

## Oil & Gas Exploration Companies

### 1QFY25: E&P Sector Earnings to Drop by 14%/y/y

- IGI E&P universe earnings are expected to decrease by 14%/y/y during 1QFY25 to PKR 92.9bn compared to PKR 107.5bn in the same period last year. Earnings attrition is anticipated on the back of a) lower oil and gas production, b) lower average oil prices and, c) PKR appreciation against greenback. On sequential basis, earnings are expected to inch up by +2%/q/q.
- We expect Mari Petroleum Company Limited's (MARI) to register earnings of PKR 21.7bn (EPS: PKR 18.1), up by +13%/y/y. We expect Pakistan Oilfields Limited's (POL) to report earnings of PKR 4.2bn (EPS: PKR 14.9) during 1QFY25, down by 56%/y/y.
- We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 46.2bn (EPS: PKR 10.7), down by 6%/y/y, during 1QFY25 compared to PKR 49.0bn (EPS: PKR 11.4). We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 20.8bn (EPS: PKR 7.6) down by 30%/y/y during 1QFY25 compared to PKR 29.6bn (EPS: PKR 10.9).

### E&P Sector: Earnings to decline by 14%/y/y to PKR 92.9bn during 1QFY25

IGI E&P universe earnings are expected to decrease by 14%/y/y during 1QFY25 to PKR 92.9bn compared to PKR 107.5bn in the same period last year. Earnings attrition is anticipated on the back of a) lower oil and gas production, b) lower average oil prices and, c) PKR appreciation against greenback. On sequential basis, earnings are expected to inch up by +2%/q/q.

Exhibit: E&P sector profit after tax preview for 1qFY25  
Period end = Jun

EPS	Sep/24	Jun/24	q/q	Sep/23	y/y
PPL	7.6	6.6	16%	10.9	-30%
MARI	18.1	21.4	-16%	15.9	13%
OGDC	10.7	8.8	22%	11.4	-6%
POL	14.9	32.5	-54%	34.2	-56%
<b>Total (in PKRbn)</b>	<b>92.9</b>	<b>90.6</b>	<b>2%</b>	<b>107.5</b>	<b>-14%</b>
DPS	Sep/24	Jun/24	q/q	Sep/23	y/y
PPL	3.0	2.5		0.0	
MARI	0.0	134.0		0.0	
OGDC	4.5	4.0		1.6	
POL	0.0	70.0		0.0	

Source: Company Financials, IGI Research

#### Analyst

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### MARI: Earnings to appreciate by +13%/y/y to PKR 18.1/share during 1QFY25e

We expect Mari Petroleum Company Limited's (MARI) to register earnings of PKR 21.7bn (EPS: PKR 18.1), up by +13%/y/y during 1QFY25 compared to PKR 19.1bn (EPS: PKR 15.9) in the same period last year. On a quarterly basis, earnings are estimated to decline by 16%q/q. We attribute this decline in earnings on a quarterly basis during 1QFY25 to a) higher gas production and b) decline in exploration cost amid lower seismic activity during the quarter. However, earnings growth is likely to be limited by decline in wellhead gas price for Mari field owing to PKR appreciation.

### POL: Earnings to plummet by 56%/y/y during 1QFY25e to PKR 14.9/share

Pakistan Oilfields Limited's (POL) board meeting is scheduled on 18-Oct-2024 to announce financial result for 1QFY25 where we expect the Company to report earnings of PKR 4.2bn (EPS: PKR 14.9) during 1QFY25, down by 56%/y/y, compared to PKR 9.7bn (EPS: PKR 34.2) in the same period last year. On a quarterly basis, earnings are expected to drop by 54%q/q. We attribute this quarterly decline in earnings during 1QFY25 to a) lower oil prices, b) lower oil & gas production, c) PKR appreciation and, d) higher exploration cost owing to dry well incurred at Balkassar Deep-1A.

