CNERGYICO PK LIMITED

Business Overview

Business Overview

Oil Shipping Business OSB

Only port in Pakistan that can receive Very Large Crude Carriers (VLCC) & Suezmax Tankers of over 100,000 MT. Annual Cap. +10 Million MT.

3rd point of entry for oil imports in Pakistan. Approx. 15% of the country's crude oil imported at SPM during FY 2024.

Can handle both import and export of petroleum products.

Oil Refining Business -1 ORB 1

ORC 1 – 36,000 bpd

Commissioned in 2004.

Linked with Large sized Isomerization unit which can convert up-to 12,500 bbl | day of Light Naphtha into Motor Gasoline .

Connectivity with port.

Oil Refining Business -2 ORB 2

ORC 2 – 120,000 bpd

Commissioned in 2015

Linked with Large sized Isomerization unit which can convert up-to 12,500 bbl | day of Light Naphtha into Motor Gasoline.

Connectivity with port Country's largest sized crude oil storage.

Oil Marketing Business OMB

Vertical integration in the form of refinery and marketing segment in single entity

470+ retail stations all over Pakistan

Owned storages at Keamari, Mehmookot and Shikarpur.

Hospitality arrangements at Keamari, Port Qasim, Sahiwal Daulatpur, Shikarpur, Sihala, Gatti, Taru Jabba,Machike.

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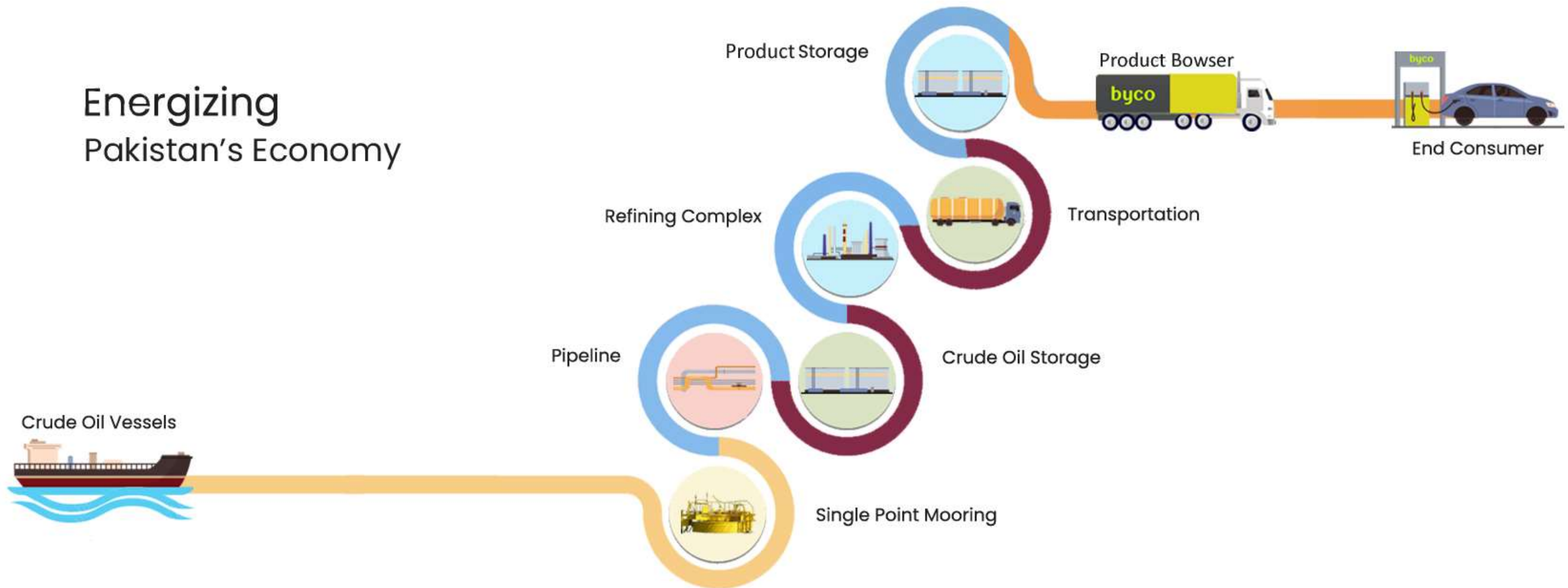
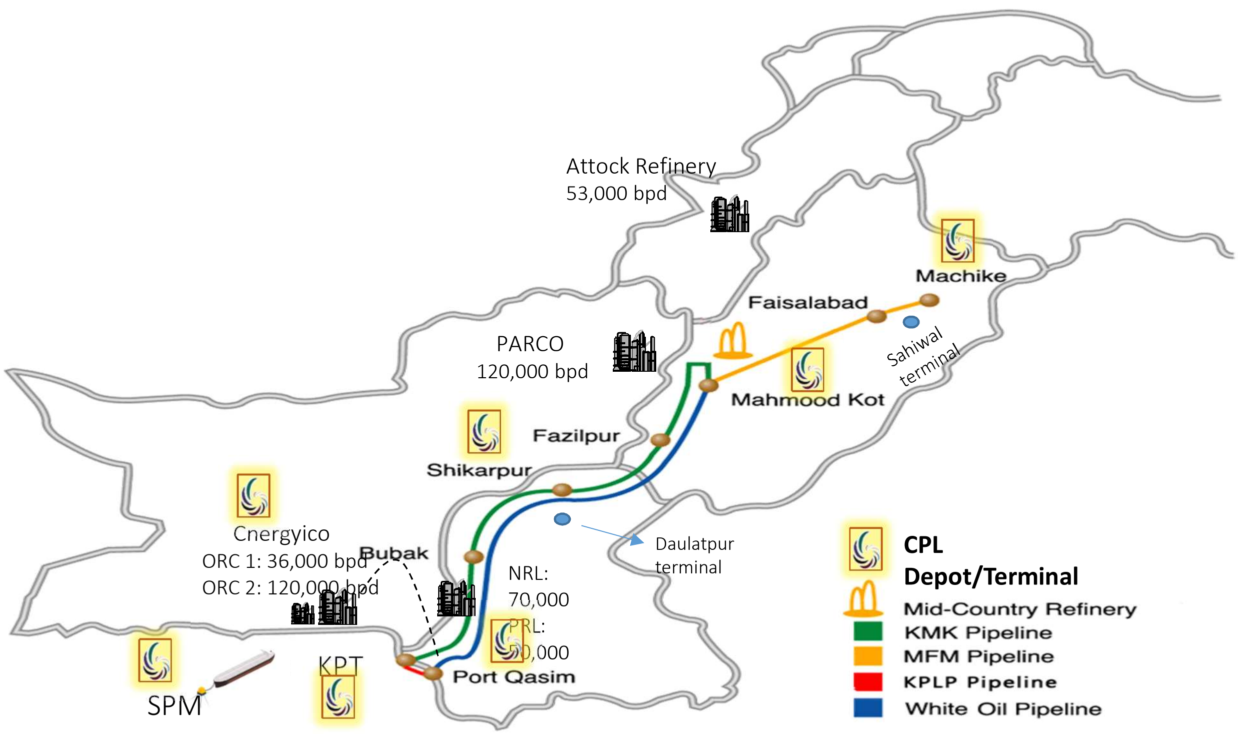
Business Operations – Value Chain



