

## Sector Update

### IGI E&P result previews

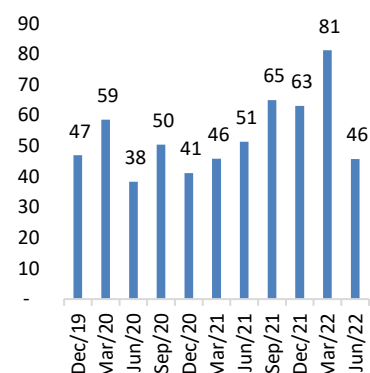
#### EPS Estimates for 4QFY22

	4Q22e	y/y	FY22e	y/y
PPL	4.3	-18%	23.6	22%
MARI	43.5	-28%	249.4	6%
OGDC	5.6	-5%	31.6	49%
POL	14.7	10%	76.4	62%

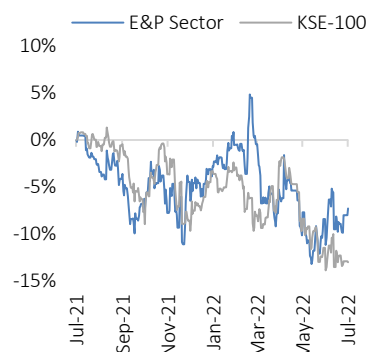
#### DPS Estimates for 4QFY22

	4Q22e	FY22e
PPL	1.0	2.5
MARI	60.0	122.0
OGDC	1.0	5.8
POL	35.0	55.0

#### Exhibit: E&P Sector Historical Earnings (PKRbn)



#### Relative Performance to KSE-100



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## Oil & Gas Exploration Companies

## Sector Earnings to drop during 4QFY22 amid higher taxation and exploration cost

- IGI E&P universe earnings are expected to augment by 11%YoY in 4QFY22 to PKR 45.7bn compared to PKR 51.4bn in the same period last year. Earnings attrition is expected on the back of a) higher taxation due to imposition of additional taxation in Budget 2023 and, b) higher exploration cost.
- POL is expected to report earnings of PKR 4.18bn (EPS: PKR 14.7) up by +10%/y compared to PKR 3.81bn (EPS: PKR 13.4) in the same period last year. MARI's board meeting is scheduled on 04th-Aug-22 to announce financial results for 4QFY22 where we expect the Company to register earnings of PKR 5.81bn (EPS: PKR 43.5), down by 28%YoY.
- We estimate Pakistan Petroleum Limited (PPL) to post earnings of PKR 11.78bn (EPS: PKR 4.3) down by 18%/y compared to PKR 14.31bn (EPS: PKR 5.3) in the same period last year. We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 23.91bn (EPS: PKR 5.6), down by 5%/y, during 4QFY22 compared to PKR 25.19bn (EPS: PKR 5.9) in the same period last year.

### E&P Sector: Earnings to decline by 11%/y to PKR 45.7bn in 4QFY22

IGI E&P universe earnings are expected to augment by 11%/y in 4QFY22 to PKR 45.7bn compared to PKR 51.4bn in the same period last year. Earnings attrition is expected on the back of a) higher taxation due to imposition of additional taxation in Budget 2023 and, b) higher exploration cost. Decline in earnings is likely to be limited by rise in oil prices, PKR depreciation and exchange gains. On sequential basis, earnings are expected to decline by 44%/q/q on account of higher taxation.