### OGDC: Profitability to decline by 6%/y/y to PKR 10.7/share during 1QFY25e

We expect Oil & Gas Development Company Limited (OGDC) to post earnings of PKR 46.2bn (EPS: PKR 10.7), down by 6%/y/y, during 1QFY25 compared to PKR 49.0bn (EPS: PKR 11.4) in the same period last year. On a sequential basis, earnings are expected to improve by +22%q/q as the OGDC booked loss on modification of TFCs in 4QFY24. We attribute this quarterly decline in earnings during 1QFY25 to a) lower oil & gas production, b) decline in average oil prices, c) higher exploration cost amid dry well incurred at Tando Allahyar NE-1 and, d) PKR appreciation. We expect the Company to announce cash dividend of PKR 4.5/share along with the result.

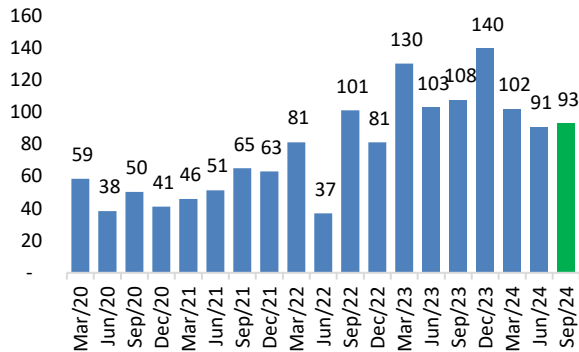
### PPL: Earnings to drop by 30%/y/y to PKR 7.6/share during 1QFY25e

We expect Pakistan Petroleum Limited (PPL) to post earnings of PKR 20.8bn (EPS: PKR 7.6) down by 30%/y/y during 1QFY25 compared to PKR 29.6bn (EPS: PKR 10.9) in the same period last year. On a quarterly basis, earnings are expected to increase by +16%q/q likely owing to decline in exploration cost. We attribute this quarterly decline in earnings on a quarterly basis during 1QFY25 to a) higher exploration cost amid dry well incurred at Rizq-5, b) lower oil & gas production, c) drop in average oil price and,

d) appreciation of PKR against greenback. We expect PPL to announce cash dividend of PKR 3.5/share along with the result.

**Exhibit: E&P sector quarterly earnings (PKRbn)**

E&P sector earnings to decline by 14%/y.



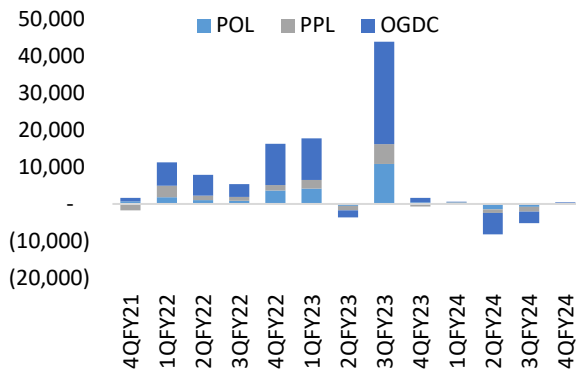
**Exhibit: International oil prices (USD/bbl)**

Oil prices on average declined by 10%/y and 8%/q during 1QFY25.



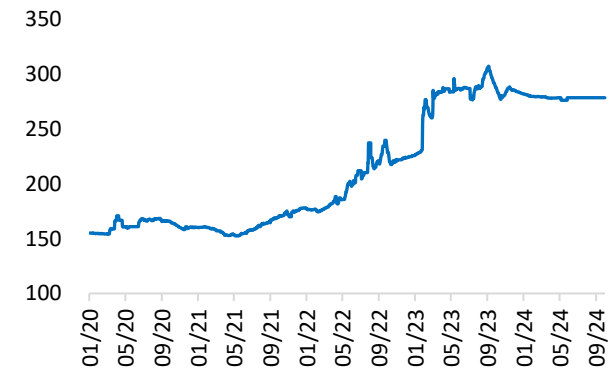
**Exhibit: Quarter-wise exchange gains/(losses) (PKRmn)**

E&P sector witnessed marginal exchange gains during 4QFY24. Marginal exchange losses expected in 1QFY25



**Exhibit: PKR had one of the roughest year**

PKR appreciated by almost 4%/y on average during 1QFY25.



Source: Bloomberg, Company Financials, IGI Research

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