Industry & Company Updates

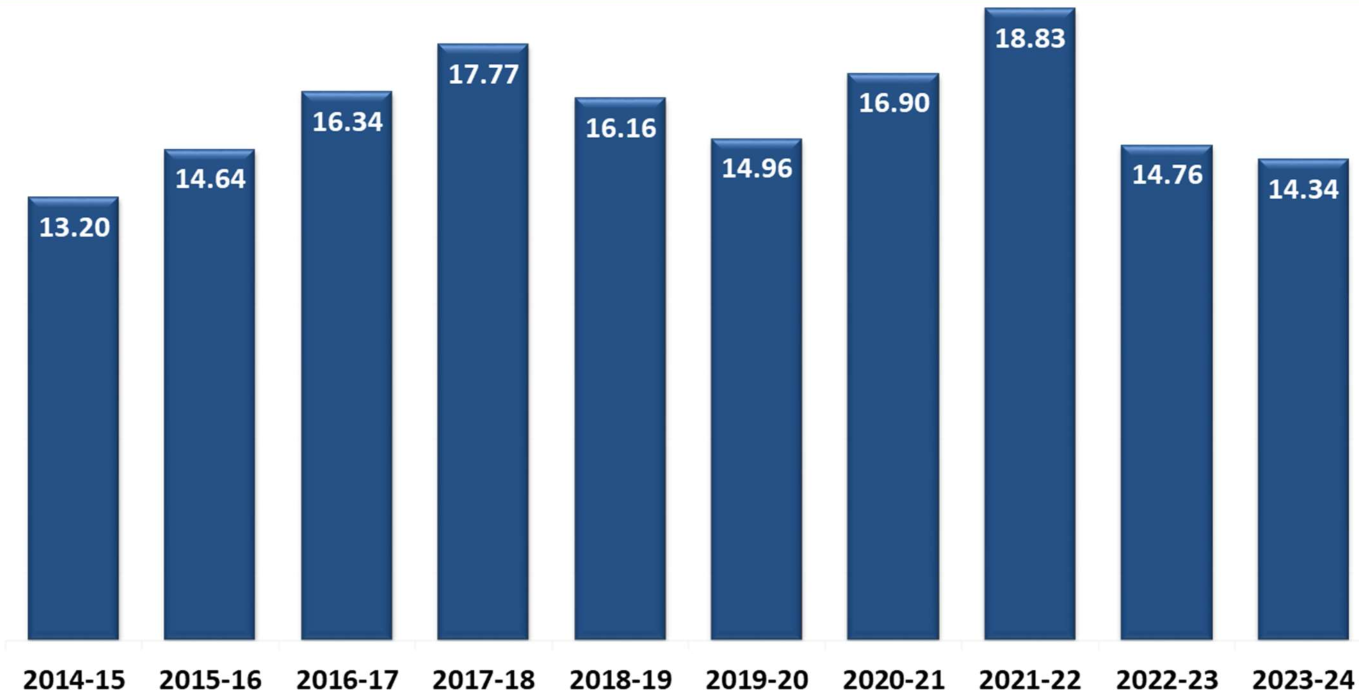
Country's Oil Infrastructure



Country Oil Consumption – Overall (Excl. FO)

