

Pakistan Refinery Limited: Refinery Expansion and Upgrade

Investment pitchbook

September 2025



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Executive Summary

Attractive Investment Destination

- **Pakistan** is emerging as a **regional powerhouse**, with a **reformed economy** (inflation stabilized at the lowest level in the past 50 years and GDP expected to cross USD 3.3Tn by 2050, with stabilized currency) and **vibrant talent** (7th largest global workforce, with 64% of the workforce under 30)
- Investors benefit from **robust government support**, including tax-adjusted incentives, policy protection, and regulatory streamlining




Supply Gap & Growing Domestic Demand

- Pakistan faces a **7 million MT/year POL** (Petroleum, Oil, and Lubricants) **supply-demand gap**, driven by rising transport and industrial fuel needs
- Current **refinery output meets <50% of domestic demand for MS and HSD**, leading to **reliance on imports**
- PRL's upgrade will produce **Euro V fuels, eliminating HSFO** and increasing capacity to **100,000 BPD**, aligned with national clean energy targets
- Long-term product **uplift agreements significantly reduce market demand risk**

Viable and Attractive Opportunity

- The project offers **18-20% IRR with ~5-year payback**, supported by existing infrastructure (reducing capex to ~50% of greenfield cost)
- Investors can participate with **USD 175–400 million equity**
- **Potential arrangement** of an exclusive crude placement of **up to 75,000 bpd** depending upon deal structure and mutually agreed equity stake




Pakistan is an up-and-coming global investment destination

Pakistan Value Proposition						
Reformed Economy 	USD 3.3Tn¹ Expected GDP in 2050 (from USD >410Bn ² today)	B+ Improved Credit Rating ³ from CCC-	2nd best performing stock market ⁴ in 2024	Top 10 In Business Entry Regulations ranking ⁵	Stabilized Inflation At lowest levels since 1968 ⁶	SEZs Robust fiscal and trade incentives ⁷
Vibrant Demographics and Talent 	255 million Large and growing population ⁸	64% Population younger than 30 ⁸	7th largest Global workforce ⁹	2 million University students enrolled every year ¹⁰		
Advanced Refinery Ecosystem¹¹ 	~450,000 Barrels per day (BPD) installed capacity	11.3 Million MT Refinery production of POL products	+17 Million MT Petroleum product sales	5 Main refineries operating across Pakistan		

1. Goldman Sachs; 2. National Accounts Committee; 3 Fitch Ratings; 4. Bloomberg, 84% in PKR; 5. World Bank's B-READY assessment; 6. US (St Louis) Federal Reserve Bank; 7. Pakistan Government; 8. United Nations; 9. CIA World Factbook; 10. Higher Education Commission; 11. Pakistan Refinery Limited (PRL), Oil Companies Advisory Council (OCAG)

