

Oil & Gas Exploration Companies

2QFY25: E&P Sector Earnings to Drop by 34%/y/y

- IGI E&P universe earnings are expected to decrease by 34%/y/y during 2QFY25 to PKR 92.7bn compared to PKR 139.6bn in the same period last year. Earnings attrition is anticipated on the back of a) lower oil and gas production, b) lower average oil prices and PKR appreciation and, c) provision for depletion allowance booked by OGDC and PPL during 2QFY24. On sequential basis, earnings are expected to increase by +7%/q/q.
- We expect Mari Petroleum Company Limited's (MARI) to register earnings of PKR 18.7bn (EPS: PKR 15.3), up by +2%/y/y. We expect Pakistan Oilfields Limited's (POL) to report earnings of PKR 7.78bn (EPS: PKR 27.4) during 2QFY25, down by 1%/y/y.
- We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 42.28bn (EPS: PKR 9.8), down by 43%/y/y, during 2QFY25 compared to PKR 74.26bn (EPS: PKR 17.3). We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 23.94bn (EPS: PKR 8.8) down by 39%/y/y during 2QFY25 compared to PKR 39.15bn (EPS: PKR 14.4).

E&P Sector: Earnings to decline by 34%/y/y to PKR 92.7bn during 2QFY25

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Exhibit: E&P sector profit after tax preview for 2qFY25								
Period end = Jun								
EPS	Dec/24	Sep/24	q/q	Dec/23	y/y	1H'25e	1H'24	y/y
PPL	8.8	8.7	2%	14.4	-39%	17.5	25.3	-31%
MARI	15.6	16.0	-3%	15.3	2%	31.6	31.2	1%
OGDC	9.8	9.5	3%	17.3	-43%	19.4	28.7	-32%
POL	27.4	9.0	3x	27.7	-1%	36.5	61.9	-41%
Total (PKRbn)	92.7	86.4	7%	139.6	-34%	179.1	247.2	-28%
DPS	Dec/24	Sep/24	q/q	Dec/23	y/y	1H'25e	1H'24	y/y
PPL	3.0	2.0		2.5		5.0	2.5	
MARI	11.0	0.0		10.9		11.0	10.9	
OGDC	4.5	3.0		2.5		7.5	4.1	
POL	20.0	0.0		25.0		20.0	25.0	

Analyst

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Source: Company Financials, IGI Research

MARI: Earnings to appreciate by +2%/y to PKR 15.3/share during 2QFY25e

Mari Petroleum Company Limited's (MARI) board meeting is scheduled on 27-Jan-2025 to announce financial result for 1QFY25 where we expect the Company to register earnings of PKR 18.7bn (EPS: PKR 15.3), up by +2%/y during 2QFY25 compared to PKR 19.20bn (EPS: PKR 15.3) in the same period last year. On quarterly basis, earnings are estimated to inch down by 3%q/q. We attribute this incline in earnings on yearly basis during 2QFY25 to a) higher finance income and b) lower exploration cost. However, earnings growth is likely to be limited by decline in wellhead gas price for Mari field, higher royalty on Mari D&P Lease and lower gas production from Mari field. This brings total profitability for 1HFY25 to PKR 37.90bn (EPS PKR 31.6), up by +1%/y compared to PKR 37.51bn (EPS PKR 31.2) in the same period last year. We expect MARI to announce cash dividend of PKR 11/share along with the result.

POL: Earnings to inch down by 1%/y during 2QFY25e to PKR 27.4/share

Pakistan Oilfields Limited's (POL) board meeting is scheduled on 27-Jan-2025 to announce financial result for 2QFY25 where we expect the Company to report earnings of PKR 7.78bn (EPS: PKR 27.4) during 2QFY25, down by 1%/y, compared to PKR 7.87bn (EPS: PKR 27.7) in the same period last year. On a quarterly basis, earnings are expected to augment by +3x y/y. We attribute this yearly decline in earnings during 2QFY25 to a) lower oil prices and PKR appreciation, b) lower oil & gas production and, c) higher exploration cost. However, earnings decline is likely to be limited by higher other income. This brings total profitability for 1HFY25 to PKR 10.35bn (EPS PKR 36.5), down by 41%/y compared to PKR 17.58bn (EPS PKR 61.9) in the same period last year. We expect POL to announce cash dividend of PKR 20/share along with the result.