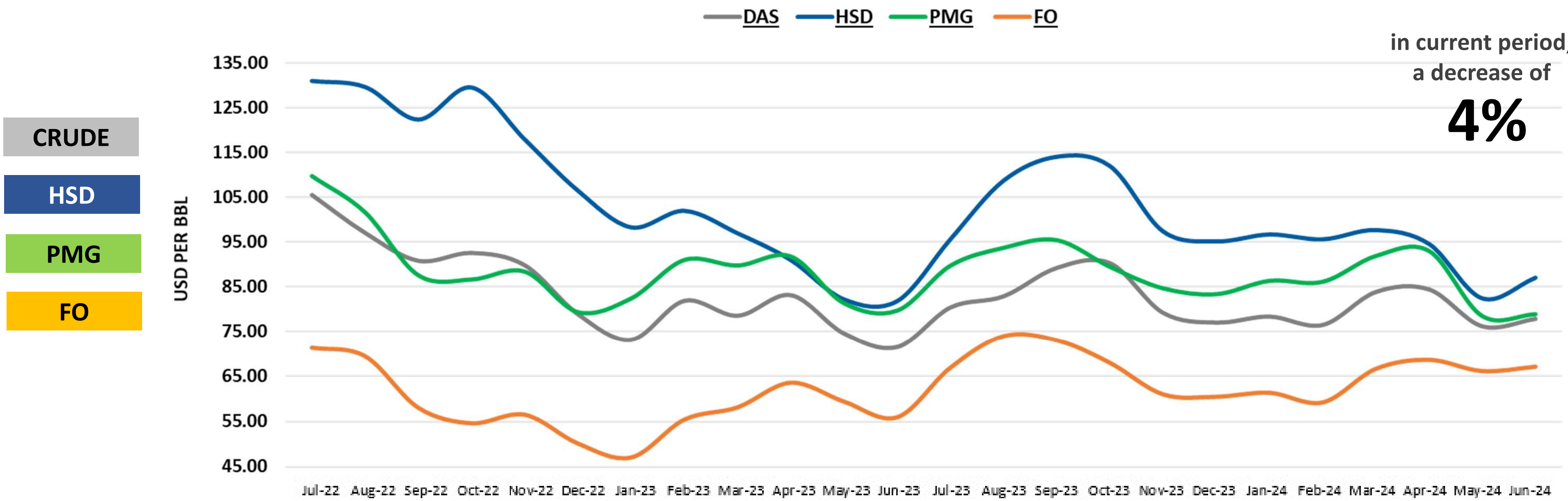
Annual Consumption

Volume in Million MT



Average Per Month	1.10	1.22	1.36	1.48	1.35	1.25	1.41	1.57	1.23	1.20

Crude I Product Prices



- Average crude prices declined from **84.76 US$/ bbl** in FY 2023 to **81.31 US$/bbl**, in FY 2024, a decrease of **4%**.
- Average product spreads of PMG significantly improve in FY 2024 as compared to FY 2023.

