

Result announcement: 2QFY22

Oil & Gas Exploration Companies

Pakistan Petroleum Limited

Earnings: Pakistan Petroleum Limited (PPL) announced its financial result for 2QFY22. The Company reported +24%/y/y rise in profitability to PKR 14.72bn (EPS PKR 5.41) compared to PKR 11.89bn (EPS PKR 4.37) in the same period last year. This brings total earnings for 1HFY22 to PKR 31.71bn (EPS PKR 11.65), up by +21%/y/y, compared to PKR 26.24bn (EPS PKR 9.64) in the corresponding period last year.

Dividends/Payouts: PPL announced cash dividend of PKR 1.5/share along with the result. Payout has remained unchanged during 2QFY22 despite +21%/y/y rise in profitability. In our view, this is likely due to pile up in receivables and cash requirement for exploration activities in offshore block 5.

Operating performance: The Company reported +28%/y/y growth in net revenue during 2QFY22 on the back of PKR depreciation and rise in international oil prices. PPL recorded +2.5x/y/y surge in other income on the back of exchange gains booked due to weaker PKR against greenback. Exploration cost increased by +4.2x/y/y to PKR 3.7bn on account of dry well cost booked in Gambat South Block along with higher seismic activity. The Company also booked loss from associate to the tune of PKR 2.37bn during 2QFY22, which includes expense incurred on seismic activity at offshore block 5 in Abu Dhabi. Effective tax rate stood at 39.8% during 2QFY22 (1QFY22: 26.9%) compared to 23.2% in the same period last year bringing total effective tax rate to 33.5% for 1HFY22 (1HFY21: 24.4%).

Exhibit: Financial Highlights Pakistan Petroleum Limited (PPL)								
Latest result published for 1st half 2022								
PKRmn	2QFY22	2QFY21	YoY	1QFY22	QoQ	1HFY22	1HFY21	YoY
Net Sales	46,374	36,313	28%	43,154	7%	89,528	75,539	19%
Operating Expense	9,318	12,636	-26%	10,166	-8%	19,484	21,972	-11%
Royalty & Other Levies	6,776	5,412	25%	6,309	7%	13,085	11,356	15%
Gross Profit	30,280	18,266	66%	26,678	14%	56,959	42,210	35%
Exploration Expense	3,677	873	4.2x	4,719	-22%	8,396	3,147	2.7x
Other Income	2,736	1,111	2.5x	4,536	-40%	7,272	1,859	3.9x
Other Expense	3,538	1,754	102%	2,110	68%	5,648	3,886	45%
Reversal of provision for doubtful debt	-	-	n/m	(42)	n/m	(42)	-	n/m
Share of loss from associate	2,374	-	n/m	0	n/m	2,374	-	n/m
Finance Cost	301	289	4%	284	6%	585	581	1%
PBT	22,078	15,469	43%	23,272	-5%	45,350	34,689	31%
PAT	14,719	11,886	24%	16,991	-13%	31,709	26,237	21%
EPS (PKR)	5.41	4.37		6.24		11.65	9.64	
DPS (PKR)	1.50	1.50		-		1.50	1.50	
Source: IGI Research, Company Financials						No of Shares: 1,297.15mn		

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