OGDC: Profitability to decline by 43%/y to PKR 9.8/share during 2QFY25e

We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 42.28bn (EPS: PKR 9.8), down by 43%/y, during 2QFY25 compared to PKR 74.26bn (EPS: PKR 17.3) in the same period last year. On sequential basis, earnings are expected to improve by +3%q/q. We attribute this yearly decline in earnings during 2QFY25 to a) lower oil & gas production, b) reversal of provision for depletion allowance booked in 2QFY24 and, c) higher exploration cost owing to dry well incurred at Kandewaro-1. This brings total profitability for 1HFY25 to PKR 83.30bn (EPS PKR 19.4), down by 32%/y compared to PKR 123.30bn (EPS PKR

28.7) in the same period last year. We expect the Company to announce cash dividend of PKR 4.5/share along with the result bringing total cash payout for 1HFY25 to PKR 7.5/share.

PPL: Earnings to drop by 39%/y to PKR 8.8/share during 2QFY25e

We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 23.94bn (EPS: PKR 8.8) down by 39%/y during 2QFY25 compared to PKR 39.15bn (EPS: PKR 14.4) in the same period last year. On a quarterly basis, earnings are expected to increase by +2%/q. We attribute this substantial decline in earnings on yearly basis during 2QFY25 to a) tax reversal during 2QFY24, b) PKR appreciation and decline in oil prices and, c) lower oil production. This brings total profitability for 1HFY25 to PKR 47.51bn (EPS PKR 17.5), down by 31%/y compared to PKR 68.78bn (EPS PKR 25.3) in the same period last year. We expect PPL to announce cash dividend of PKR 3.0/share along with the result bringing total cash payout for 1HFY25 to PKR 5.0/share

Exhibit: E&P sector quarterly earnings (PKRbn)

E&P sector earnings to decline by 33%/y.

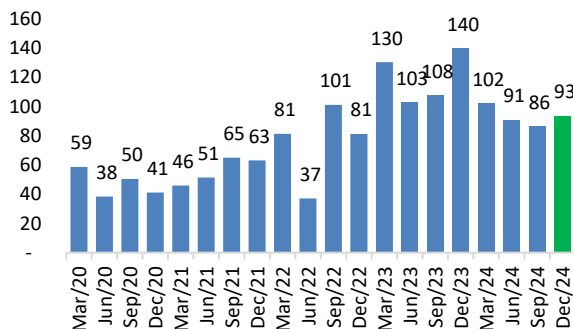


Exhibit: International oil prices (USD/bbl)

Oil prices on average declined by 14%/y and 6%/q/q during 2QFY25.

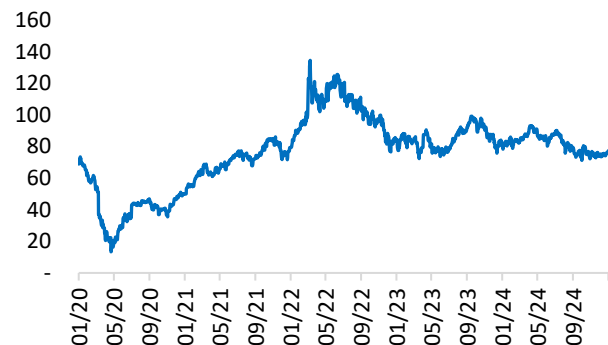


Exhibit: Quarter-wise exchange gains/(losses) (PKRmn)

E&P sector witnessed marginal exchange losses during 1QFY25. Marginal exchange gains expected in 2QFY25

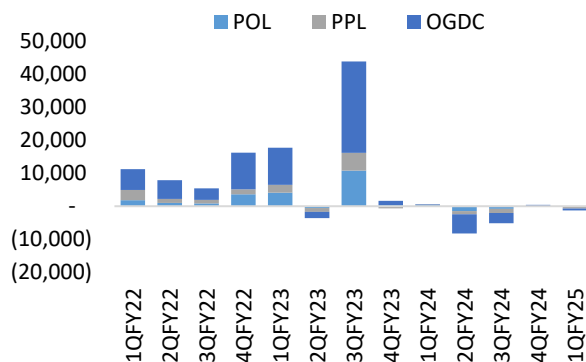
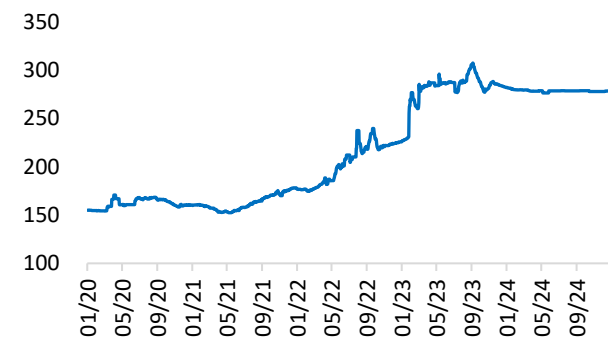


Exhibit: PKR had one of the roughest year

PKR appreciated by almost 2%/y on average during 2QFY25.



Source: Bloomberg, Company Financials, IGI Research

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