#### Exhibit: E&P sector profit after tax preview for 4qFY22

PKR bn

Period end = Jun	Jun/22	Mar/22	q/q	Jun/21	y/y	FY22e	FY21	y/y
PPL	11.8	20.6	-43%	14.3	-18%	64.1	52.4	22%
MARI	5.8	10.9	-47%	8.1	-28%	33.3	31.4	6%
OGDC	23.9	43.2	-45%	25.2	-5%	136.0	91.5	49%
POL	4.2	6.6	-36%	3.8	10%	21.7	13.4	62%
<b>Total (in PKRbn)</b>	<b>45.7</b>	<b>81.2</b>	<b>-44%</b>	<b>51.4</b>	<b>-11%</b>	<b>255.0</b>	<b>188.8</b>	<b>35%</b>

### POL: Earnings to improve by 10%/y during 4QFY22E to PKR 14.7/share

Pakistan Oilfields Limited's (POL) board meeting is scheduled on 16<sup>th</sup>-Aug-22 to announce financial results for 4QFY22 where we expect Company to report earnings of PKR 4.18bn (EPS: PKR 14.7) up by +10%/y compared to PKR 3.81bn (EPS: PKR 13.4) in the same period last year. On a quarterly basis earnings are expected to drop by 36%/q/q on the back of higher taxation. This bring total FY22E earnings to PKR 21.68bn (EPS: PKR 76.4) up by +62%/y. We attribute the decline in the earnings to a) rise in average oil prices, b) PKR depreciation and, c) lower exploration cost. However, lower oil & gas production and higher taxation is likely to limit earnings growth during 4QFY22.

We expect POL to announce cash dividend of PKR 35/share during 4QFY22 bring total cash payout for FY22 to PKR 55/share.

**MARI: Earnings to drop by 28%/y to PKR 43.5/share in 4QFY22**

Mari Petroleum Company Limited's (MARI) board meeting is scheduled on 04<sup>th</sup>-Aug-22 to announce financial results for 4QFY22 where we expect the Company to register earnings of PKR 5.81bn (EPS: PKR 43.5), down by 28%/y compared to PKR 8.10bn (EPS: PKR 60.6) in the same period last year. On quarterly basis, earnings are estimated to decline by 47%q/q on the back of higher taxation and exploration cost. This brings FY22E earning to PKR 33.27bn (EPS: PKR 249.4) up by +6%/y. We attribute this drop in earnings during 4QFY22 to a) higher taxation, b) lower oil production and, c) higher exploration cost. However, higher oil prices, PKR depreciation and increased gas production is likely to limit earnings decline. We foresee Company to announce cash dividend of PKR 60/share during 4QFY22 taking total cash payout for FY22 to PKR 122/share.

**PPL: Earnings to drop by 18%/y to PKR 4.3/share during 4QFY22**

We estimate Pakistan Petroleum Limited (PPL) to post earnings of PKR 11.78bn (EPS: PKR 4.3) down by 18%/y compared to PKR 14.31bn (EPS: PKR 5.3) in the same period last year. On a quarterly basis, earnings are expected to decline by 43%q/q on the back of higher taxation. This brings FY22E earnings to PKR 64.11bn (EPS: PKR 23.6) up by +22%/y. We attribute the decline in the earnings during 4QFY22 to a) lower oil production and, b) higher taxation. However, lower exploration cost, exchange gains higher oil prices and PKR depreciation is likely to limit earnings decline during 4QFY22. We estimate PPL to announce cash dividend of PKR 1.0/share during 4QFY22 taking total cash payout for FY22 to PKR 2.5/share.

**OGDC: Profitability to decline by 5%/y to PKR 5.6/share during 4QFY22**

We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 23.91bn (EPS: PKR 5.6), down by 5%/y, during 4QFY22 compared to PKR 25.19bn (EPS: PKR 5.9) in the same period last year. On sequential basis, earnings are expected to drop by 45%q/q primarily due to higher taxation and lower share of profit from MARI. This bring total FY22E earnings to PKR 135.96bn (EPS: PKR 31.6) up by +49%YoY. We attribute the decline in earnings during 4QFY22 to a) higher taxation and, b) lower oil and gas production. However, rise in oil prices, PKR depreciation, exchange gains and lower exploration cost is likely to restrict earnings decline during 4QFY22. We expect the Company to announce cash dividend of PKR 1.0/share along with the result, bringing total cash payout for FY22E to PKR 5.8/share.

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