

Result announcement 4QFY22

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited

Earnings: Oil & Gas Development Company Limited (OGDCL) announced its 4QFY22 result. The Company reported 4QFY22 earnings of PKR 21.74bn (EPS PKR 5.05), down by 14%/y compared to PKR 25.19bn (EPS PKR 5.86) in the similar period last year. This brings total profitability for FY22 to PKR 133.78bn (EPS PKR 31.11), up by +46%/y, compared to PKR 91.53bn (EPS PKR 21.28) in the corresponding period last year.

Dividends/Payouts: OGDC announced final cash dividend of PKR 2.5/share during 4QFY22 bringing total cash payout for FY22 to PKR 7.25/share compared to PKR 6.9/share in FY21.

Operating performance: During the period under review, earnings declined on the back of higher operating expense and taxation despite elevated oil prices, PKR depreciation and increase in other income. OGDC reported +52%/y increase in revenue during 4QFY22 on the back of rise in average oil prices and PKR depreciation against greenback. Exploration cost declined by 10%/y to PKR 5.89bn during 4QFY22 compared to PKR 6.56bn in the same period last year likely owing to lower dry well cost. Other Income increased by +3.0x/y to PKR 16.98bn during 4QFY22 compared to PKR 5.75bn in the corresponding period last year likely owing to hefty exchange gains. On a quarterly basis, earnings plummeted by 50%/y mainly due to higher exploration, operating expenses and taxation. Effective tax stood at 65.3% during 4QFY22 (3QFY22: 33.4%) compared to 21.5% in the same period last year bringing total effective tax rate for FY22 to 42.5% compared to 29.0% last year.

Exhibit: OGDC Financial Highlights								
For the period 4QFY22								
PKRmn	4QFY22	4QFY21	y/y	3QFY22	q/q	FY22	FY21	y/y
Net Sales	95,196	62,722	52%	89,104	7%	335,464	239,104	40%
Royalty	10,866	7,249	50%	10,058	8%	37,958	27,422	38%
Operating Expenses	28,050	20,309	38%	16,174	73%	78,593	70,177	12%
Gross Profit	55,849	34,742	61%	62,365	-10%	216,916	139,746	55%
Other Income	16,983	5,754	3.0x	8,351	2.0x	46,571	13,979	2.3x
Exploration and Prospecting	5,893	6,557	-10%	2,800	2.1x	15,586	17,366	-10%
Finance Cost	607	524	16%	592	2%	2,340	2,205	6%
WPP Fund	3,293	1,689	95%	3,409	-3%	12,238	6,789	80%
Share of profit from associate	1,072	1,618	-34%	2,102	-49%	4,110	6,289	-35%
PBT	62,571	32,094	95%	64,779	-3%	232,521	128,986	80%
PAT	21,740	25,188	-14%	43,161	-50%	133,784	91,534	46%
EPS (PKR)	5.05	5.86		10.04		31.11	21.28	
DPS (PKR)	2.50	1.50		1.00		7.25	6.90	
Source: IGI Research and Company Financials						No of Shares: 4,300.9mn		

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