

Flash Note

Tuesday, February 6, 2024



Oil & Gas Exploration Companies

Pakistan Oilfields Limited (POL)

Earnings: Pakistan Oilfields Limited (POL) announced its 2QFY24 result. The Company reported 2QFY24 unconsolidated earnings of PKR 7.87bn (EPS PKR 27.73), up by +32%y/y compared to PKR 5.95bn (EPS PKR 20.97) in the similar period last year. On a quarterly basis, profitability is down by 19%q/q. This brings total earnings for 1HFY24 to PKR 17.58bn (EPS PKR 61.93), up by +22%y/y, compared to PKR 14.35bn (EPS PKR 50.57) in the similar period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 25.0/share along with the result.

Operating Performance: During the period under review, POL reported a +24%y/y increase in revenue during 2QFY24 on the back of PKR depreciation despite lower oil prices and oil/gas production. Exploration cost plummeted by 57%y/y to PKR 0.41bn during 2QFY24 likely owing to no dry well cost incurred during 2QFY24. Operating expenses increased by +20%y/y to PKR 3.71bn during 2QFY24 compared to PKR 3.08bn in the same period last year. Other income increased by +37%y/y during 2QFY24 likely owing to higher interest income. On a quarterly basis, earnings dropped by 19%y/y mainly due to lower other income and higher tax rate. Effective tax stood at 39.0% during 2QFY24 (1QFY24: 29.8%) compared to 36.0% in the same period last year bringing total effective tax rate to 34.2% during 1HFY24 compared to 26.6% in the corresponding period last year.

Exhibit: POL Financial Highlights								
For the period 2QFY24								
PKRmn	2QFY24	2QFY23	y/y	1QFY24	q/q	1HFY24	1HFY23	y/y
Net Sales	17,364	14,021	24%	16,682	4%	34,046	29,998	13%
Operating Costs	3,706	3,084	20%	2,520	47%	6,226	5,193	20%
Royalty	1,869	1,557	20%	2,034	-8%	3,903	3,331	17%
Amortization of D&D Cost	47	1,003	-95%	174	-73%	222	1,506	-85%
Gross Profit	11,742	8,378	40%	11,954	-2%	23,696	19,967	19%
Exploration Costs	414	954	-57%	719	-42%	1,133	5,480	-79%
Administration Expenses	76	55	39%	115	-34%	191	179	7%
Finance Cost	325	(486)	n/m	1,272	-74%	1,597	2,349	-32%
Other Income	2,881	2,104	37%	4,892	-41%	7,773	8,739	-11%
PBT	12,899	9,297	39%	13,831	-7%	26,730	19,544	37%
PAT	7,871	5,954	32%	9,708	-19%	17,579	14,353	22%
EPS (PKR)	27.73	20.97		34.20		61.93	50.57	
DPS (PKR)	25.00	20.00		0.00		25.00	20.00	
Source: IGI Research, PSX						No of Shares: 283.86mn		

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