

Flash Note

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Oil & Gas Exploration Companies

Oil & Gas Development Company Limited (OGDC)

Earnings: Oil & Gas Development Company Limited (OGDC) announced its 3QFY24 result. The Company reported 3QFY24 earnings of PKR 47.81bn (EPS PKR 11.12), down by 26%/y/y compared to PKR 64.63bn (EPS PKR 15.03) in the similar period last year. On a quarterly basis, profitability is down by 36%q/q. This brings total profitability for 9MFY24 to PKR 171.10bn (EPS PKR 39.78), up by +7%/y/y, compared to PKR 159.64bn (EPS PKR 37.12) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 2.0/share along with the result bringing total cash payout for 9MFY24 to PKR 6.10/share.

Operating Performance: During the period under review, OGDC reported a +6%/y/y increase in revenue during 3QFY24 on the back of PKR depreciation, higher oil prices and oil production despite lower gas production. Exploration cost declined by 18%/y/y to PKR 3.48bn during 3QFY24 likely owing to lower prospecting expense and no dry well cost incurred. Operating expenses increased by +32%/y/y to PKR 26.80bn during 3QFY24 compared to PKR 20.34bn in the same period last year. Other income dropped by 54%/y/y during 3QFY24 likely in the absence of exchange gains despite higher interest income. On a quarterly basis, earnings declined by 36%q/q mainly due to tax reversal in the preceding quarter. Effective tax rate stood at 41.2% during 3QFY24 compared to 35.2% in the same period last year bringing total effective tax rate for 9MFY24 to 28.6% (9MFY23: 36.8%).

Exhibit: OGDC Financial Highlights								
For the period 3QFY24								
PKRmn	3QFY24	3QFY23	y/y	2QFY24	q/q	9MFY24	9MFY23	y/y
Net Sales	112,789	105,913	6%	115,234	-2%	348,164	309,148	13%
Royalty	12,975	12,654	3%	13,798	-6%	40,426	36,129	12%
Operating Expenses	26,799	20,338	32%	32,550	-18%	87,244	59,629	46%
Gross Profit	72,361	72,330	0%	68,212	6%	218,557	212,045	3%
Other Income	17,271	37,446	-54%	11,018	57%	44,540	65,184	-32%
Exploration and Prospecting	3,475	4,246	-18%	2,395	45%	8,501	10,895	-22%
Finance Cost	1,821	1,201	52%	1,750	4%	5,253	3,485	51%
WPP Fund	4,278	5,251	-19%	3,797	13%	12,611	13,296	-5%
Share of profit from associate	3,143	2,294	37%	3,284	-4%	9,415	6,932	36%
PBT	81,286	99,772	-19%	72,141	13%	239,601	252,620	-5%
PAT	47,808	64,627	-26%	74,258	-36%	171,104	159,639	7%
EPS (PKR)	11.12	15.03		17.27		39.78	37.12	
DPS (PKR)	2.00	1.80		2.50		6.10	5.80	

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

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