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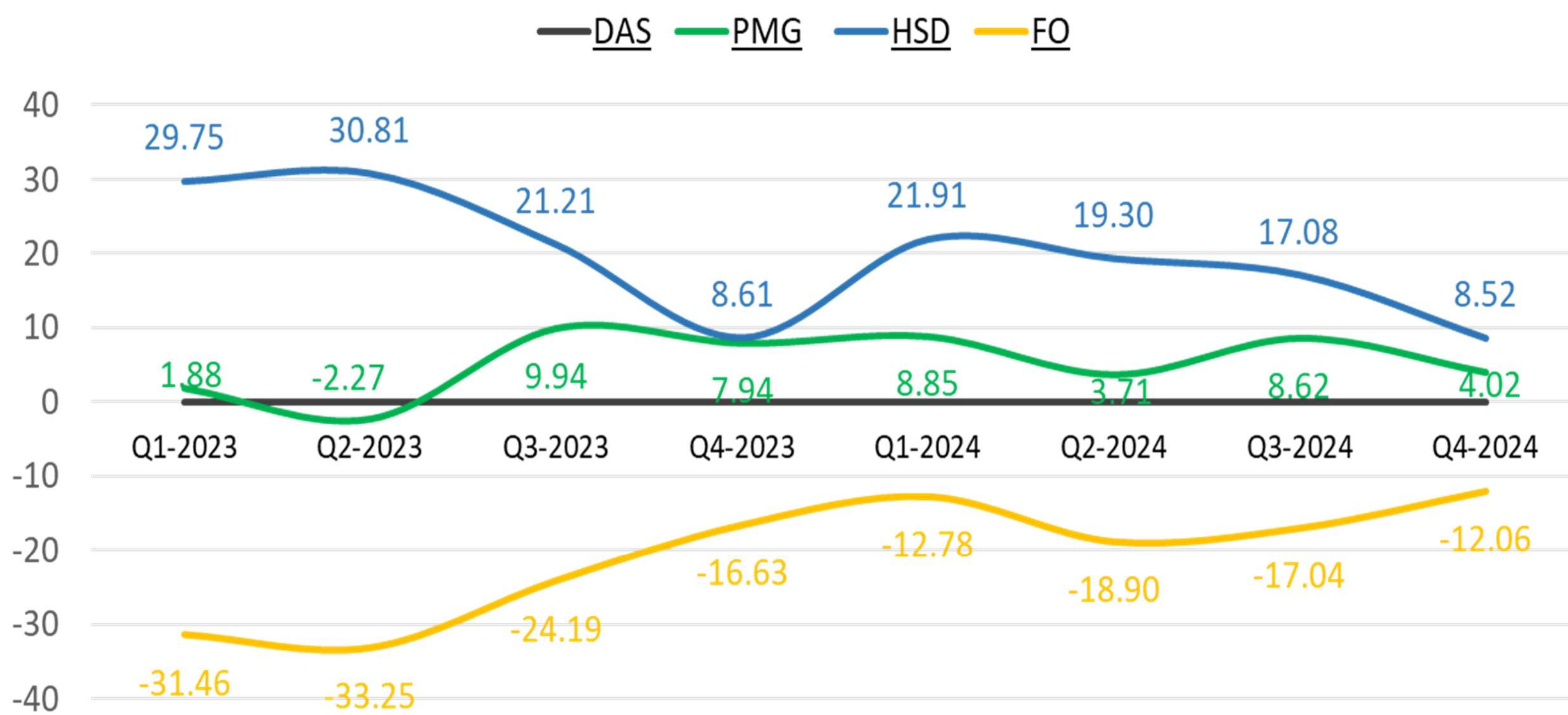
Crack Spread

CRUDE

HSD

PMG

FO



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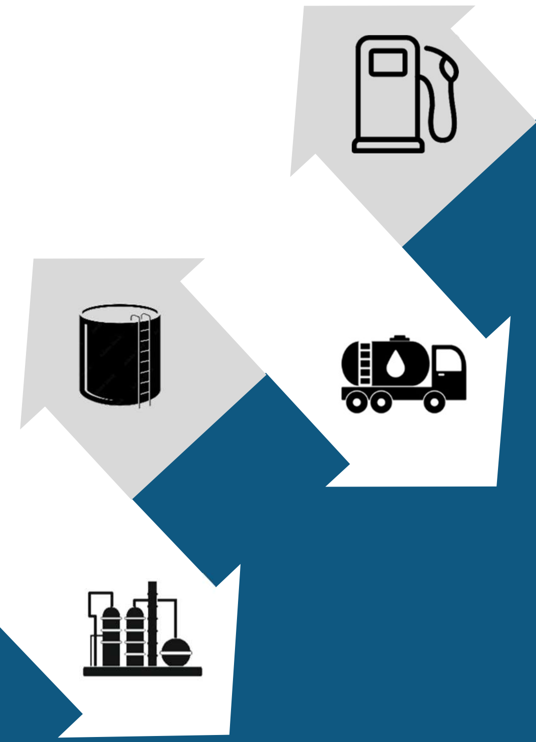
Oil Marketing Business – Synopsis

1. Oil Marketing Business - OMB is an integral part of **Byco** value chain and is carrying the brand
2. Our OMB is fully backed by own refinery supported in turn by SPM.
3. Retail network is fed by own managed storage terminals apart from hospitality arrangements.
4. OMB retail network has grown exponentially from its journey started in 2007 till date with 470+ retail outlets.
5. During the current financial year OMB business has made a segment profit of **PKR 3.029 billion** as compared to **PKR 1.196 billion** in last year.



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Province	No.of Sites	Percent
Sindh	216	46%
Baluchistan	33	7%
Punjab	169	36%
KPK	37	8%
AJK	11	2%
GB	7	1%
Total	473	100%

Category	No.of Sites	Percent
City	173	37%
Highways	222	47%
Agri	78	16%
Total	473	100%

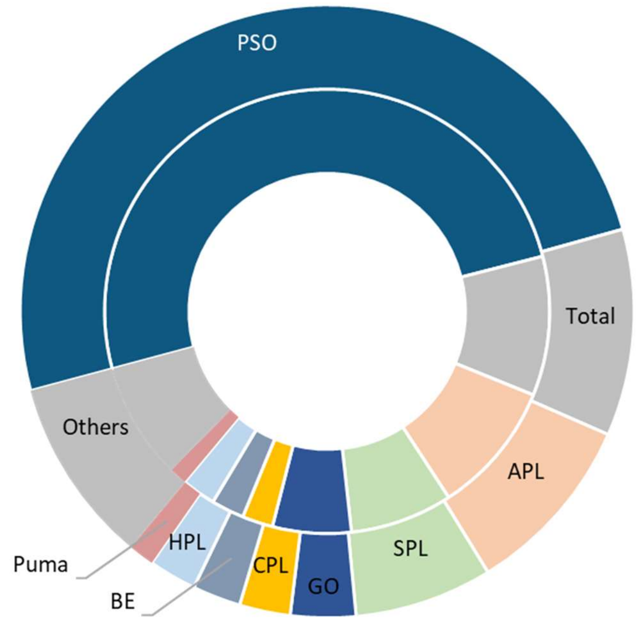
Convenience Store	116
Car wash	68
Tyre shop	90

