

Company Update

Pakistan Petroleum Limited (PPL)

Target Price: PKR 148/share;

Upside: 94%

2022: Dividend yld: 7%, P/E: 2.8x

Market Price: PKR 76.1

52 weeks: 71.2 — 79.0

Return: (3M) -1.0%, (6M) 3.6%,
(12M) 6.9%

Outstanding Shares: 2.72bn (FF%: 24.5)

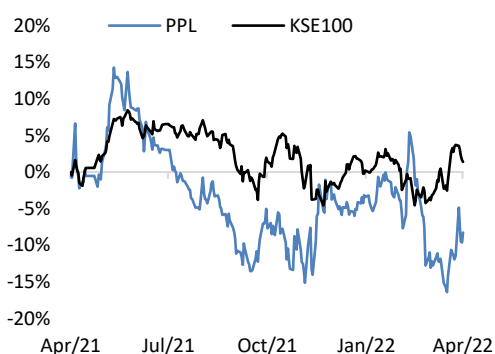
Market Capitalisation: PKR 193.8bn,
US\$ 1.04bn

Exchange: KSE100, KSEALL, MSCI FM

Key Financial Highlights

PKR/ Share	2021a	2022e	2023f
EPS	19.3	26.9	27.2
DPS	3.5	5.0	7.0
BVPS	143.5	164.4	184.3
ROE%	13%	16%	15%
P/E	4.0x	2.8x	2.8x
DY	4.6%	6.6%	9.2%
P/B	0.5x	0.5x	0.4x

Relative Price performance



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Oil & Gas Exploration Companies

PPL: EPS to clock in at PKR 7.87 during 3QFY22, up by +80%/y

- Pakistan Petroleum Limited's (PPL) board meeting is scheduled on 27th-Apr-22 to announce financial results for 3QFY22 where we expect the Company to report earnings of earnings of PKR 21.41bn (EPS PKR 7.87) during 3QFY22, up by +80%/y.
- This will bring total 9MFY22E earnings to PKR 53.12bn (EPS PKR 19.52), up by +39%/y, against PKR 38.12bn (EPS PKR 14.01) same period last year.
- We attribute growth in the earnings primarily on the back of PKR depreciation and 65%/y rise in average oil prices. Support to earnings is likely to emanate from upward revision in wellhead prices, exchange gains amid PKR depreciation and lower other expense.

Earnings to clock in at PKR 7.87/share during 3QFY22

Pakistan Petroleum Limited's (PPL) board meeting is scheduled on 27th-Apr-22 to announce financial results for 3QFY22 where we expect the Company to report earnings of earnings of PKR 21.41bn (EPS PKR 7.87) during 3QFY22, up by +80%/y, compared to profitability of PKR 11.88bn (EPS PKR 4.37) in the same period last year. On quarterly basis, earnings are expected to improve by +45%/q largely owing to higher oil prices, PKR depreciation, exchange gains and lower exploration cost. This will bring total 9MFY22E earnings to PKR 53.12bn (EPS PKR 19.52), up by +39%/y, against PKR 38.12bn (EPS PKR 14.01) same period last year.

Weaker PKR and higher oil prices along with upward revision in gas prices to drive earnings growth

We attribute growth in the earnings primarily on the back of PKR depreciation and 65%/y rise in average oil prices. Support to earnings is likely to emanate from upward revision in wellhead prices, exchange gains amid PKR depreciation and lower other expense. Exploration cost is likely to be higher on account of higher seismic activity. However, earnings growth is likely to be restricted due to lower oil and gas production.

Exhibit: PPL Financial Highlights For the period 3QFY22

PKRmn	3QFY22E	3QFY21	y/y	2QFY22	q/q	9MFY22E	9MFY21	y/y
Net Sales	54,488	36,696	48%	46,374	17%	144,016	112,235	28%
Operating	11,713	10,480	12%	9,318	26%	31,197	32,453	-4%
Gross Profit	35,797	20,902	71%	30,280	18%	92,756	63,113	47%
Exploration Cost	2,445	470	4.2x	3,677	-34%	10,841	3,617	3x%
Admin Expense	1,127	914	23%	1,048	8%	3,046	2,681	14%
Other Income	2,850	1,046	2.7x	2,736	4%	10,122	2,905	3.5x
Other Expense	2,708	3,655	-26%	3,538	-23%	8,357	7,541	11%
Finance Cost	253	270	-6%	301	-16%	838	851	-1%
PBT	31,957	16,639	92%	22,078	45%	77,307	51,328	51%
PAT	21,411	11,881	80%	14,719	45%	53,120	38,118	39%
EPS (PKR)	7.87	4.37		5.41		19.52	14.01	
DPS (PKR)	-	-		1.50		1.50	1.50	

Source: IGI Research and Company Financials

No of Shares: 2,720.97mn

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