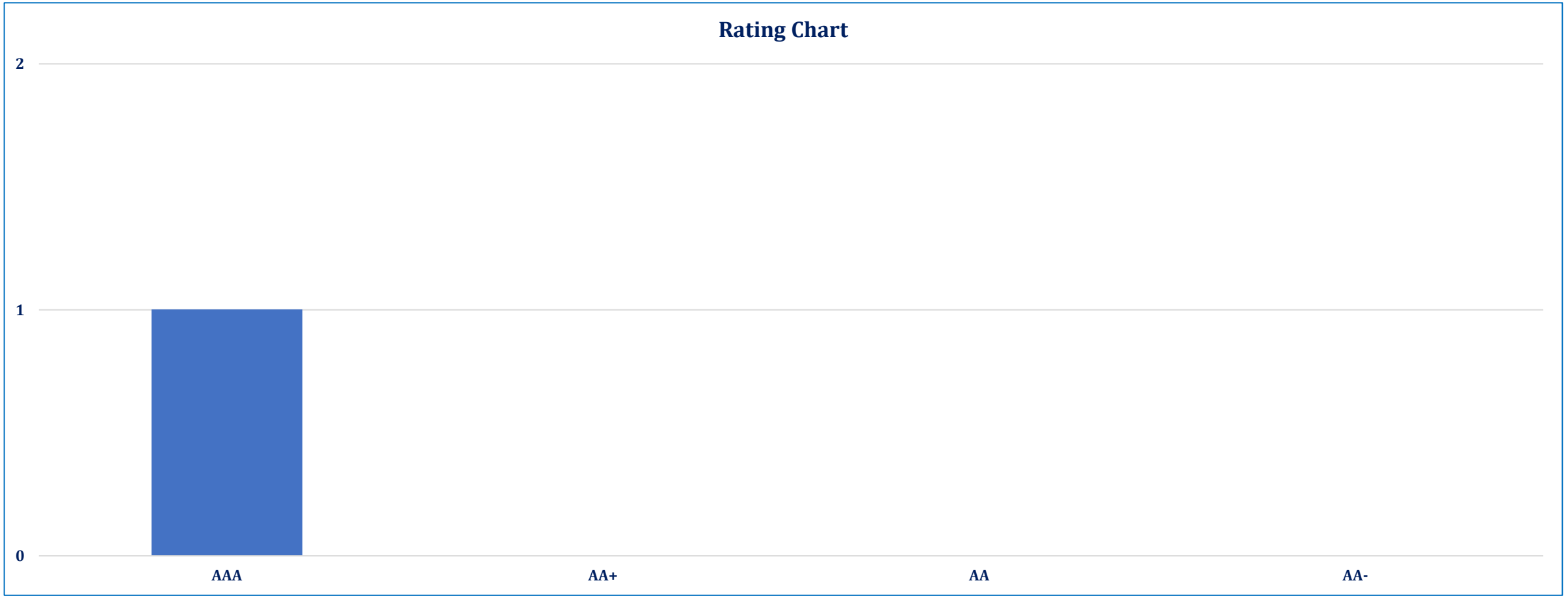
Rating Curve

PACRA rates one player in the sector with a long-term rating of AAA.



Source: PACRA Internal Database

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Porter's 5 Forces Model

POTENTIAL NEW ENTRY

- Capital-intensive nature of the sector and stringent regulatory approvals required
- Long-term OGRA tariff awards act as a structural barrier to new entrants

BUYERS

- Fixed tariff determination by OGRA rules out any price negotiations
- Non-availability of alternative pipelines on the same routes
- MOGAS transportation share increased to 70% from April 2026, deepening OMC reliance

SUBSTITUTES

- Main substitute is road tankers, which currently handle ~69-70% of total oil movement
- Pipeline remains cost, safety, and environmentally superior; shift toward pipelines is policy-backed

SUPPLIERS

- Operations managed under O&M Agreement with PARCO - limiting independent supplier exposure
- Non-utilization of full design capacity

COMPETITIVE RIVALRY

- Very low
- There are not many players in the sector.

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SWOT Analysis

Strengths

- Natural monopoly with no competitive pressure
- USD-indexed tariffs hedge against PKR depreciation
- Most cost-effective and environmentally sustainable transport mode
- Regulated tariff structure ensures long-term revenue predictability
- Negligible inventory risk given transit-based storage model
- Sovereign-backed ownership ensures operational continuity

Weaknesses

- Capital-intensive with high maintenance and depreciation costs
- Tariff revisions subject to OGRA approval process
- Pipeline utilization remains below design capacity
- Road tankers still dominate (~69-70%) limiting pipeline modal share
- Lengthy regulatory approvals for new pipeline expansions

Threats

- Abolishment of the USD-indexed tariff regime poses significant revenue risk
- EV adoption and energy transition are threatening long-term volume growth
- Natural disasters, leakages, or sabotage along pipeline routes
- Security threats in pipeline traversal regions
- Adverse OGRA tariff determinations impacting sector economics

Opportunities

- Government policy push to shift oil movement from road to pipeline
- SIFC-backed WOP expansion opening Rawalpindi and Peshawar corridors
- Rising MOGAS share creating an additional revenue stream
- Growing domestic POL consumption supporting higher throughput
- Regional cross-border pipeline connectivity potential

Oil Transportation & Storage

Outlook: Stable

- The oil transportation sector in Pakistan benefits from a natural monopoly on commercial pipeline operations, USD-indexed tariffs, and government-backed ownership. These characteristics limit exposure to competitive pressures and provide a degree of revenue stability that is not commonly seen across other industries.

- Through 9MFY26, the sector recorded throughput of ~4.0mn MT and gross revenue of PKR ~22,702mn. Gross margins stood at ~61.0%, operating margins at ~56.2%, and net margins at ~42.8%. The sector's largely fixed cost base and USD-denominated tariff receipts have supported margin stability through the period.

- Leverage declined to ~9.4% in 9MFY26, following the full repayment of the foreign currency loan. The remaining local currency facility continues to be repaid through scheduled quarterly installments, which has brought finance costs down over the period and reduced overall debt burden on the sector.

- The MOGAS transportation share via the WOP was raised to 70% effective April 2026, which is expected to contribute to throughput volumes going forward. The planned MTT-WOP pipeline expansion spanning ~477Km from Machike to Taru Jabba could add capacity over the medium term, though physical construction is yet to commence as the financing and tariff framework remains under finalization.

- Global crude oil prices stood at around USD ~92/bbl as of end-May 2026. Sustained elevated prices could weigh on domestic POL consumption and, in turn, on pipeline throughput. The USD-indexed tariff structure does provide some offset, as PKR depreciation would improve rupee-equivalent tariff realizations, though the net impact on volumes would depend on the broader demand environment.

- Road transport continues to account for around 69-70% of total oil movement in Pakistan, indicating that pipelines currently handle a relatively small share of overall oil logistics. Any meaningful shift in modal mix toward pipelines, whether driven by policy or economics, would have a positive bearing on sector throughput, though the pace and scale of such a shift remains uncertain.

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