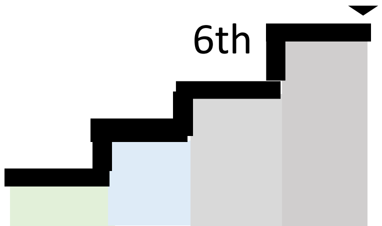
Oil Marketing Business – Services

- Prioritize Quality/Safety.
- Ensure clear pathways, secure displays.
- Maintain emergency protocols to protect staff and customers.
- Delivers optimal quality and quantity at our forecourts through MTL vans and our quality assurance team.

OMCs Market Share - Overall

FY 2024 (outside) | FY 2023 (inside)





CPL marketing business **regained its overall 6th position** in the country.

Year	1st	2nd	3rd	4th	5th	6th	7th	8th
FY-2024	PSO	TPPL	APL	SPL	GO	CPL	BE	HPL
FY-2023	PSO	TPPL	APL	SPL	GO	HPL	BE	CPL

OMCs RANKING

Lubricants Business

- Market offering comprises of an extensive range of **Automotive** and **Industrial Lubricants** and **Greases.**

- Operating via **three** channels:

  I. Hi – Street and Commercial Road Transport
  II. Industrial
  III. Retail (automotive lube through CPL's retail forecourts)

- Earning an average **15% margin** on cost of product

- Average stock turnaround time is **90 days**, making an annualized gross margin earning of **60%.**

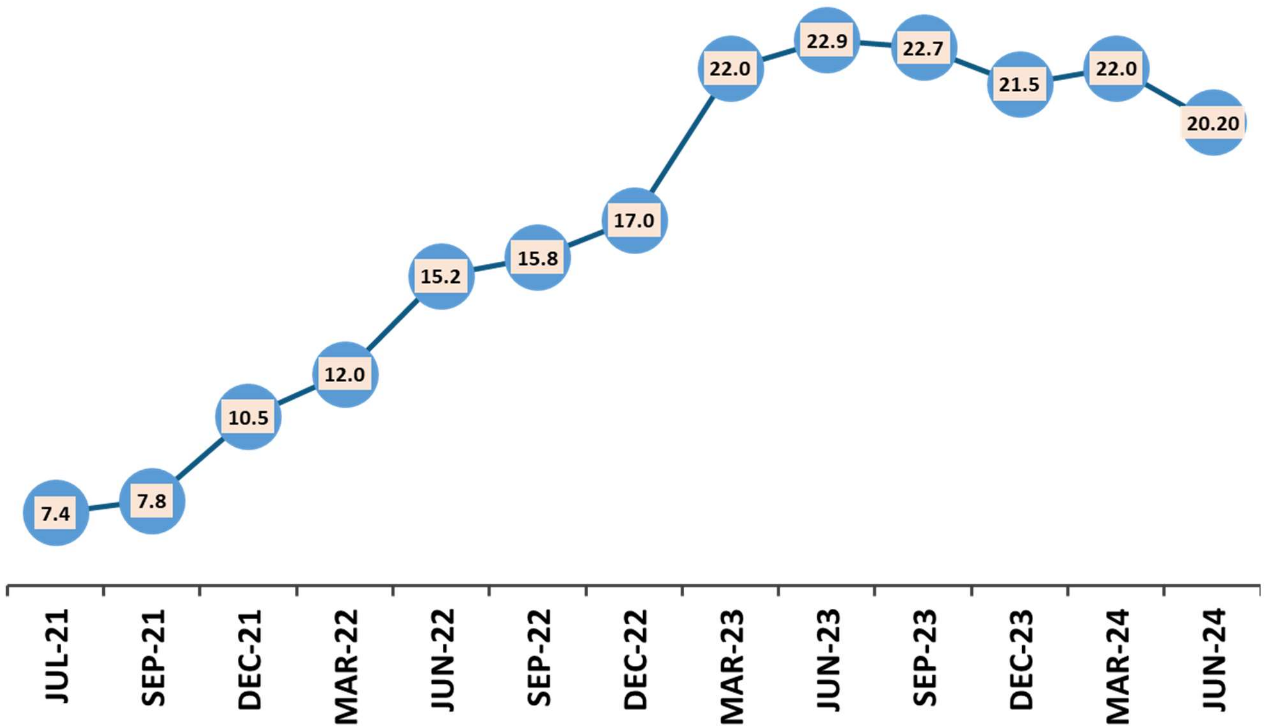
Financial Highlights

Financial Highlights – FY24

- Net revenue has been increased by 24% mainly due to increased refinery throughput.
- The company earned gross profit of PkR 12.4 billion compared to a gross loss of PkR 9.7 billion last year on account of following factors:
    - i. Increase refinery throughput.
    - ii. Improved crack spread (i.e. difference between crude oil and product prices) resulting in healthier refinery margins.
    - iii. Appreciation of PkR against US$ resulting in exchange gain.
    - iv. Better inventory management resulting in minimum price loss.
- Expenses remained within budget except for the finance cost which has increased during the year due to increased KIBOR rates.

