

Flash Note

Monday, February 27, 2023



Oil & Gas Exploration Companies

Pakistan Petroleum Limited

Earnings: Pakistan Petroleum Limited (PPL) announced its 2QFY23 result. The Company reported 2QFY23 unconsolidated earnings of PKR 22.32bn (EPS PKR 8.20), up by +52%y/y compared to PKR 14.72bn (EPS PKR 5.41) in the similar period last year. On a quarterly basis, profitability is down by 16%y/y. This brings total 1HFY23 profitability to PKR 48.94bn (EPS PKR 17.98), up by +54%y/y.

Dividend/Payout: The Company announced a cash dividend of PKR 1.0/share along with the result.

Operating Performance: During the period under review, PPL reported a +40%y/y increase in revenue during 2QFY23 on the back of a rise in average oil prices, higher gas production and PKR depreciation against the greenback. However, earnings growth was limited by lower oil production, lower other income, higher operating expense and exploration cost. Exploration cost increased by +2.1x/y to PKR 7.53bn during 2QFY23 likely owing to higher prospecting expense and dry well cost. Operating expenses increased by +29%y/y to PKR 12.01bn during 2QFY23 compared to PKR 9.32bn in the same period last year. Other income declined by 33%y/y during 2QFY23 likely owing to lower exchange gains despite higher interest income. On a quarterly basis, earnings dropped by 22%y/y mainly due to lower other income and higher exploration cost. Effective tax stood at 31.1% during 2QFY23 (1QFY23: 42.0%) compared to 33.3% in the same period last year bringing total effective tax rate for 1HFY23 to 37.5% compared to 30.1% in the corresponding period last year..

| Exhibit: PPL Financial Highlights - Unconsolidated | | | | | | | | |
|--|--------|--------|------|--------|------|---------|--------|-----|
| For the period 2QFY23 | | | | | | | | |
| PKRmn | 2QFY23 | 2QFY22 | y/y | 1QFY23 | q/q | 1HFY23 | 1HFY22 | y/y |
| Net Sales | 65,046 | 46,374 | 40% | 72,611 | -10% | 137,657 | 89,528 | 54% |
| Operating Expense | 12,014 | 9,318 | 29% | 11,476 | 5% | 23,490 | 19,484 | 21% |
| Royalty | 10,334 | 6,776 | 53% | 12,533 | -18% | 22,867 | 13,085 | 75% |
| Gross Profit | 42,697 | 30,280 | 41% | 48,602 | -12% | 91,300 | 56,959 | 60% |
| Exploration Expense | 7,527 | 3,677 | 2.1x | 1,480 | 5.1x | 9,007 | 8,396 | 7% |
| Administrative Expense | 599 | 1,048 | -43% | 1,191 | -50% | 1,790 | 1,919 | -7% |
| Other Income | 1,820 | 2,736 | -33% | 4,843 | -62% | 6,663 | 7,272 | -8% |
| Other Expense | 3,512 | 3,538 | -1% | 4,531 | -22% | 8,042 | 5,648 | 42% |
| EBIT | 32,779 | 22,379 | 46% | 46,208 | -29% | 78,987 | 45,935 | 72% |
| Finance Cost | 367 | 301 | 22% | 337 | 9% | 705 | 585 | 20% |
| PBT | 32,412 | 22,078 | 47% | 45,871 | -29% | 78,282 | 45,350 | 73% |
| PAT | 22,323 | 14,719 | 52% | 26,614 | -16% | 48,936 | 31,709 | 54% |
| EPS (PKR) | 8.20 | 5.41 | | 9.78 | | 17.98 | 11.65 | |
| DPS (PKR) | 1.00 | 1.50 | | 0.00 | | 1.00 | 1.50 | |

Source: IGI Research, PSX

No of Shares: 2,720.97mn

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