

Refinery pricing formula remain intact

According to our discussion with industry participants over the potential revision in refinery pricing formula, contrary to the news reports, no new pricing formula has been finalized and the committee is still working out different proposals to arrive at an agreed pricing mechanism.

Based on our understanding from the news item, if approved, this new formula suggests a fixed return on paid up capital for refineries, which would resultantly reduce sector's earnings volatility, going forward. However, it would restrict potential upside on core earnings

Currently, we maintain our 'Market weight' stance on the sector with 'Hold' on NRL and 'Sell' on PRL and ATRL.

Umer Bin Ayaz
umer.ayaz@js.com
92 (21) 111-574-111(Ext. 3103)