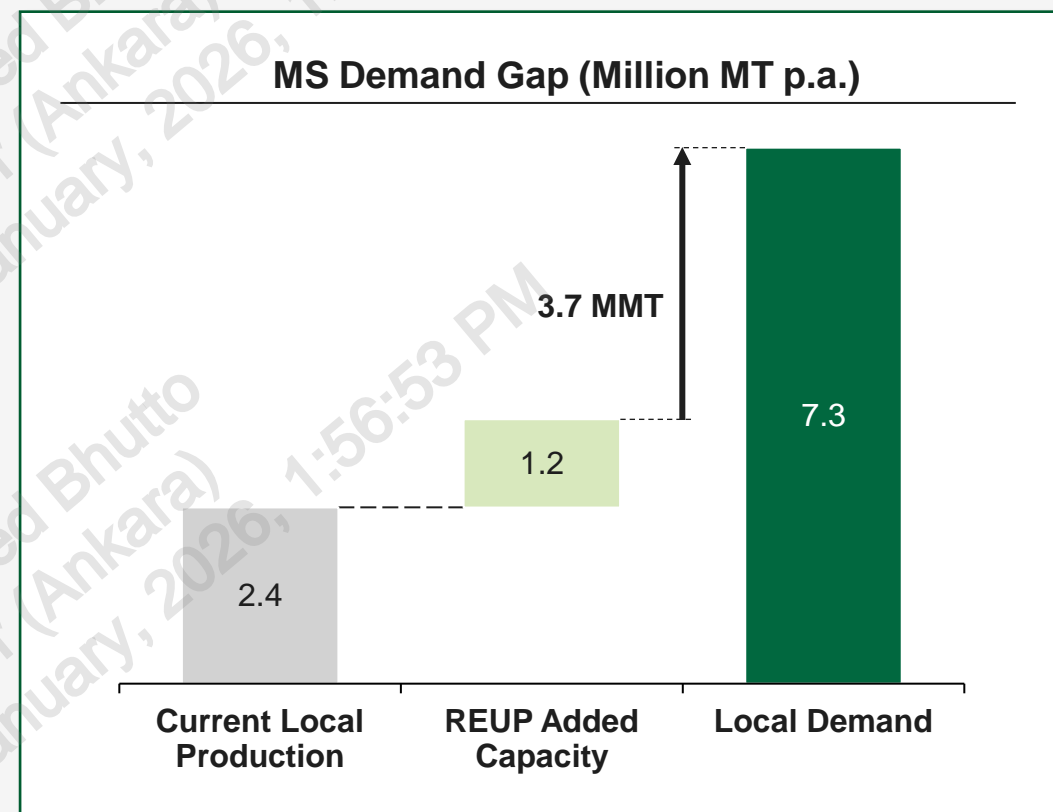
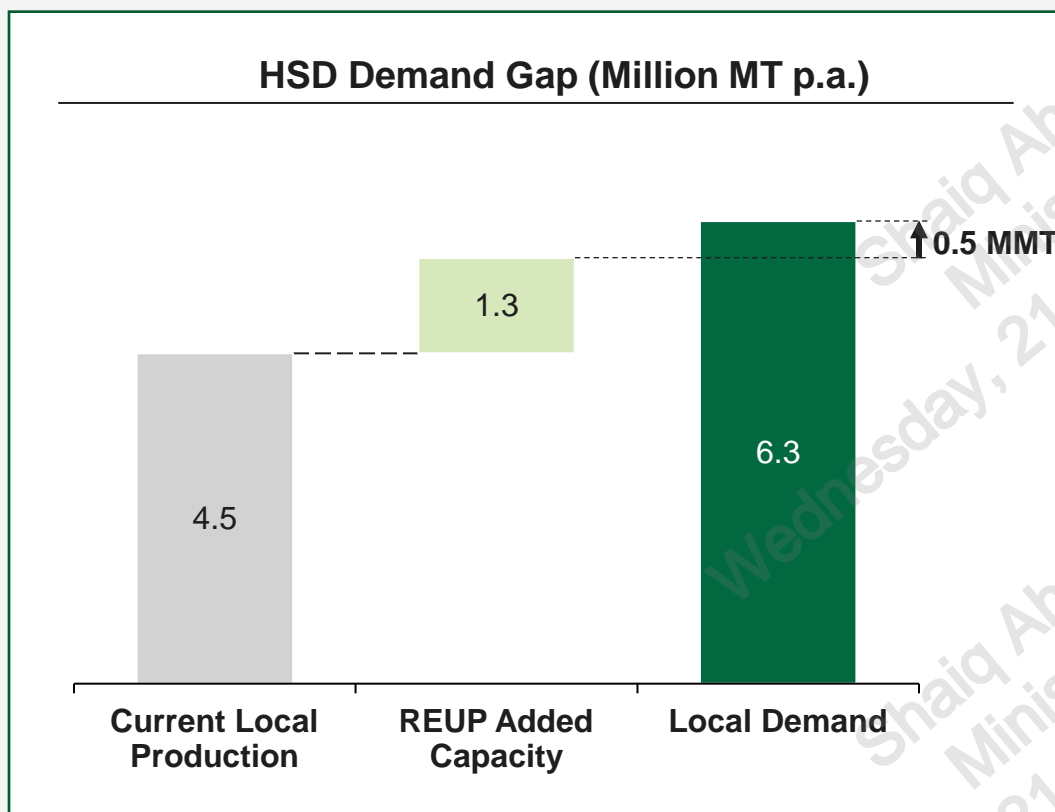
Strategic investment opportunity in PRL's brownfield expansion can unlock value by doubling refining capacity and securing long-term demand

