

Flash Note

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Oil & Gas Exploration Companies

Pakistan Petroleum Limited (PPL)

Earnings: Pakistan Petroleum Limited (PPL) announced its 2QFY24 result. The Company reported 2QFY24 unconsolidated earnings of PKR 39.15bn (EPS PKR 14.39), up by +75%/y compared to PKR 22.32bn (EPS PKR 8.20) in the similar period last year. On a quarterly basis, profitability is up by +32%/y. This brings total 1HFY24 profitability to PKR 68.78bn (EPS PKR 25.28), up by +41%/y.

Dividend/Payout: The Company announced a cash dividend of PKR 2.5/share along with the result bringing total cash payout for 1HFY24 to PKR 2.5/share.

Operating Performance: During the period under review, PPL reported a +11%/y increase in revenue during 2QFY24 on the back of PKR depreciation despite lower oil & gas production and oil prices. Exploration cost declined by 12%/y to PKR 6.59bn during 2QFY24 likely owing to lower prospecting expense and dry well cost. Operating expenses increased by +3%/y to PKR 12.33bn during 2QFY24 compared to PKR 12.01bn in the same period last year. Other income augmented by +2.2/y during 2QFY24 likely owing to higher interest income and lower exchange losses. On a quarterly basis, earnings increased by +32%/y mainly due to lower tax charge and higher other income despite PKR appreciation, higher exploration cost and lower production. Effective tax stood at 1.1% during 2QFY24 (1QFY24: 37.9%) compared to 31.1% in the same period last year bringing total effective tax rate for 1HFY24 to 21.2% compared to 37.5% in the corresponding period last year.

Exhibit: PPL Financial Highlights								
For the period 2QFY24								
PKRmn	2QFY24	2QFY23	y/y	1QFY24	q/q	1HFY24	1HFY23	y/y
Net Sales	72,307	65,046	11%	77,448	-7%	149,755	137,657	9%
Operating Expense	12,329	12,014	3%	12,496	-1%	24,824	23,490	6%
Royalty	11,064	10,334	7%	12,292	-10%	23,355	22,867	2%
Gross Profit	48,915	42,697	15%	52,660	-7%	101,575	91,300	11%
Exploration Expense	6,590	7,527	-12%	1,999	3.3x	8,589	9,007	-5%
Administrative Expense	963	599	61%	1,205	-20%	2,168	1,790	21%
Other Income	3,978	1,820	2.2x	3,754	6%	7,732	6,663	16%
Other Charges	4,962	3,512	41%	4,241	17%	9,202	8,042	14%
Share of loss from associate	388	101	3.9x	837	-54%	1,226	136	9.0x
EBIT	39,990	32,779	22%	48,132	-17%	88,122	78,987	12%
Finance Cost	407	367	11%	412	-1%	819	705	16%
PBT	39,584	32,412	22%	47,720	-17%	87,303	78,282	12%
PAT	39,150	22,323	75%	29,626	32%	68,777	48,936	41%
EPS (PKR)	14.39	8.20		10.89		25.28	17.98	
DPS (PKR)	2.50	1.00		0.00		2.50	1.00	

Source: IGI Research, PSX

No of Shares: 2,720.97mn

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