

# Flash Note

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## Oil & Gas Exploration Companies

### Oil & Gas Development Company Limited (OGDC)

**Earnings:** Oil & Gas Development Company Limited (OGDC) announced its 1QFY24 result. The Company reported 1QFY24 earnings of PKR 49.04bn (EPS PKR 11.40), down by 8%/y compared to PKR 53.30bn (EPS PKR 12.39) in the similar period last year. On a quarterly basis, profitability is down by 25%/q.

**Dividend/Payout:** The Company announced a cash dividend of PKR 1.60/share along with the result with a payout ratio of 14% compared to 14% (4QFY23: 27%) in the same period last year.

**Operating Performance:** During the period under review, OGDC reported a +13%/y increase in revenue during 1QFY24 on the back of PKR depreciation and higher oil & gas production despite lower oil prices. Exploration cost increased by +70%/y to PKR 2.63bn during 1QFY24 likely owing to higher prospecting expense. Operating expenses increased by +53%/y to PKR 27.90bn during 1QFY24 compared to PKR 18.18bn in the same period last year. Other income declined by 12%/y during 1QFY24 likely due to lower exchange gains despite higher interest income owing to gain on modification of finance lease booked in 4QFY23. On a quarterly basis, earnings dropped by 25%/q mainly due to lower other income, despite higher oil prices, PKR depreciation and lower taxation. Effective tax rate during 1QFY24 stood at 43.1% (4QFY23: 50.5%) compared to 39.6% in the same period last year.

<b>Exhibit: OGDC Financial Highlights</b>					
For the period 1QFY24					
PKRmn	1QFY24	1QFY23	y/y	4QFY23	q/q
Net Sales	120,141	106,012	13%	104,446	15%
Royalty	13,654	12,177	12%	12,266	11%
Operating Expenses	27,895	18,175	53%	33,981	-18%
Gross Profit	77,983	75,206	4%	57,682	35%
Other Income	16,251	18,504	-12%	89,508	-82%
Exploration and Prospecting	2,631	1,545	70%	8,129	-68%
Finance Cost	1,682	818	106%	1,230	37%
WPP Fund	4,535	4,642	-2%	6,903	-34%
Share of profit from associate	2,989	2,511	19%	3,611	-17%
PBT	86,174	88,207	-2%	131,153	-34%
PAT	49,038	53,303	-8%	64,979	-25%
<b>EPS (PKR)</b>	<b>11.40</b>	<b>12.39</b>		<b>15.11</b>	
DPS (PKR)	1.60	1.75		2.75	

Source: IGI Research, PSX No of Shares: 4,300.93mn

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