

Sector Update

IGI E&P result previews

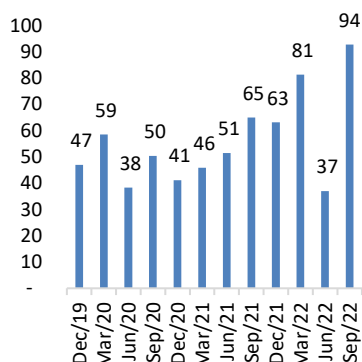
EPS Estimates for 1QFY23

	1Q23e	y/y	4Q22	q/q
PPL	9.0	44%	0.4	20x
MARI	102.8	51%	42.0	145%
OGDC	10.9	39%	5.1	116%
POL	31.3	69%	29.7	5%

DPS Estimates for 1QFY23

	1Q23e	4Q22
PPL	-	0.5
MARI	-	60.0
OGDC	2.0	2.5
POL	-	50.0

Exhibit: E&P Sector Historical Earnings (PKRbn)



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Oil & Gas Exploration Companies

Higher Oil Prices, Weaker PKR and Lower Exploration Cost to Lift Sector Earnings in 1QFY23

- IGI E&P universe earnings are expected to augment by +45%/y/y in 1QFY23 to PKR 93.9bn compared to PKR 65.0bn in the same period last year. Earnings accretion is expected on the back of a) 43%/y/y rise in average oil prices and, b) 35%/y/y depreciation of PKR against greenback.
- Mari Petroleum Company Limited's (MARI) board meeting is scheduled on 21st-Oct-22 to announce financial results for 1QFY23 where we expect the Company to register earnings of PKR 13.71bn (EPS: PKR 102.8), up by +51%/y/y. Pakistan Oilfields Limited's (POL) board meeting is scheduled on 25th-Oct-22 to announce financial results for 1QFY23 where we expect Company to report earnings of PKR 8.87bn (EPS: PKR 31.3) up by +69%/y/y
- Oil & Gas Development Company Limited (OGDC) board meeting is scheduled on 25th-Oct-22 to announce financial results for 1QFY23 where we expect the Company to post earnings of PKR 46.89bn (EPS: PKR 10.9), up by +39%/y/y. We estimate Pakistan Petroleum Limited (PPL) to post earnings of PKR 24.45bn (EPS: PKR 9.0) up by +44%/y/y during 1QFY23.

E&P Sector: Earnings to improve by +45%/y/y to PKR 93.9bn during 1QFY23

IGI E&P universe earnings are expected to augment by +45%/y/y in 1QFY23 to PKR 93.9bn compared to PKR 65.0bn in the same period last year. Earnings accretion is expected on the back of a) 43%/y/y rise in average oil prices and, b) 35%/y/y depreciation of PKR against greenback. Growth in earnings is likely to be limited by lower oil & gas production and higher taxation. On sequential basis, earnings are expected to appreciate by +154%/q/q on account of lower taxation, PKR depreciation and slightly higher oil production (excluding MARI).

Exhibit: E&P sector profit after tax preview for 1qFY23 PKR bn

Period end = Jun	Sep/22	Jun/22	q/q	Sep/21	y/y
PPL	24.4	1.2	20x	17.0	44%
MARI	13.7	5.6	145%	9.1	51%
OGDC	46.9	21.7	116%	33.6	39%
POL	8.9	8.4	5%	5.3	69%
Total (in PKRbn)	93.9	37.0	154%	65.0	45%

MARI: Earnings to appreciate by +51%/y/y to PKR 102.8/share during 1QFY23

Mari Petroleum Company Limited's (MARI) board meeting is scheduled on 21st-Oct-22 to announce financial results for 1QFY23 where we expect the Company to register earnings of PKR 13.71bn (EPS: PKR 102.8), up by +51%/y/y compared to PKR 9.10bn (EPS: PKR 68.21) in the same period last year. On quarterly basis, earnings are estimated to augment by +145%/q/q on the back of lower taxation and exploration cost. We attribute this incline in earnings on yearly basis during 1QFY23 to a) higher oil prices and PKR depreciation and, b) lower exploration cost. However, lower oil &

gas production (lower oil production from Bolan East) and higher taxation is likely to limit earnings growth.

POL: Earnings to improve by +69%y/y during 1QFY23e to PKR 31.3/share

Pakistan Oilfields Limited's (POL) board meeting is scheduled on 25th-Oct-22 to announce financial results for 1QFY23 where we expect Company to report earnings of PKR 8.87bn (EPS: PKR 31.3) up by +69%y/y compared to PKR 5.26bn (EPS: PKR 18.52) in the same period last year. On a quarterly basis earnings are expected to increase by +5%q/q on the back of higher oil production, oil prices and PKR depreciation. However, higher taxation is likely to limit earnings growth. We attribute this yearly growth in earnings during 1QFY23 to a) rise in average oil prices and PKR depreciation, b) exchange gains and, c) lower exploration cost. However, lower oil & gas production and higher taxation is likely to limit earnings growth during 1QFY23.

OGDC: Profitability to rise by +39%y/y to PKR 10.9/share during 1QFY23

Oil & Gas Development Company Limited (OGDC) board meeting is scheduled on 25th-Oct-22 to announce financial results for 1QFY23 where we expect the Company to post earnings of PKR 46.89bn (EPS: PKR 10.9), up by +39%y/y, during 1QFY23 compared to PKR 33.63bn (EPS: PKR 7.8) in the same period last year. On sequential basis, earnings are expected to improve by +116%q/q primarily due to lower taxation, lower exploration cost and higher share of profit from MARI. We attribute this yearly growth in earnings during 1QFY23 to a) higher share of profit from MARI, b) lower exploration cost and, c) rise in average oil prices and PKR depreciation. However, lower oil & gas production and higher operating and admin costs are likely to restrict earnings growth during 1QFY23. We expect the Company to announce cash dividend of PKR 2.0/share along with the result.

PPL: Earnings to increase by +44%y/y to PKR 9.0/share during 1QFY23

We estimate Pakistan Petroleum Limited (PPL) to post earnings of PKR 24.45bn (EPS: PKR 9.0) up by +44%y/y during 1QFY23 compared to PKR 16.99bn (EPS: PKR 6.24) in the same period last year. On a quarterly basis, earnings are expected to augment by +20xq/q on the back of lower taxation and exploration cost. We attribute this growth in earnings on yearly basis during 1QFY23 to a) lower exploration cost and, b) higher oil price and PKR depreciation. However, higher taxation, lower oil production and higher costs are likely to limit earnings growth during 1QFY23.

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