Opportunity overview and key highlights

Opportunity Description		Brownfield expansion project by Pakistan Refinery Limited (PRL) to double capacity and transition to a deep conversion refinery producing EURO-5 compliant HSD and MS	
High-Level Opportunity Facts		Value Proposition	
Project Details			
<div></div> <div>+100,000 BPD new refining capacity</div>	<div></div> <div>+3.5 MT/year MS & HSD production</div>	<div></div> <div>+16 units added to existing units</div>	
Supply-Demand Gap	~7 million MT of annual deficit in High-Speed Diesel (HSD) and Motor Spirit (MS/Petrol)		
Investment Model	Equity Investment opportunity of \$175-400 Mn		
Return Profile	Project IRR: 18-20%; \$13 per barrel Gross Return Margin		
Estimated Project Cost	\$1.8Bn (Equity injection up to \$0.4Bn)		
		<div><div>A</div><div>Guaranteed Demand: PRL has long-term offtake agreements for domestic consumption from Pakistan State Oil (PSO) that currently imports +11,000 MT/day of MS & HSD and will absorb all post-upgrade production capacity</div></div>	
		<div><div>B</div><div>Strong Government Backing: Government has incentivized refinery upgrades through Brownfield Refining Policy including 7.5% deemed duty on HSD for 20 years after project completion</div></div>	
		<div><div>C</div><div>Environmental Compliance: Production of Euro V fuels ensures compliance with evolving environmental standards and aligns with ESG-focused investment mandates</div></div>	
		<div><div>D</div><div>Established Crude Oil Supply and Infrastructure: PRL has established crude oil supply agreements with Aramco and ADNOC. Current infrastructure is fully integrated with the port and oil storage facilities</div></div>	



A. Guaranteed demand: The upgraded PRL refinery aims to bridge demand / supply gap with a shift towards Euro V compliant HSD and MS



The demand risk is minimal, as the existing supply-demand gap for HSD and MS remains substantial even with capacity upgrades across other current refineries

B. Strong government backing: Investors will benefit from the Government support to create an attractive business and regulatory environment

Key incentives



Eligible refineries can **withdraw up to 27.5% of the total project cost** from the Escrow Account



7.5% Deemed duty on HSD to continue for **20 years** after the completion of the project



Funds can be withdrawn from Escrow account after reaching **financial closure** of the Upgrade Project



For 7 years, **10% customs duty on MS and 2.5% on HSD** together with customs duty on crude oil **reimbursed to the refineries**



Foreign exchange exposure protected through sufficient pricing mechanism

C. Environmental compliance: The Refinery Expansion and Upgrade Project is designed to meet stringent environmental compliance and performance standards



EURO-5 Compliant Fuels

- Production will **focus primarily on EURO-5 compliant HSB and MS**, reducing environmental hazards



Elimination of HSFO

- **Limit HSFO production**, shifting to cleaner, high-value fuels
- HSFO is **no longer needed** by the power sector due to cleaner alternatives



Alignment with Global Standards

- Project designed to follow **IFC Performance Standards and Equator Principles**
- A full **Environmental and Social Management System (ESMS)** will be implemented
- **Noise levels** compliant with SEPA standards




Compliance with Local Laws


- PRL is expected to meet **all environmental, corporate, commercial, legal, and tax regulations**

D. Established crude oil supply and infrastructure: The presence of critical infrastructure, spare land, and an established supply chain enables lower capital investment and operational continuity