	For the year ended	
	Jun 2024	**Jun 2023**
	Rs. in Million	
Revenue from contract with customers - Gross	295,054	223,954
Sales tax, discount and other duties	(54,428)	(30,042)
Revenue from contract with customers - Net	240,626	193,912
Cost of sales	(228,196)	(203,661)
Gross profit / (loss)	**12,430**	**(9,749)**
Gross profit / (loss) %	5.17%	-5.03%
Operating profit / (loss)	**10,872**	**(5,635)**
Operating profit / (loss) %	4.52%	-2.91%
Finance costs	(9,387)	(6,579)
Profit / (Loss) before taxation	**1,485**	**(12,214)**
Taxation	(477)	(449)
Profit / (Loss) after taxation	**1,008**	**(12,663)**

KIBOR Rates - % I Finance Cost



- Finance cost has increased significantly over the previous years as the KIBOR rate has increased more than 3 times between financial year 2021 to 2024.

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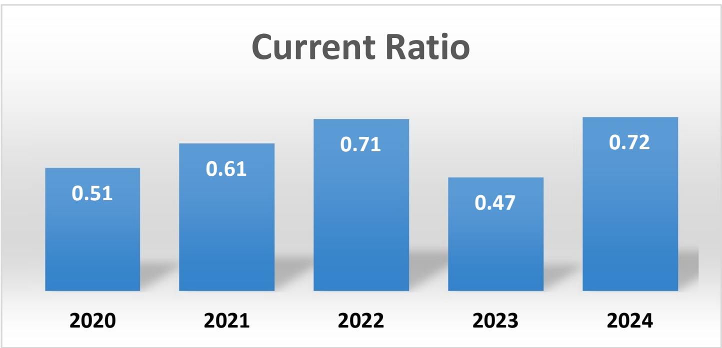
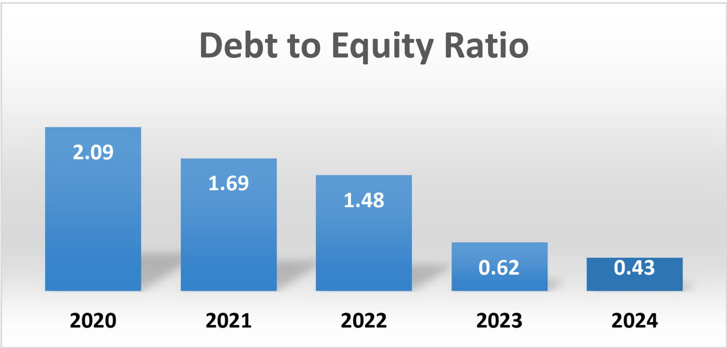
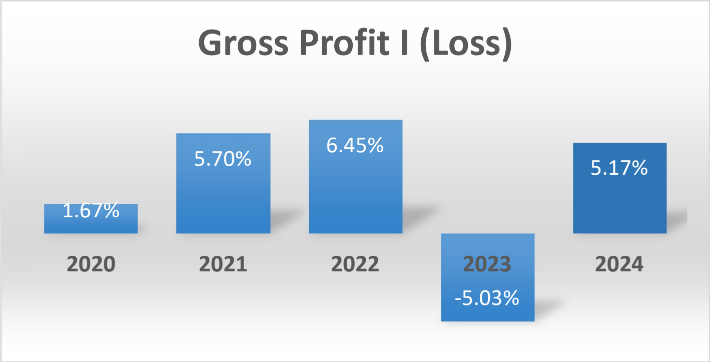
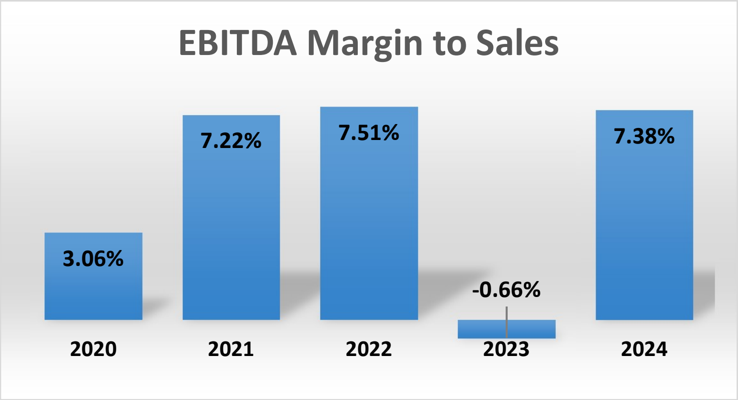
Financial Ratios









Sustainable Development

UNDP SDGs: Focus Areas

SDG 03

Good Health and Well-being

Implemented projects such as the installation and maintenance of RO plants, the operation and provision of emergency medical services, and the promotion of health and safety awareness.

