

# 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 2QFY24 result. The Company reported 2QFY24 earnings of PKR 74.26bn (EPS PKR 17.27), up by +78%y/y compared to PKR 41.71bn (EPS PKR 9.70) in the similar period last year. On a quarterly basis, profitability is up by +51%q/q. This brings total profitability for 1HFY24 to PKR 123.30 (EPS PKR 28.67), up by +30%y/y, compared to PKR 95.01bn (EPS PKR 22.09) in the same period last year.

**Dividend/Payout:** The Company announced a cash dividend of PKR 2.50/share along with the result bringing total cash payout for 1HFY24 to PKR 4.10/share.

**Operating Performance:** During the period under review, OGDC reported a +19%y/y increase in revenue during 2QFY24 on the back of PKR depreciation and higher wellhead gas prices despite lower oil prices and production. Exploration cost declined by 53%y/y to PKR 2.40bn during 2QFY24 likely owing to lower prospecting expense and no dry well cost incurred. Operating expenses increased by +54%y/y to PKR 32.55bn during 2QFY24 compared to PKR 21.12bn in the same period last year. Other income inclined by +19%y/y during 2QFY24 likely due to lower exchange losses and higher interest income. On a quarterly basis, earnings increased by +51%q/q mainly due to tax reversal and lower exploration cost. OGDC booked a tax reversal of PKR 2.1bn during 2QFY24 compared to a tax charge of PKR 22.9bn in the same period last year bringing total effective tax rate for 1HFY24 to 22.1% (1HFY23: 37.8%). We await further clarity from the management regarding the tax reversal in 2QFY24.

Exhibit: OGDC Financial Highlights								
For the period 2QFY24								
PKRmn	2QFY24	2QFY23	y/y	1QFY24	q/q	1HFY24	1HFY23	y/y
Net Sales	115,234	97,223	19%	120,141	-4%	235,375	203,236	16%
Royalty	13,798	11,298	22%	13,654	1%	27,451	23,474	17%
Operating Expenses	32,550	21,116	54%	27,895	17%	60,445	39,291	54%
Gross Profit	68,212	64,509	6%	77,983	-13%	146,195	139,715	5%
Other Income	11,018	9,234	19%	16,251	-32%	27,270	27,738	-2%
Exploration and Prospecting	2,395	5,104	-53%	2,631	-9%	5,026	6,649	-24%
Finance Cost	1,750	1,466	19%	1,682	4%	3,432	2,284	50%
WPP Fund	3,797	3,402	12%	4,535	-16%	8,332	8,045	4%
Share of profit from associate	3,284	2,127	54%	2,989	10%	6,272	4,638	35%
PBT	72,141	64,640	12%	86,174	-16%	158,315	152,848	4%
PAT	74,258	41,709	78%	49,038	51%	123,296	95,012	30%
<b>EPS (PKR)</b>	<b>17.27</b>	<b>9.70</b>		<b>11.40</b>		<b>28.67</b>	<b>22.09</b>	
<b>DPS (PKR)</b>	<b>2.50</b>	<b>2.25</b>		<b>1.60</b>		<b>4.10</b>	<b>4.00</b>	

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

#### Analyst

Abdullah Farhan

[Abdullah.Farhan@igi.com.pk](mailto:Abdullah.Farhan@igi.com.pk)

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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# Contact Details

## Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

## Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

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Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
 Fax: (+92-21) 35309169, 35301780

### Lahore Office

Shop # G-009, Ground Floor,  
 Packages Mall  
 Tel: (+92-42) 38303560-69  
 Fax: (+92-42) 38303559

### Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,  
 Block- B, Jinnah Avenue, Blue Area  
 Tel: (+92-51) 2604861-2, 2604864, 2273439  
 Fax: (+92-51) 2273861

### Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The  
 Regency International 949, The Mall  
 Faisalabad  
 Tel: (+92-41) 2540843-45

### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
 Model Town, Town Hall Road  
 Tel: (+92-68) 5871652-3  
 Fax: (+92-68) 5871651

### Multan Office

Mezzanine Floor, Abdali Tower,  
 Abdali Road  
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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