Existing Infrastructure




Brownfield Cost Efficiency: Existing infrastructure and spare land cut project capex by ~50% vs. greenfield



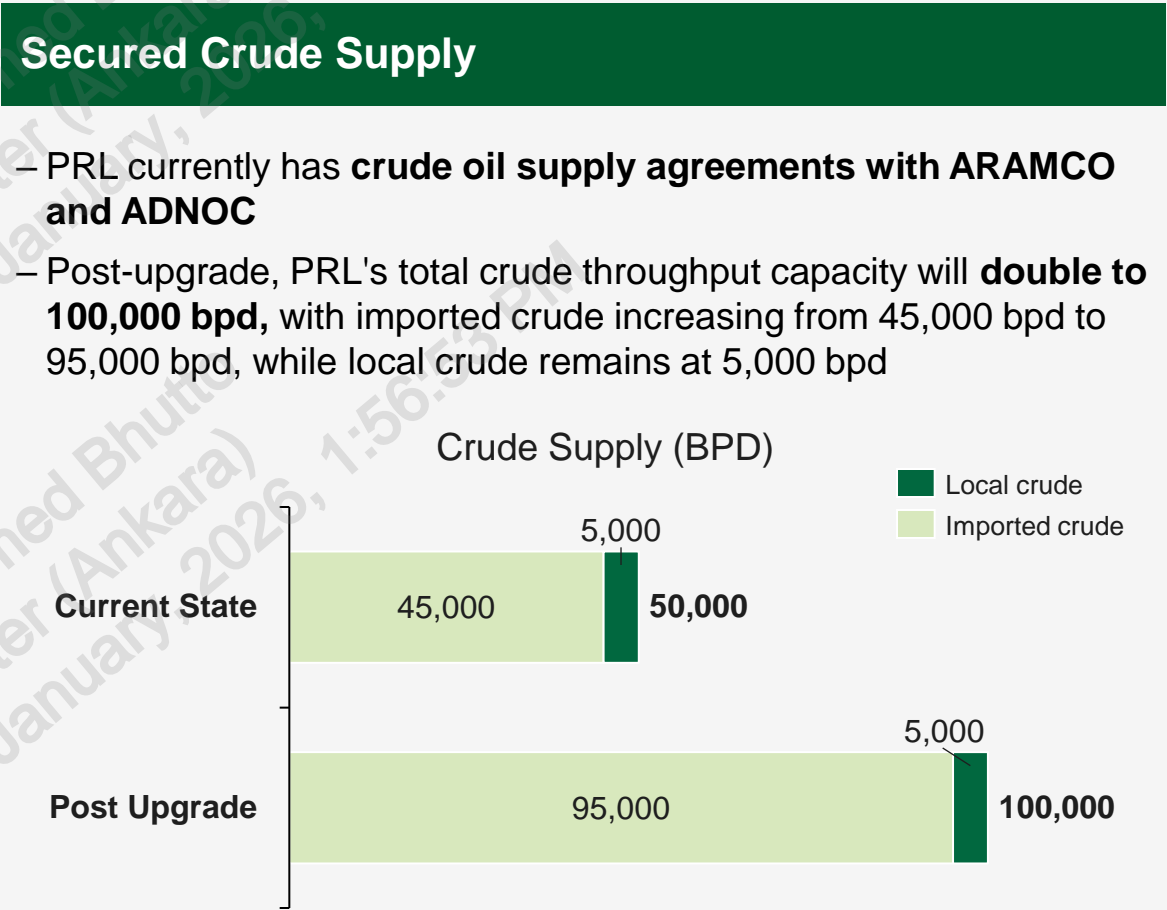
Strategic Location: Located near Karachi Port, enabling direct import of crude and export of refined products



Integrated Pipeline Connectivity: Existing pipeline network connects refinery to port, airport, and inland terminals for efficient product flow



Land Availability: Unutilized land available for further expansion and upgrade, enabling construction without operational disruption



