

Result announcement: 3QFY22

Oil & Gas Exploration Companies

Pakistan Petroleum Limited

Earnings: Pakistan Petroleum Limited (PPL) announced its 3QFY22 result. The Company reported 3QFY22 earnings of PKR 20.62bn (EPS PKR 7.58), up by +74%/y compared to PKR 11.88bn (EPS PKR 4.37) in the similar period last year. This brings total profitability for 9MFY22 to PKR 52.33bn (EPS PKR 19.23), up by +37%/y, compared to PKR 38.12bn (EPS PKR 14.01) in the corresponding period last year.

Operating performance: During the period under review, PPL reported +39%/y increase in revenue on the back of PKR depreciation against greenback, +65%/y rise in average oil prices and higher other income on account of exchange gains. Oil and gas production dropped due to lower production from Tal block, Adhi and Kandhkot. Operating expenses dropped by 9%/y to PKR 9.54bn during 3QFY22 compared to PKR 10.48bn in the corresponding period last year. Exploration cost increased by +3xy/y to PKR 1.43bn during 3QFY22 compared to PKR 0.47bn in the same period last year mainly on account of higher seismic activity. Other income increased by +2xy/y to PKR 3.13bn likely due to hefty exchange gains booked during the quarter. On a quarterly basis, earnings increased by +40%/y mainly due to PKR 2.37bn loss from associate booked in 2QFY22 on account of seismic activity cost incurred at offshore Block 5 in Abu Dhabi. Effective tax stood at 33.4% during 3QFY22 (2QFY22: 33.3%) compared to 28.6% in the same period last year bringing total effective tax rate for 9MFY22 to 31.4% compared to 25.7% in the corresponding period last year.

Exhibit: PPL Financial Highlights For the period 3QFY22								
PKRmn	3QFY22	3QFY21	y/y	2QFY22	q/q	9MFY22	9MFY21	y/y
Net Sales	50,905	36,696	39%	46,374	10%	140,433	112,235	25%
Operating Expense	9,539	10,480	-9%	9,318	2%	29,023	32,453	-11%
Royalty	7,388	5,314	39%	6,776	9%	20,473	16,670	23%
Gross Profit	33,978	20,902	63%	30,280	12%	90,937	63,113	44%
Exploration Expense	1,430	470	3.0x	3,677	-61%	9,826	3,617	172%
Administrative Expense	1,112	914	22%	1,048	6%	3,031	2,681	13%
Other Income	3,132	1,046	2.0x	2,736	14%	10,404	2,905	3.6x
Other Charges	3,236	3,655	-11%	3,538	-9%	8,885	7,541	18%
Share of loss from associate	73	-	n/m	2,374	-97%	2,447	-	n/m
EBIT	31,258	16,909	85%	22,379	40%	77,194	52,179	48%
Finance Cost	312	270	16%	301	4%	897	851	5%
PBT	30,946	16,639	86%	22,078	40%	76,297	51,328	49%
PAT	20,620	11,881	74%	14,719	40%	52,329	38,118	37%
EPS (PKR)	7.58	4.37		5.41		19.23	14.01	
DPS (PKR)	-	-		1.50		1.50	1.50	
<i>Source: IGI Research and Company Financials</i>						<i>No of Shares: 2,720.97mn</i>		

Analyst

Abdullah Farhan

Abdullah.Farhan@igi.com.pk

Tel: +92 21 111 234 234 Ext: 912

Saad Khan

Saad.khan@igi.com.pk

Tel: +92 21 111 234 234 Ext: 810

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Aariz Raza	Analyst	Tel: (+92-21) 111-234-234 Ext: 810	Aariz.raza@igi.com.pk
Ajay Kumar	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	ajay.kumar@igi.com.pk
Huzaifa Yaseen	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	huzaifa.yaseen@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited
Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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