



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF PAK-ARAB REFINERY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of Pak-Arab Refinery Limited (PARCO) at ‘AAA’ (Triple A) and ‘A1+’ (A One Plus), respectively. The ratings denote the lowest expectation of credit risk emanating from exceptionally strong capacity for timely payments of financial commitments.

PARCO’s ratings reflect the company’s very strong financial profile emanating from a low leveraged capital structure, robust cash flows and healthy coverages. Meanwhile, the company’s higher operational flexibility and relatively strong margins – highest in the country’s refining sector – largely insulates PARCO from business risk emanating from the cyclical nature of the refining industry. Moreover, the company’s strong ownership structure, jointly owned by the Emirate of Abu Dhabi and Government of Pakistan, and established position as a market leader in the local market are also key rating factors.

About the company: PARCO, an unlisted public limited company, was established in 1974 as a joint venture between the Government of Pakistan (60%) and the Emirate of Abu Dhabi (40%). The company owns and operates Pakistan’s longest oil pipeline network, and its refinery, with a capacity of 4.5mln tonnes per annum (tpa), is the largest refining complex representing around 35% of the country’s aggregate refining capacity.

The company’s ten-member Board of Directors (BoD) includes six nominees of the GOP, including the Chairman and the Managing Director (MD), while the remaining four are Abu Dhabi Petroleum Investments Limited (ADPI) nominees.

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