Summary: PRL will leverage its existing infrastructure to double its processing capacity to 100,000 barrels per day and deliver Euro V compliant fuels



Offering

- **Refinery Expansion and Upgrade Project (REUP)** that will **add ~16 units** to existing setup of 4 units at an estimated cost of USD 1.8 billion



Technical Specifications

- Processing capacity: **100,000 barrels per day**
- MS production: **1.5 MT per year**
- HSD production: **2 MT per year**
- Fuel production is environmentally friendly i.e., Euro V compliant



Targeted End-Users

- **Pakistan State Oil (+40% market share)**
- **Other OMCs**, including:
 - Wafi Energy Limited (Shell licensee)
 - Attock Petroleum Limited
 - Parco Gunvor

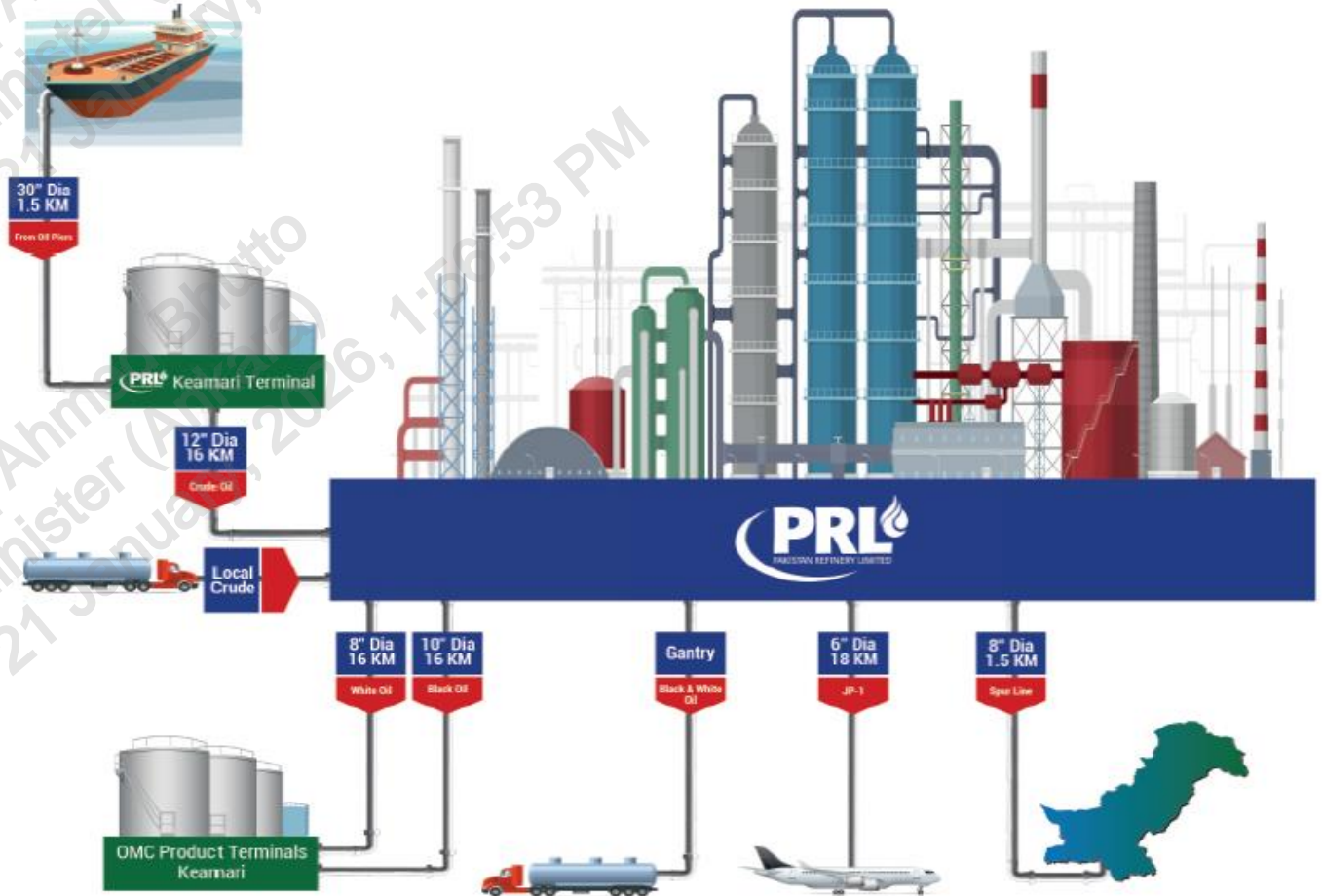


Location

- The Refinery is operating at **two locations**:
- Main processing facility located at Korangi Creek
 - Storage facility at Keamari Port supports crude berthing and linked with refinery through crude, black & white oil product

Source: PRL

Business Model



Investors will be supported by public and private parties in a robust ecosystem

Ministry of Energy and Oil & Gas Regulatory Authority



- Responsible for policy framework and incentives
