

## Oil & Gas Exploration Companies

### PKR Depreciation to Lift 3QFY23 Earnings by +32%/y

- IGI E&P universe earnings are expected to augment by +32%/y during 3QFY23 to PKR 107.5bn compared to PKR 81.2bn in the same period last year. Earnings accretion expected on the back of a) higher wellhead prices amid PKR depreciation and, b) hefty exchange gains due to PKR depreciation.
- We expect MARI to register earnings of PKR 17.0bn (EPS: PKR 127.2), up by +56%/y POL's board meeting is scheduled on 27th-Apr-23 to announce 3QFY23 financial results where we expect the Company to report earnings of PKR 8.97bn (EPS: PKR 31.6), up by +37%/y.
- We expect OGDC to post earnings of PKR 54.85bn (EPS: PKR 12.8), up by +27%/y. We estimate PPL to post earnings of PKR 26.72bn (EPS: PKR 9.8) up by +30%/y during 3QFY23.

### E&P Sector: Earnings to improve by +32%/y to PKR 107.5bn during 3QFY23

IGI E&P universe earnings are expected to augment by +32%/y during 3QFY23 to PKR 107.5bn compared to PKR 81.2bn in the same period last year. Earnings accretion expected on the back of a) higher wellhead prices amid PKR depreciation and, b) hefty exchange gains due to PKR depreciation. Growth in earnings is likely to be limited by lower oil prices, oil & gas production and higher taxation. On sequential basis, earnings are expected to improve by +33%q/q on account of PKR depreciation, lower exploration cost and exchange gains.

Exhibit: E&P sector profit after tax preview for 3qFY23						
Period end = Jun						
EPS (PKR)	3QFY23E	y/y	q/q	9MFY23E	y/y	
PPL	9.8	30%	20%	27.8	45%	
MARI	127.2	56%	52%	306.1	49%	
OGDC	12.8	27%	32%	34.8	34%	
POL	31.6	37%	51%	82.2	33%	
E&P Sector total (in PKRbn)	107.5	32%	33%	289.7	38%	
DPS (PKR)	3QFY23E			9MFY23E		
PPL	-			1.0		
MARI	-			89.0		
OGDC	1.5			5.5		
POL	-			20.0		

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### MARI: Earnings to appreciate by +56%/y/y to PKR 127.2/share during 3QFY23

We expect Mari Petroleum Company Limited's (MARI) to register earnings of PKR 17.0bn (EPS: PKR 127.2), up by +56%/y/y during 3QFY23 compared to PKR 10.9bn (EPS: PKR 81.6) in the same period last year. On quarterly basis, earnings are estimated to increase by +52%/q/q. We attribute this incline in earnings on yearly basis during 3QFY23 to a) PKR depreciation and, b) higher gas production. However, lower oil prices and higher exploration cost is likely to keep earnings growth restricted. This brings 9MFY23 profitability to PKR 40.83bn (EPS PKR 306.1) up by +49%/y/y.

### POL: Earnings to improve by +37%/y/y during 3QFY23e to PKR 31.6/share

Pakistan Oilfields Limited's (POL) board meeting is scheduled on 27<sup>th</sup>-Apr-23 to announce 3QFY23 financial results where we expect the Company to report earnings of PKR 8.97bn (EPS: PKR 31.6) during 3QFY23, up by +37%/y/y, compared to PKR 6.57bn (EPS: PKR 23.2) in the same period last year. On a quarterly basis earnings are expected to improve by +51%/q/q. We attribute this yearly growth in earnings during 3QFY23 to a) and PKR depreciation and, b) exchange gains. However, lower oil & gas production and higher exploration cost is likely to limit earnings growth during 3QFY23. This brings 9MFY23 profitability to PKR 23.33bn (EPS PKR 82.2) up by +33%/y/y.

