

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 4QFY23 result. The Company reported 4QFY23 earnings of PKR 64.98bn (EPS PKR 15.11), up by +3.0x/y compared to PKR 21.74bn (EPS PKR 5.05) in the similar period last year. On a quarterly basis, profitability is up by +1%q/q. This brings total FY23 profitability to PKR 224.62bn (EPS PKR 52.23), up by +68%y/y.

Dividend/Payout: The Company announced a cash dividend of PKR 2.75/share along with the result bringing total cash payout for FY23 to PKR 8.55/share.

Operating Performance: During the period under review, OGDC reported a +10%y/y increase in revenue during 4QFY23 on the back of PKR depreciation despite lower oil & gas production and oil prices. Exploration cost increased by +38%y/y to PKR 8.13bn during 4QFY23 likely owing to higher prospecting expense and dry well cost. Operating expenses increased by +21%y/y to PKR 33.98bn during 4QFY23 compared to PKR 28.05bn in the same period last year. Other income jumped up significantly by +5.3x/y during 4QFY23. Details on a substantial rise in other income will be available through an annual report and management briefing call. On a quarterly basis, earnings improved by +1%q/q mainly due to PKR depreciation and hefty other income despite higher tax rate, exploration cost and lower oil prices. Effective tax rate during 4QFY23 stood at 50.5% (3QFY23: 35.2%) compared to 65.3% in the same period last year bringing total effective tax rate for FY23 to 41.5% compared to 42.5% in the corresponding period last year.

Exhibit: OGDC Financial Highlights								
For the period 4QFY23								
PKRmn	4QFY23	3QFY22	y/y	3QFY23	q/q	FY23	FY22	y/y
Net Sales	104,446	95,196	10%	105,913	-1%	413,594	335,464	23%
Royalty	12,266	10,866	13%	12,654	-3%	48,394	37,958	27%
Operating Expenses	33,981	28,050	21%	20,338	67%	93,610	78,593	19%
Gross Profit	57,682	55,849	3%	72,330	-20%	269,727	216,916	24%
Other Income	89,508	16,983	5.3x	37,446	2.4x	154,692	46,571	3.3x
Exploration and Prospecting	8,129	5,893	38%	4,246	91%	19,024	15,586	22%
Finance Cost	1,230	607	2.0x	1,201	2%	4,715	2,340	101%
WPP Fund	6,903	3,293	2.1x	5,251	31%	20,199	12,238	65%
Share of profit from associate	3,611	1,072	3.4x	2,294	57%	10,543	4,110	2.6x
PBT	131,153	62,571	2.1x	99,772	31%	383,773	232,521	65%
PAT	64,979	21,740	3.0x	64,627	1%	224,618	133,784	68%
EPS (PKR)	15.11	5.05		15.03		52.23	31.11	
DPS (PKR)	2.75	2.50		1.80		8.55	7.25	

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

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