- Offers regulatory and technical support, as well as capability-building for the industry
- Supports investors in fast-tracking required approvals
- Regulates fuel pricing, enforces standards, and oversees refinery margins and compliance

Special Investment Facilitation Council (SIFC)



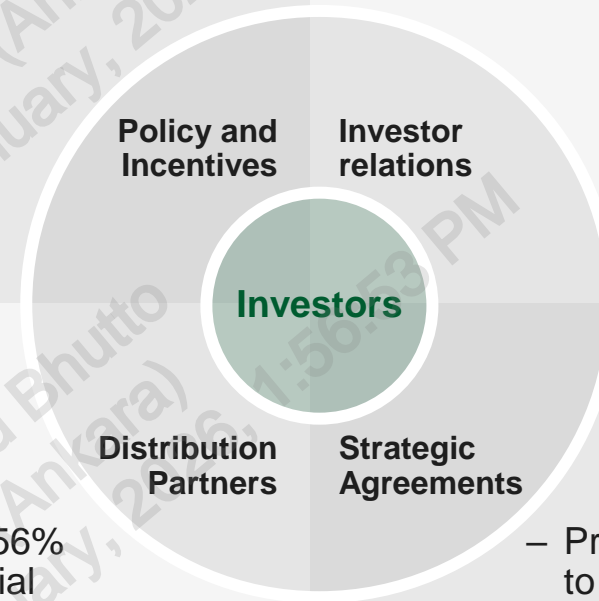
- Facilitates and fast-tracks foreign and domestic investments
- Provides a streamlined, one-window operation for investor support and coordination across government entities

Oil Marketing Companies (OMCs)

- PSO, strategic sponsor with 63.56% shareholding in PRL, has potential to uplift incremental volumes
- Reduced market and demand-side risk through guaranteed uplift



+30 Others



Crude Supply Partners

- Provide 90% of crude oil, with potential to allocate up to 75,000 barrels of its crude oil requirement post upgrade depending upon the deal structure



Investors can expect an IRR of 18-20% and a payback period of ~5 years

Notes for internal discussion










- Is high IRR driven by **incentives and lower CAPEX**? Or are there other drivers?
- Was any analysis done on **other margin scenarios**?
- Who might be **long term outlets** for our business case?

