

Flash Note

Tuesday, October 10, 2023

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Oil & Gas Exploration Companies

Pakistan Oilfields Limited (POL)

Earnings: Pakistan Oilfields Limited (POL) announced its 1QFY24 result. The Company reported 1QFY24 unconsolidated earnings of PKR 9.71bn (EPS PKR 34.20), up by +16%/y compared to PKR 8.40bn (EPS PKR 29.59) in the similar period last year. On a quarterly basis, profitability is up by +66%/q.

Dividend/Payout: The Company did not announce any cash dividend along with the result in line with its payout policy.

Operating Performance: During the period under review, POL reported a +4%/y increase in revenue during 1QFY24 on the back of PKR depreciation despite lower oil prices and oil/gas production. Exploration cost plummeted by 84%/y to PKR 0.72bn during 1QFY24 likely owing to dry well cost incurred during 1QFY23. Operating expenses increased by +19%/y to PKR 2.52bn during 1QFY24 compared to PKR 2.11bn in the same period last year. Other income declined by 26%/y during 1QFY24 likely owing to lower exchange gains despite higher interest income. On a quarterly basis, earnings improved by +66%/y mainly due to higher other income, PKR depreciation and lower tax rate. Effective tax stood at 29.8% during 1QFY24 (4QFY23: 51.8%) compared to 18.0% in the same period last year.

Exhibit: POL Financial Highlights - unconsolidated					
For the period 1QFY24					
PKRmn	1QFY24	1QFY23	y/y	4QFY23	q/q
Net Sales	16,682	15,976	4%	15,081	11%
Operating Costs	2,520	2,109	19%	3,167	-20%
Royalty	2,034	1,774	15%	1,742	17%
Amortization of D&D Cost	174	503	-65%	(1,114)	n/m
Gross Profit	11,954	11,589	3%	11,287	6%
Exploration Costs	719	4,526	-84%	390	84%
Administration Expenses	115	124	-7%	53	117%
Finance Cost	1,272	2,835	-55%	1,834	-31%
Other Income	4,892	6,635	-26%	3,993	23%
PBT	13,831	10,246	35%	12,170	14%
PAT	9,708	8,400	16%	5,864	66%
EPS (PKR)	34.20	29.59		20.66	
DPS (PKR)	0.00	0.00		60.00	

Source: IGI Research, PSX No of Shares: 283.86mn

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