

# Flash Note

Friday, 27 October 2017

## Oil & Gas – Exploration Companies

### PPL: Revised wellhead gas price for Sui and one-off impact of price revision in Tal block lifts earning up by +2.1xYoY to PKR 6.43/share in 1QFY18

- Pakistan Petroleum Limited (PPL) announced financial result for 1QFY18 with earnings clocking in at PKR 12.7bn (EPS PKR 6.43) up by +2.1xYoY as compared to PKR 5.8bn (EPS PKR 2.92) last year. This increase in earnings is likely to be attributable to a) higher oil prices, b) one-off amount received of PKR 3.62bn in respect of revision in wellhead gas price for Tal block and, c) revised wellhead gas price for Sui field offering nearly ~64% higher price previously.
- Revenues increased by +71%YoY to PKR 32.2bn as compared to PKR 18.8bn in the same period last year, likely on the back of a) +17%YoY increase in oil prices, b) +64%YoY higher wellhead gas price for Sui field under the revised Gas Price Agreement (GPA), and c) one-off amount received of PKR 3.62bn in respect of revision in wellhead gas price for Tal block.
- Operating cost declined by 7%YoY to PKR 8.2bn during 1QFY18 as compared to PKR 8.8bn recorded in the corresponding period last year, likely in the absence of dry well cost.
- PPL reported net exploration income of PKR 85mn compared to an exploration expense of PKR 1.4bn in the same period last year likely owing to lower prospecting expense, absence of dry well cost and settlement amount received from joint ventures.
- Other expense increased substantially by 2.4xYoY to PKR 1.5bn compared to PKR 0.6bn in the corresponding period last year likely on the back of impairment cost booked in respect of overseas assets.
- Effective tax rate stood at 32% in 1QFY18 as compared to a 30% last year.

Exhibit:

#### Financial Highlights

PKRmn	1QFY18	1QFY17	YoY	4QFY17	QoQ
Net Sales	32,212	18,810	71%	53,013	-39%
Field Expenditure	8,191	8,765	-7%	13,253	-38%
Royalty	4,890	2,226	120%	13,781	-65%
Gross Profit	19,131	7,818	145%	25,979	-26%
Other Income	1,178	1,124	5%	1,372	-14%
Operating Expense	1,543	641	141%	5,717	-73%
Finance Cost	103	117	-12%	114	-10%
PBT	18,663	8,184	128%	21,520	-13%
PAT	12,678	5,749	121%	16,608	-24%
EPS (PKR)	6.43	2.92	121%	8.42	-24%
DPS (PKR)	-	-		6.00	

Source: IGI Research and Company Financials

No of Shares: 1,972mn

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IGI Finex Securities Limited

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