BUSINESS CASE

RETURN PROFILE 	Expected IRR	18-20% <i>USD based</i>	<ul style="list-style-type: none"> – Robust IRR profile indicative of a highly attractive investment suggesting robust profitability and efficient use of capital.
	Payback Period	c.a. 5 years	<ul style="list-style-type: none"> – Equity payback period is also an attractive ~5 years (construction) which is expected to be attractive for any equity investors
OPERATIONS 	Average Revenues / Profit	GRM of USD 440Mn by 2040 PAT of USD 316M by 2040	<ul style="list-style-type: none"> – Robust P&L driven by captive demand, government incentives and high utilization of the upgraded refinery
	Gross Margins Refining (GRMs)	USD 13 per barrel	<ul style="list-style-type: none"> – Post-upgrade, Gross Refining Margins (GRMs) are expected to be around \$13 per barrel, ensuring strong and consistent positive cash flows
	Cost per Barrel	USD 18,000 <i>per barrel of capacity</i>	<ul style="list-style-type: none"> – Brownfield upgrade assumes capacity of 100,000 barrels
INVESTMENT 	Required Investment	USD 175 – 400 Mn	<ul style="list-style-type: none"> – Equity Investment opportunity of USD 175-400 million with support for raising debt of USD 1.2 billion

The government has actively implemented measures to reduce the negative effects of the identified risks on investors

Key investment risks and mitigation measures

RISK TYPE 	DESCRIPTION 	DEGREE OF RISK 	MITIGATION ACTIONS 
DEMAND / REVENUE 	Risk of not achieving projected revenues or sales targets	Low Existing supply-demand gap for HSD and MS is substantial; Ensured offtake post REUP	Diversify revenue streams by producing high-value petrochemicals and specialty products Invest in marketing and distribution strategies to compete with imports effectively
MACROECONOMIC CONDITIONS 	Risk of inflation or currency depreciation affecting profitability	Medium Recent track record of inflation decline (at lowest levels since 1968 ¹) pointing to stabilization	All foreign currency risks, transportation costs, exchange rate fluctuations, and import-related charges are accounted for in the pricing mechanism to determine the total price Global export business mitigate risk of currency devaluation on top line
TECHNICAL & OPERATIONAL 	Aging infrastructure prone to breakdowns and increased downtime	Medium Aging infrastructure introduces reliability risks; new units under REUP will modernize operations	Partner with international technology providers to upgrade processing units (e.g., hydrocracking, desulfurization) Develop preventive maintenance programs to minimize operational disruptions
GEOPOLITICAL 	Risk of disruptions in crude oil supply chains due to geopolitical tensions	Medium Exposure to Middle Eastern supply routes introduces moderate volatility; mitigated by supplier diversity	Diversify crude oil supply sources to reduce dependency on specific regions Build crude oil storage facilities to maintain operational reserves Use financial instruments (e.g., futures contracts) to hedge against price and supply risks
REGULATORY / LEGAL 	Risk of sudden policy changes impacting contract or taxes	Low Recent reforms and deregulation trend suggesting commitment to private sector partnerships	Work with industry associations to advocate for stable, long-term policy commitments Offer investors legal protections and enable international arbitration where applicable

Connect with SIFC
to learn more



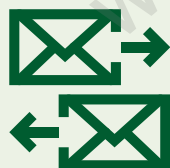
Website

<https://sifc.gov.pk/>



SIFC E-Service Gate

<https://ticketinghub.sifc.gov.pk/>



Email

invest@sifc.gov.pk

Stay connected



APPENDIX

Shaiq Ahmed Bhutto
Minister (Ankara)
Wednesday, 21 January, 2026, 1:56:53 PM

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PRL’s financial strength

Pakistan Refinery Limited (PRL) – Performance

Metric, USD Mn	2020	2021	2022	2023	2024	2025 (Q3FY25)
Revenue	541.3	569.4	798.2	914.9	1095.3	842.7
Gross profit	-26.3	19.8	84.7	25.5	54.1	1.05
PAT	-45.5	5.6	52.6	6.3	14.7	-16.4
EBITDA	-23.3	24.7	79.3	33.5	43.4	-1.43
Share Capital	19.1	38.9	26.3	22	22.6	22.6
Cash and Bank	13.1	0.5	98.2	40.8	24.8	10.98
Reserves	-31.7	-26.6	72.2	66.7	83.5	62.21
Net equity	-1.2	12.4	98.5	88.7	106.1	84.81

Market Share: ~8%
(2023-2024)

Credit Rating:
A (long-term)
A1 (short-term)

Thank You



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