

Flash Note

Friday, 12 October 2018

Oil & Gas - Exploration Companies

Pakistan Oilfields Limited (POL)

Weak rupee and higher oil price lifts 1QFY19 EPS by +53%YoY to PKR 13.62; growth limited by higher exploration cost

- Pakistan Oilfields Limited (POL) announced its financial results for 1QFY19 with earnings clocking in at PKR 3.87bn (EPS PKR 13.62) as compared to PKR 2.53bn (EPS PKR 8.93) in the same period last year, up +53%YoY. On quarterly basis, earnings are up by +10%QoQ during 1QFY19.
- We attribute this substantial growth in earnings during 4QFY18 to a) commencement of production from Jhandial, Adhi South and Khaur North, b) +51%YoY rise in oil prices and 17%YoY PKR depreciation against greenback and, c) +3%/+12%YoY rise in oil and gas production.
- Net Revenues increased by +46%YoY to PKR 10.57bn during 1QFY19, likely on the back of a) +51%YoY increase in oil price, b) +3%/+12%YoY rise in oil/gas production and, c) 17%YoY PKR depreciation.
- Operating expenses augmented by +41%YoY to PKR 2.78bn during 1QFY19 likely owing to higher operating costs due to inclusion of Khaur north, Adhi South and Jhandial.
- Exploration expense inclined by +2.7%YoY to PKR 0.73bn during 1QFY19 compared to PKR 0.27bn in the corresponding period last year likely owing to dry well cost incurred at Mamikhel Deep (Tal Block-stake 21.05%) which was temporarily suspended.
- Finance cost increased by +2.1xYoY to PKR 0.40bn likely on the back of exchange losses.
- Other income augmented by +3.4xYoY to PKR 0.84bn during 1QFY19 likely due to exchange gains incurred on foreign currency investments.
- Effective tax rate dropped to 24.7% during 1QFY19 compared to 28.2% reported in the corresponding period last year.

Exhibit:

Financial Highlights

PKRmn	1QFY19	1QFY18	YoY	4QFY18	QoQ
Net Sales	10,570	7,241	46%	10,678	-1%
Operating Costs	2,779	1,973	41%	1,937	43%
Royalty	1,084	662	64%	1,328	-18%
Amortization of D&D Cost	772	512	51%	695	11%
Gross Profit	5,856	4,023	46%	6,640	-12%
Exploration Costs	731	272	168%	1,975	-63%
Finance Cost	402	188	113%	700	-43%
Other Income	841	249	238%	957	-12%
PBT	5,134	3,528	46%	4,564	13%
PAT	3,867	2,534	53%	3,516	10%
EPS (PKR)	13.62	8.93		12.39	
DPS (PKR)	-	-		25.00	

Source: IGI Research and Company Financials

No of Shares: 283.86mn

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