

# Flash Note

Friday, February 28, 2025

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## Oil & Gas Exploration Companies

### Oil & Gas Development Company Limited (OGDC)

**Earnings:** Oil & Gas Development Company Limited (OGDC) announced its 2QFY25 result. The Company reported 2QFY25 earnings of PKR 41.44bn (EPS PKR 9.63), down by 44%/y/y compared to PKR 74.26bn (EPS PKR 17.27) in the similar period last year. On a quarterly basis, profitability is up by +1%/q/q. This brings total profitability for 1HFY25 to PKR 82.44bn (EPS PKR 19.17), down by 33%/y/y, compared to PKR 123.30bn (EPS PKR 28.67).

**Dividend/Payout:** The Company announced a cash dividend of PKR 4.05/share along with the result compared to bringing total cash payout for 1HFY25 to PKR 7.05/share.

**Operating Performance:** During the period under review, OGDC reported a 13%/y/y decline in revenue during 2QFY25 on the back of lower oil prices, PKR appreciation and lower oil/gas production. Exploration cost increased by +68%/y/y to PKR 4.03bn during 2QFY25 likely owing to dry well cost incurred (Kandewaro-1). Operating expenses declined by 18%/y/y to PKR 26.81bn during 2QFY25 compared to PKR 32.55bn in the same period last year. The Company recorded other income of PKR 20.86bn during 2QFY25, up by +89%/y/y compared to PKR 11.02bn in the corresponding period last year likely owing to higher mark-up income. On a quarterly basis, earnings improved by +1%/q/q mainly due to lower tax expense and royalty despite lower other income, share of profit from MARI and higher exploration cost. Effective tax rate stood at 43.0% during 2QFY25 compared to 50.6% in 1QFY25 bringing total effective tax rate for 1HFY25 to 47.1% compared to 22.1% in the similar period last year.

Exhibit: OGDC Financial Highlights								
For the period 2QFY25								
PKRmn	2QFY25	2QFY24	y/y	1QFY25	q/q	1HFY25	1HFY24	y/y
Net Sales	100,412	115,234	-13%	106,011	-5%	206,423	235,375	-12%
Royalty	11,633	13,798	-16%	13,151	-12%	24,784	27,451	-10%
Operating Expenses	26,807	32,550	-18%	26,265	2%	53,072	60,445	-12%
Gross Profit	61,597	68,212	-10%	65,816	-6%	127,413	146,195	-13%
Other Income	20,855	11,018	89%	25,727	-19%	46,582	27,270	71%
Exploration and Prospecting	4,034	2,395	68%	3,853	5%	7,887	5,026	57%
Finance Cost	1,326	1,750	-24%	1,614	-18%	2,940	3,432	-14%
WPP Fund	3,826	3,797	1%	4,375	-13%	8,201	8,332	-2%
Share of profit from associate	1,405	3,284	-57%	3,247	-57%	4,652	6,272	-26%
PBT	72,702	72,141	1%	83,118	-13%	155,819	158,315	-2%
PAT	41,437	74,258	-44%	41,020	1%	82,457	123,296	-33%
<b>EPS (PKR)</b>	<b>9.63</b>	<b>17.27</b>		<b>9.54</b>		<b>19.17</b>	<b>28.67</b>	
DPS (PKR)	4.05	2.50		3.00		7.05	4.10	

Source: IGI Research, PSX No of Shares: 4,300.93mn

#### Analyst

Abdullah Farhan

[Abdullah.Farhan@igi.com.pk](mailto:Abdullah.Farhan@igi.com.pk)

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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# Contact Details

## Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

## Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

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Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
 Fax: (+92-21) 35309169, 35301780

### Lahore Office

Shop # G-009, Ground Floor,  
 Packages Mall  
 Tel: (+92-42) 38303560-69  
 Fax: (+92-42) 38303559

### Islamabad Office

3<sup>rd</sup> Floor, Kamran Centre,  
 Block- B, Jinnah Avenue, Blue Area  
 Tel: (+92-51) 2604861-2, 2604864, 2273439  
 Fax: (+92-51) 2273861

### Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The  
 Regency International 949, The Mall  
 Faisalabad  
 Tel: (+92-41) 2540843-45

### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
 Model Town, Town Hall Road  
 Tel: (+92-68) 5871652-3  
 Fax: (+92-68) 5871651

### Multan Office

Mezzanine Floor, Abdali Tower,  
 Abdali Road  
 Tel: (92-61) 4512003, 4571183

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Research Analyst(s)

Research Identity Number: BRP009

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