SDG 04

Quality Education

Engaged in various educational initiatives, including participation in career expos, supporting vocational training programs, as well as literacy and human resource development.

SDG 08

Decent Work and Economic Growth

Undertaken projects aimed at enhancing employment opportunities and driving economic growth, particularly within the local communities surrounding our oil refining complex

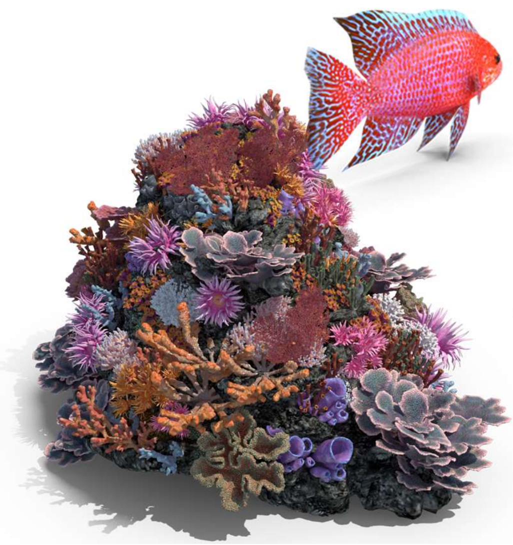
SDG 13

Climate Action

Environmental initiatives include tree planting, urban afforestation, marine habitat preservation and sustainability awareness campaigns.

Ecological Sustainability

- Cnergyico's sustainability efforts to nurture the environment are not confined to the land.



- The subsea structure of the SPM has given rise to a coral reef thriving beautiful, diverse and vibrant marine eco-system.
- We are proud to take an active role in protecting and preserving this incredible ecosystem, which supports an astonishing variety of fish and fauna, and attracts a kaleidoscope of marine visitors.

Future Outlook

Pakistan Oil Refining Policy

Pakistan Oil Refining Policy for Upgradation of Existing/Brownfield Refineries 2023

- Brownfield refining policy for upgradation of existing refineries which is knowns as **“Pakistan Oil Refining Policy for Upgradation of Existing/Brownfield Refineries 2023** was approved in August 2023.

- **Amended refinery policy** notified by the Government on **23rd February 2024.**

- Following are the **key points** of the amended policy:

  i. Project completion timeline is 6 years.

  ii. Incentive collection period increased from 6 years to 7 years.

  iii. The prevailing 7.5% deemed duty on HSD shall continue after 7 years incentive period till 20 years or till deregulation, whichever is earlier.

  iv. The maximum capping limit to withdraw from the escrow account increased to 24.5% from the previous 22% for eligible refinery importing used plant and machinery.

  v. Force majeure clause included

  vi. Arbitration clause improved

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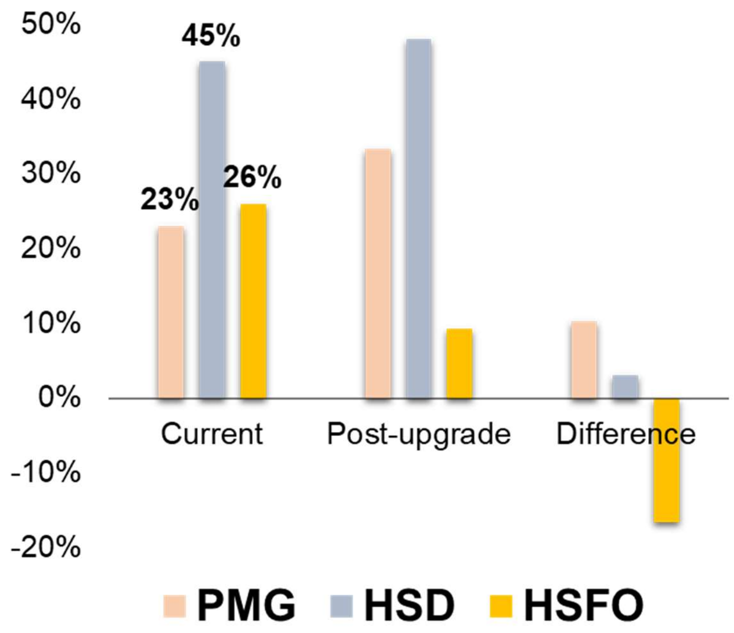
Upgrade Project

Pakistan Oil Refining Policy for Upgradation of Existing/Brownfield Refineries 2023

- The Company has initiated the work on refinery upgrade project costing more than **$1 Billion**.
- Following will be the major outcome of the project:

    1. Increase in production of High Speed Diesel (HSD) and Premier Motor Gasoline (PMG).
    2. Significant decrease in production of Furnace Oil (FO).
    3. All the products will be Euro V compliant.



Sales Tax on Petroleum Products

Impact of Changes in Finance Act, 2024

- In **Finance Act, 2024**, Government has changed the status of petroleum products from **taxable supplies** to **exempt supplies** for levy of sales tax which will result in the **disallowance** of input tax effective **July 2024 onwards**.