### OGDC: Profitability to rise by +27%/y/y to PKR 12.8/share during 3QFY23

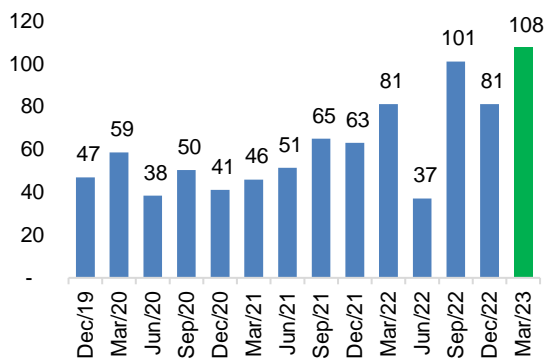
Oil & Gas Development Company Limited (OGDC) board meeting is scheduled on 27<sup>th</sup>-Apr-23 to announce 3QFY23 financial results where we expect the Company to post earnings of PKR 54.85bn (EPS: PKR 12.8), up by +27%/y/y, during 3QFY23 compared to PKR 43.16bn (EPS: PKR 10.0) in the same period last year. On sequential basis, earnings are expected to surge by +32%/q/q primarily due to PKR depreciation, exchange gains and lower exploration cost. We attribute this yearly growth in earnings during 3QFY23 to a) higher share of profit from associate and, b) PKR depreciation. However, lower oil & gas production and higher exploration costs are likely to restrict earnings growth during 3QFY23. This brings 9MFY23 profitability to PKR 149.86bn (EPS PKR 34.8) up by +34%/y/y. We expect the Company to announce cash dividend of PKR 1.5/share along with the result.

## PPL: Earnings to increase by +30%/y to PKR 9.8/share during 3QFY23

We estimate Pakistan Petroleum Limited (PPL) to post earnings of PKR 26.72bn (EPS: PKR 9.8) up by +30%/y during 3QFY23 compared to PKR 20.62bn (EPS: PKR 7.6) in the same period last year. On a quarterly basis, earnings are expected to incline by +20%/q. We attribute this growth in earnings on yearly basis during 3QFY23 to a) PKR depreciation, b) higher oil & gas production and, c) higher exchange gains. However, lower oil prices and higher exploration costs are likely to limit earnings growth during 3QFY23. This brings 9MFY23 profitability to PKR 75.65bn (EPS PKR 27.8) up by +45%/y.

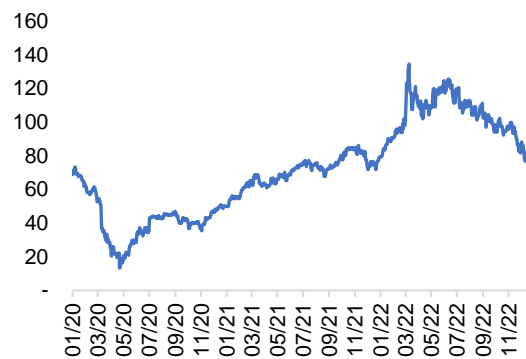
### Exhibit: E&P sector quarterly earnings (PKRbn)

E&P sector earnings to increase on the back of PKR depreciation despite lower oil prices.



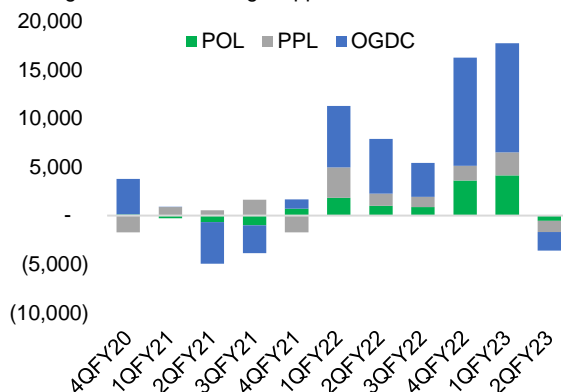
### Exhibit: International oil prices (USD/bbl)

Oil prices declined by 17%/y and 9%/q. .



### Exhibit: Quarter-wise exchange gains/(losses) (PKRmn)

E&P sector witnessed substantial exchange gains since FY22 on the back of PKR depreciation. However, 2QFY23 recorded exchange losses due to slight appreciation in PKR.



### Exhibit: PKR had one of the roughest year

PKR depreciated by almost 47%/y on average during 3QFY23.



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