

Result announcement: 2QFY22

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited

Earnings: Oil & Gas Development Company Limited (OGDC) announced its financial result for 2QFY22. The Company reported +87%/y/y rise in profitability to PKR 35.25bn (EPS PKR 8.2) compared to PKR 18.88bn (EPS PKR 4.39) in the same period last year. This brings total earnings for 1HFY22 to PKR 68.88bn (EPS PKR 16.02), up by +63%/y/y, compared to PKR 42.23bn (EPS PKR 9.82) in the corresponding period last year,

Dividends/Payouts: OGDC announced cash dividend of PKR 2.0/share along with the result taking total cash payout for 1HFY22 to PKR 3.75/share compared to PKR 3.6/share in the similar period last year. Despite substantial rise in profitability during 1HFY22, payout has remained relatively unchanged which in our view is likely due to pile up in receivables from Sui companies.

Operating performance: The Company reported +46%/y/y growth in net revenue during 2QFY22 on the back of PKR depreciation and rise in international oil prices. OGDC recorded +16.2xy/y surge in other income on the back of exchange gains booked on account of weaker PKR against greenback. Exploration cost increased by +2xy/y to PKR 4.6bn on account of dry well cost booked in Baratai Block along with elevated seismic activity. OGDC also booked loss from associate to the tune of PKR 0.88bn during 2QFY22 compared to profit of PKR 1.47bn in the same period last year. This is likely related to cost booked in respect of offshore block 5 in Abu Dhabi however we await quarterly report for further clarity. Effective tax rate stood at 33.4% during 2QFY22 (1QFY22: 35.7%) compared to 33.0% in the same period last year bringing total effective tax rate to 34.5% for 1HFY22 (1HFY21: 32.0%).

Exhibit: Financial Highlights Oil & Gas Development Company Limited (OGDC)								
Latest result published for 2QFY22								
Period (PKRmn)	2QFY22	2QFY21	y/y	1QFY22	q/q	1HFY22	1HFY21	y/y
Net Sales	79,633	54,632	46%	71,531	11%	151,163	110,980	36%
Royalty	8,792	6,176	42%	8,242	7%	17,034	12,903	32%
Operating Expenses	17,794	16,413	8%	16,575	7%	34,369	33,302	3%
Gross Profit	52,391	31,437	67%	46,310	13%	98,701	63,940	54%
Other Income	10,359	640	16.20	10,878	-5%	21,237	6,597	3.22
Exploration and Prospecting	4,610	2,266	103%	2,283	102%	6,893	5,222	32%
Finance Cost	578	582	-1%	563	3%	1,141	1,146	0%
WPP Fund	2,784	1,483	88%	2,751	1%	5,535	3,267	69%
Share of profit / (loss) from associate	-883	1,467	n/m	1,820	n/m	936	3,280	-71%
PBT	52,902	28,174	88%	52,270	1%	105,172	62,069	69%
PAT	35,253	18,882	87%	33,629	5%	68,883	42,225	63%
EPS	8.20	4.39		7.82		16.02	9.82	
DPS	2.00	1.60		1.75		3.75	3.60	
Source: Company accounts, IGI Research, PSX						No. of shares: 4,300.93mn		

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