

Result announcement: 3QFY22

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited

Earnings: Oil & Gas Development Company Limited (OGDC) announced its 3QFY22 result. The Company reported 3QFY22 earnings of PKR 43.16bn (EPS PKR 10.03), up by +79%/y compared to PKR 24.12bn (EPS PKR 5.61) in the similar period last year. This brings total profitability for 9MFY22 to PKR 112.04bn (EPS PKR 26.05), up by +69%/y, compared to PKR 66.35bn (EPS PKR 15.43) in the corresponding period last year.

Dividends/Payouts: The Company announced a cash dividend of PKR 3.75/share along with the result taking cumulative cash payout for 9MFY22 to PKR 7.5/share against PKR 5.4/share in the same period last year.

Operating performance: During the period under review, OGDC reported a +36%/y increase in revenue on the back of PKR depreciation against greenback, +65%/y rise in average oil prices, lower exploration cost and higher other income on account of exchange gains. Oil and gas production dropped due to lower production from Tal block, Adhi, Qadirpur and Nashpa. Operating expenses dropped by 2%/y to PKR 16.17bn during 3QFY22 compared to PKR 16.57bn in the corresponding period last year. Exploration cost declined by +50%/y to PKR 2.8bn during 3QFY22 compared to PKR 5.59bn in the same period last year mainly on account of lower dry well cost incurred. Other income increased by +5.1x/y to PKR 8.35bn likely due to hefty exchange gains booked during the quarter. Effective tax stood at 33.4% during 3QFY22 (2QFY22: 33.4%) compared to 30.7% in the same period last year bringing total effective tax rate for 9MFY22 to 34.1% compared to 31.5% in the corresponding period last year. On a quarterly basis, earnings increased by +22%/y mainly due to PKR depreciation, higher oil prices and upward revision in wellhead gas prices.

Exhibit: OGDC Financial Highlights								
For the period 3QFY22								
PKRmn	3QFY22	3QFY21	y/y	2QFY22	q/q	9MFY22	9MFY21	y/y
Net Sales	89,104	65,402	36%	79,633	12%	240,267	176,382	36%
Royalty	10,058	7,271	38%	8,792	14%	27,092	20,174	34%
Operating Expenses	16,174	16,566	-2%	17,794	-9%	50,543	49,868	1%
Gross Profit	62,365	41,064	52%	52,391	19%	161,066	105,004	53%
Other Income	8,351	1,627	5.1x	10,359	-19%	29,587	8,225	3.6x
Exploration and Prospecting	2,800	5,587	-50%	4,610	-39%	9,693	10,809	-10%
Finance Cost	592	534	11%	578	2%	1,734	1,680	3%
WPP Fund	3,409	1,833	86%	2,784	22%	8,945	5,100	75%
Share of profit from associate	2,102	1,391	51%	(883)	n/m	3,038	4,671	-35%
PBT	64,779	34,823	86%	52,902	22%	169,951	96,892	75%
PAT	43,161	24,121	79%	35,253	22%	112,044	66,346	69%
EPS (PKR)	10.03	5.61		8.20		26.05	15.43	
DPS (PKR)	3.75	1.80		2.00		7.50	5.40	
Source: IGI Research and Company Financials						No Shares: 4,300.9mn		

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