- The above change has the significant **adverse impact** on the current refinery operations as well as refineries upgrade project which make them unsustainable and unviable accordingly.

- The Company, along with other refineries, is actively engaged in discussions at various government levels and has proposed several options to address this issue promptly.

Factors Impacting Future Outlook

Except for the resolution on the sales tax issue as described above, the future outlook of the industry and the company is dependent on the following:

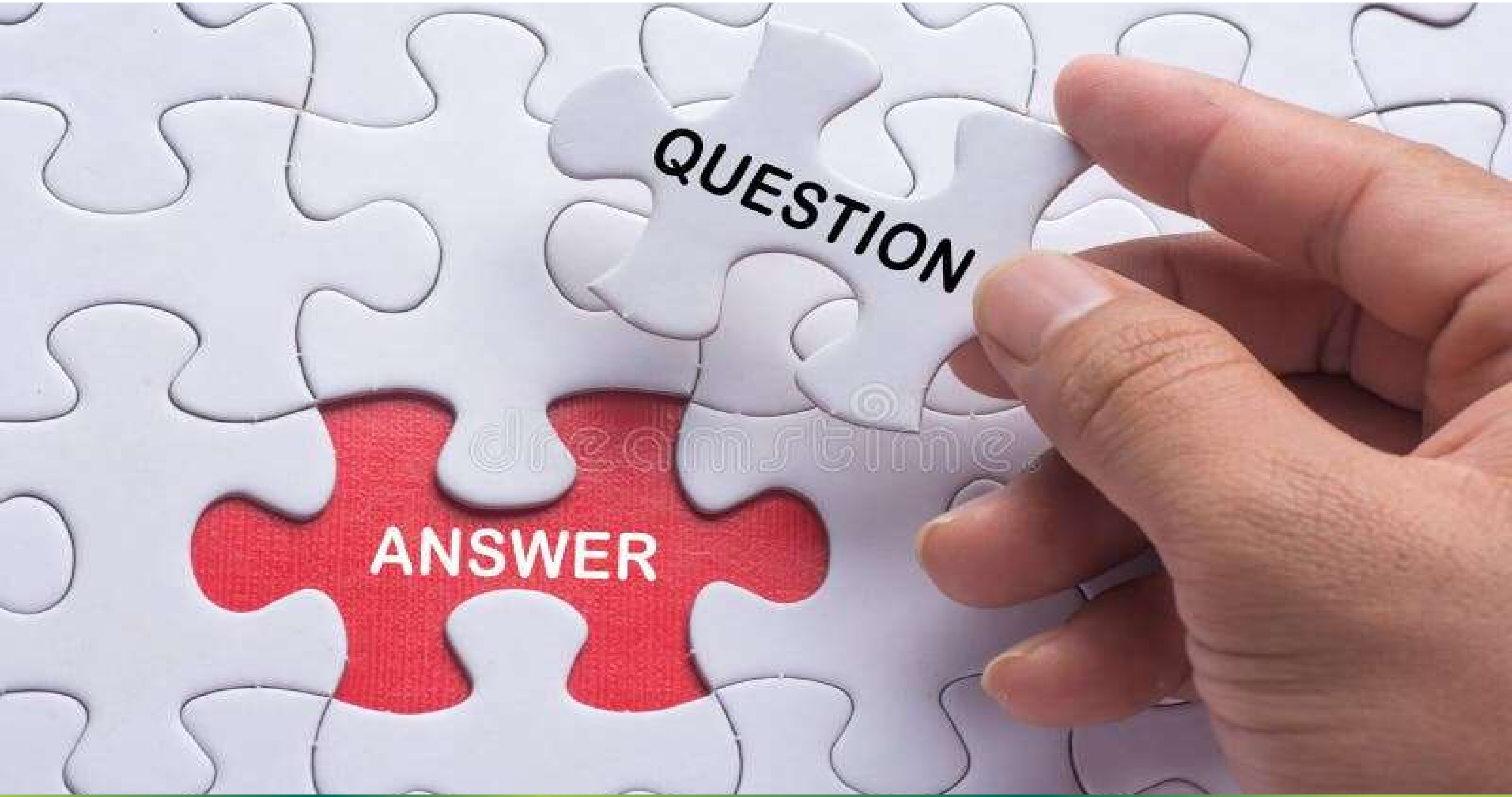
- Stability of the overall economy which in turn reflects the following:

  (i) overall country consumption of the finished products,
  (ii) PkR I USD parity,
  (iii) financing cost and
  (iv) cost of doing business.

- The significant PkR depreciation has made it difficult for any importer to maintain its production level.

- Keeping in view the significant devaluation and a high finance cost, the Company is focusing on procuring crude oil on supplier credit basis with improved terms.

- As far as the marketing margins are concerned, OGRA has requested Ministry of Energy to increase the OMCs' and Dealers' margins keeping in view the increase in operating costs. This will also improve the profitability of marketing segment of the Company.


QUESTION
ANSWER


Thank You