

Flash Note

Tuesday, 18 September 2018

Oil & Gas - Exploration Companies

Pakistan Petroleum Limited (PPL)

One-off Sui field Impact last year drags 4QFY18 EPS down by 25%YoY, however up by +12%QoQ to PKR 6.34

- Pakistan Petroleum Limited (PPL) announced its financial results for 4QFY18 with earnings clocking in at PKR 12.5bn (EPS PKR 6.34) as compared to PKR 16.61bn (EPS PKR 8.43) in the same period last year, down by 25%YoY. The company announced cash dividend of PKR 1.5/share along with bonus issue of 15%, bring total cash payout to PKR 5.5/share. This brings FY18 earnings to PKR 45.79bn (EPS: PKR 23.17) up by +28%YoY compared to PKR 35.68bn (EPS: PKR 18.10) in the similar period last year.
- We attribute this substantial decline in earnings during 4QFY18 to one off retrospective amount of PKR 31.1bn received during 4QFY17. However, earnings are up by +12%QoQ to PKR 5.66/share during 4QFY18 on the back of rise in oil prices and PKR depreciation against greenback leading to higher revenues and exchange gains.
- Net Revenues dropped by 35%YoY to PKR 34.39bn during 4QFY18, however excluding one impact on Su field total revenues are up by +57%YoY. This bring total revenues for FY18 to PKR 126.21bn up by +8%YoY.
- Operating costs increased by +10%YoY to PKR 9.16bn during 4QFY18 as against PKR 8.33bn in the same period last year bringing total operating cost for FY18 to PKR 33.48bn, up by +7%YoY.
- Exploration expense inclined by +12%YoY to PKR 4.07bn during 4QFY18 compared to PKR 3.65bn in the corresponding period last year likely owing to dry well costs incurred in Rajab, Ayub, Tolanj East and Nausherwani. This brings total exploration cost to PKR 11.16bn in FY18 up by +3%YoY.
- Other income augmented by +100%YoY to PKR 2.75bn during 4QFY18 likely due to exchange gains despite absence of PIB income, bringing total other income for FY18 at PKR 9.32bn up by +94%YoY.
- Effective tax rate dropped by 350bps to 19.3% during 4QFY18 compared to 22.8% reported in the corresponding period last year, bringing total effective tax rate for FY18 to 28.0% (FY17: 25.9%).

Exhibit:

PPL Financial Highlights

PKRmn	4QFY18	4QFY17	YoY	3QFY18	QoQ	FY18	FY17	YoY
Net Sales	34,387	53,013	-35%	30,849	11%	126,210	116,986	8%
Royalty	5,034	13,663	-63%	4,516	11%	18,512	21,257	-13%
Operating Expenses	9,159	8,326	10%	8,474	8%	33,482	31,247	7%
Gross Profit	20,194	31,024	-35%	17,859	13%	74,215	64,482	15%
Exploration and Prospecting	4,074	3,645	12%	2,817	45%	11,164	10,788	3%
Admin	548	1,400	-61%	1,010	-46%	2,560	2,772	-8%
Finance Cost	(7)	114	-106%	211	-103%	444	461	-4%
Other Charges	2,838	5,717	-50%	799	255%	5,931	7,137	-17%
Other Income	2,748	1,372	100%	2,088	32%	9,319	4,804	94%
PBT	15,489	21,520	-28%	15,110	3%	63,436	48,129	32%
PAT	12,495	16,608	-25%	11,169	12%	45,688	35,679	28%
EPS (PKR)	6.34	8.43		5.66		23.17	18.10	
EPS (PKR) - Diluted at 2,267.5mn shares	5.51	7.32		4.93		20.15	15.73	
DPS (PKR)	1.50	6.00		-		5.50	9.00	

Source: IGI Research and Company Financials

No Shares: 1,971.72mn

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