

# Flash Note

Wednesday, August 30, 2023

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## Oil & Gas Exploration Companies

### Pakistan Oilfields Limited (POL)

**Earnings:** Pakistan Oilfields Limited (POL) announced its 4QFY23 result. The Company reported 4QFY23 unconsolidated earnings of PKR 5.86bn (EPS PKR 20.66), down by 31%y/y compared to PKR 8.44bn (EPS PKR 29.73) in the similar period last year. On a quarterly basis, profitability is down by 64%y/y. This brings total FY23 profitability to PKR 36.45bn (EPS PKR 128.42), up by +41%y/y.

**Dividend/Payout:** The Company announced a cash dividend of PKR 60.0/share along with the result bringing total cash payout for FY23 to PKR 80.0/share.

**Operating Performance:** During the period under review, POL reported a +1%y/y increase in revenue during 4QFY23 on the back of lower oil prices and lower oil & gas production despite PKR depreciation. Exploration cost increased by +2.0x/y to PKR 0.39bn during 4QFY23 likely owing to higher prospecting expense. Operating expenses increased by +26%y/y to PKR 3.17bn during 4QFY23 compared to PKR 2.52bn in the same period last year. Other income declined by 18%y/y during 4QFY23 likely owing to exchange loss despite higher interest income. On a quarterly basis, earnings dropped by 64%y/y mainly due to lower other income, lower production and higher tax rate. Effective tax stood at 51.8% during 4QFY23 (3QFY23: 9.5%) compared to 25.1% in the same period last year bringing total effective tax rate for FY23 to 26.6% compared to 29.9% in the corresponding period last year.

Exhibit: POL Financial Highlights								
For the period 4QFY23								
PKRmn	4QFY23	4QFY22	y/y	3QFY23	q/q	FY23	FY22	y/y
Net Sales	15,081	14,943	1%	15,874	-5%	60,952	51,945	17%
Operating Costs	3,167	2,520	26%	2,800	13%	11,160	9,115	22%
Royalty	1,742	1,650	6%	1,807	-4%	6,880	5,563	24%
Amortization of D&D Cost	(1,114)	1,329	n/m	783	n/m	1,175	3,319	-65%
Gross Profit	11,287	9,443	20%	10,483	8%	41,737	33,947	23%
Exploration Costs	390	191	104%	850	-54%	6,720	877	666%
Administration Expenses	53	31	71%	80	-34%	312	206	52%
Finance Cost	1,834	2,363	-22%	5,436	-66%	9,619	5,549	73%
Other Income	3,993	4,892	-18%	14,330	-72%	27,062	11,697	131%
PBT	12,170	11,272	8%	17,945	-32%	49,659	36,987	34%
PAT	5,864	8,439	-31%	16,235	-64%	36,453	25,935	41%
<b>EPS (PKR)</b>	<b>20.66</b>	<b>29.73</b>		<b>57.20</b>		<b>128.42</b>	<b>91.37</b>	
DPS (PKR)	60.00	50.00		0.00		80.00	70.00	
Source: IGI Research, PSX						No of Shares: 283.86mn		

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