



Energyco Pk Limited Reports Gross Profit of PKR 1.62 Billion Despite Tough Environment

(February 22, 2022): Energyco Pk Limited (formerly Byco Petroleum), Pakistan's biggest vertically integrated oil refiner, today reported its financial results for the six months ended 31st December 2021. The company recorded gross sales of PKR 90.38 billion, as compared to PKR 100.16 billion in the corresponding period last year. The gross profit was PKR 1.62 billion as compared to PKR 3.26 billion a year earlier. The operating expenses for the half-year remained largely flat. The company reported an after-tax loss of PKR 1.28 billion, or a loss of Rs. 0.24 per share (Diluted: Rs. 0.23 per share), as opposed to the after-tax profit of PKR 961 million, or a profit of Rs. 0.18 per share (Diluted: Rs. 0.18 per share) in the same period last year.

The after-tax loss can be attributed to challenging market conditions. Although the oil refining industry enjoyed healthy margins during the period, the positive impact got offset by the extremely weak consumption of furnace oil that pushed refineries' throughput lower. Due to the tough situation, the refineries had no other option but to either sell to local buyers or export furnace oil at steeply discounted prices. The furnace oil issue must be resolved to ensure sustainable operations of oil refineries and it is expected that the Government will take appropriate steps in this regard.

The working capital requirements of petroleum companies have increased substantially due to the rally in international oil prices and devaluation of the local currency. Additionally, the imposition of the 17% sales tax on crude oil and lower sales tax on High Speed Diesel (HSD) and Premium Motor Gasoline (PMG) created significant sales tax refunds and put pressure on the cash flows of oil companies. The sales tax on crude oil was later removed. However, with zero sales tax on products, significant refunds have accumulated which could negatively impact working capital deployment.

About Energyco: *Energyco Pk Limited is one of Pakistan's leading energy firms, engaged in the businesses of oil refining, petroleum marketing, and petroleum logistics. Energyco's mission is to meet the nation's energy. The Company manufactures a wide range of petroleum products with a vision to achieve sustainable productivity and profitability while upholding high environmental, health and safety standards.*

Energyco is Pakistan's largest oil refiner by design capacity, and is the nation's only firm having a dedicated Single Point Mooring (SPM). Energyco's SPM is the only floating liquid port in the country, and the company employs a round-the-clock crew dedicated for the safety and security of the buoy and vessels in and around the SPM's anchorage area. The SPM is Pakistan's only terminal having a Tier 3 oil spill response membership.

Energyco refines crude oil into various marketable components including Liquefied Petroleum Gas, Light Naphtha, Heavy Naphtha, High Octane Blending Component, Motor Gasoline, Kerosene, Jet Fuels, High Speed Diesel and Furnace Oil. The Company is proud to have the largest capacity crude oil storage tanks in the country. Energyco's marketing network supports retail outlets in more than 80 cities all over Pakistan and is an emerging player in Pakistan's oil marketing sector. Energyco's diverse and highly skilled workforce consists of approximately 900 dedicated employees across the firm's divisions.